MODERNIZING THE WORKFORCE INVESTMENT ACT: DEVELOPING AN EFFECTIVE JOB TRAINING SYSTEM FOR WORKERS AND EMPLOYERS

HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION
AND WORKFORCE TRAINING

COMMITTEE ON EDUCATION
AND THE WORKFORCE

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C O N T E N T S

MODERNIZING THE WORKFORCE INVESTMENT ACT: DEVELOPING AN EFFECTIVE JOB TRAINING SYSTEM FOR WORKERS AND EMPLOYERS

Tuesday, October 4, 2011
U.S. House of Representatives
Subcommittee on Higher Education and Workforce Training
Committee on Education and the Workforce
Washington, DC

The subcommittee met, pursuant to call, at 10:04 a.m., in room 2175, Rayburn House Office Building, Hon. Virginia Foxx [chairwoman of the subcommittee] presiding.

Present: Representatives Foxx, Petri, Biggert, Roe, Hanna, Bucshon, Barletta, Heck, Hinojosa, and Loebsack.

Staff present: Jennifer Allen, Press Secretary; Katherine Bathgate, Press Assistant/New Media Coordinator; Casey Buboltz, Coalitions and Member Services Coordinator; Heather Couri, Deputy Director of Education and Human Services Policy; Lindsay Fryer, Professional Staff Member; Rosemary Lahasky, Professional Staff Member; Brian Melnyk, Legislative Assistant; Krisann Pearce, General Counsel; Linda Stevens, Chief Clerk/Assistant to the General Counsel; Alissa Strawcutter, Deputy Clerk; Kate Ahlgren, Minority Investigative Counsel; Aaron Albright, Minority Communications Director for Labor; Jody Calemine, Minority Staff Director; John D'Elia, Minority Staff Assistant; Livia Lam, Minority Senior Labor Policy Advisor; Brian Levin, Minority New Media Press Assistant; and Michele Varnhagen, Minority Chief Policy Advisor/Labor Policy Director.

Chairwoman FOXX. Good morning. A quorum being present, the subcommittee will come to order. I want to welcome our witnesses. Some of them have traveled a great distance to participate in today's hearing, and we appreciate the opportunity to hear your thoughts about ways we can improve assistance for our nation's workers.

This is the committee's fourth opportunity to example the challenges and successes of the federal job education system. For several months, we have been working to detect what a 21st century workforce investment system should look like, and identify the responsible reforms necessary to help get us there.

As a result, we have gained a greater understanding of the changes that must be undertaken to build a stronger, more competitive workforce. One of the most important things we have learned through these hearings is that the status quo is no longer acceptable. Particularly in times of record debt and persistently high unemployment, we need a system that is efficient and effective.

Wasting State and federal resources is a disservice to taxpayers and workers. Earlier this year, the Government Accountability Office identified 47 job programs administered across nine federal agencies at a cost of $18 billion. Forty-four of these programs overlap, serving similar populations. Barely a handful have been reviewed for effectiveness.

Clearly, there is a great opportunity to make the job training system leaner and more responsive. Fortunately, we have also learned there are a number of creative and successful reforms underway at the State and local levels that may serve as models for reform. An improved job education system must empower state leaders to pursue policies that best meet the needs of the local workforce.

After all, officials in Clemmons, North Carolina and Edinburg, Texas have a greater understanding of the needs of their communities than do a roomful of Washington bureaucrats. Finally, we have learned that while there are differing views on how we move forward, there is agreement on both sides of the aisle that job education programs play an important role in the success of our workforce.

In his latest stimulus plan, the president noted the importance of job training. However, his proposal to dedicate $4 billion in new spending to create two additional job training programs is questionable, particularly when one considers the dozens of existing programs identified by the GAO. I am concerned the president's proposal will layer more bureaucracy, more rules and more spending onto a job education system that is already overwhelmed by burdensome regulations and waster resources.

With 14 million Americans unemployed, we simply cannot afford to double down on the failed policies of the past. Instead, we should focus our efforts on modernizing the Workforce Investment Act so it reflects the realities of today's economy, the needs of job-seekers, and the demands of employers. Ideas have already been laid on the table. Representative McKeon, former chairman of the full committee and champion of this program, has introduced his own proposal to reauthorize the Workforce Investment Act.

I am grateful for his leadership, and look forward to working with him in the weeks and months ahead. I hope the president will soon send us his own plan to modernize an outdated job training system. Ultimately, American workers are looking for responsible policies that will help the economy grow and create new jobs.

My Republican colleagues and I are eager to find common ground on solutions that will improve federal job education assistance on behalf of workers, employers, and taxpayers. Additionally, we are advancing our Plan for America's Job Creators, and pursuing a fall agenda that targets some of the most harmful regulatory roadblocks to job creation.

Improving the nation's workforce investment system is an important part of Washington's efforts to put people back to work. I wish to thank our witnesses for contributing their views and experiences today and helping us ensure the final product reflects the positive state and local solutions already underway.

Now I would like to recognize the distinguished ranking member, Mr. Hinojosa, for his comments.

[The statement of Mrs. Foxx follows:]

Prepared Statement of Hon. Virginia Foxx, Chairwoman, Subcommittee on Higher Education and Workforce Training

Good morning and welcome to our witnesses. Some of you have traveled a great distance to participate in today's hearing, and we appreciate the opportunity to hear your thoughts about ways we can improve assistance for our nation's workers.

This is the committee's fourth opportunity to examine the challenges and successes of the federal job training system. For several months, we have been working to determine what a twenty-first century workforce investment system should look like and identify the responsible reforms necessary to help us get there. As a result, we have gained a greater understanding of the changes that must be undertaken to build a stronger, more competitive workforce.

One of the most important things we have learned through these hearings is that the status quo is no longer acceptable. Particularly in times of record debt and persistently high unemployment, we need a job training system that is efficient and effective. Wasting state and federal resources is a disservice to taxpayers and workers. Earlier this year, the Government Accountability Office identified 47 separate job training programs administered across 9 federal agencies at a cost of $18 billion. Forty-four of these programs overlap, serving similar populations. Barely a handful have been reviewed for effectiveness. Clearly, there is a great opportunity to make the job training system leaner and more responsive.

Fortunately, we have also learned there are a number of creative and successful reforms underway at the state and local levels that may serve as models for reform. An improved job training system must empower state leaders to pursue policies that best meet the needs of the local workforce. After all, officials in Clemmons, North Carolina and Edinburg, Texas have a greater understanding of the needs of their communities than do a room full of Washington bureaucrats.

Finally, we have learned that, while there are differing views on how we move forward, there is agreement on both sides of the aisle that job training programs play an important role in the success of our workforce. In his latest stimulus plan, the president noted the importance of job training. However, his proposal to dedicate $4 billion in new spending to create two additional job training programs is questionable, particularly when one considers the dozens of existing programs identified by the GAO. I am concerned the president's proposal will layer more bureaucracy, more rules, and more spending onto a job training system that is already overwhelmed by burdensome regulations and wasted resources. With 14 million Americans unemployed, we simply cannot afford to double-down on the failed policies of the past.

Instead, we should focus our efforts on modernizing the Workforce Investment Act so it reflects the realities of today's economy, the needs of job-seekers, and the demands of employers. Ideas have already been laid on the table. Representative McKeon, former chairman of the full committee and champion of job training assistance, has introduced his own proposal to reauthorize the Workforce Investment Act. I am grateful for his leadership and look forward to working with him in the weeks and months ahead. I hope the president will soon send up his own plan to modernize an outdated job training system.

Ultimately, American workers are looking for responsible policies that will help the economy grow and create new jobs. My Republican colleagues and I are eager to find common ground on solutions that will improve federal job training assistance on behalf of workers, employers, and taxpayers. Additionally, we are advancing our Plan for America's Job Creators and pursuing a fall agenda that targets some of the most harmful regulatory roadblocks to job creation.

Improving the nation's workforce investment system is an important part of Washington's efforts to help put people back to work. I wish to thank our witnesses for contributing their views and experiences today, and helping us ensure the final product reflects the positive state and local solutions already underway.

Mr. HINOJOSA. Thank you. Thank you, Chairwoman Foxx. I also want to welcome and thank our distinguished panel of witnesses for joining us today. Before we begin today's discussion on modernizing the Workforce Investment Act, better known as WIA, I would like to provide some context for today's hearing.

As ranking member of this subcommittee, I believe that it is vitally important for us not to lose sight of the hardships that millions of American workers and families are facing in this economy. While our nation's economy is recovering, millions of American workers—both blue collar and white collar workers—continue to struggle to find good family-sustaining jobs.

It is important to note that racial and ethnic minorities have been disproportionately impacted by this economic recession, with unemployment rates as high as 25 percent in some parts of our country according to the Economic Policy Institute. To make matters worse, a recent report issued by the Census Bureau shows that greater numbers of Americans are living in poverty.

What is more, of the 46 million people who live in poverty in America in 2010, one in five were children. In fact, Latino children are now the largest group of children living in poverty, according to a study by the Pew Hispanic Center. It is imperative that Congress works to reverse these stark trends by creating good, family-sustaining jobs, and by strengthening our public workforce training and adult education system so that it can do more to serve the long-term unemployed and our most vulnerable populations.

I am afraid that it is difficult for me to lead a substantive discussion on WIA without also addressing the issue of jobs and the unmet needs of today's 25 million unemployed and underemployed workers. Simply put, jobs must be our number one priority.

I strongly agree with President Obama on the need to expedite the passage of the American Jobs Act, and I fully support Ranking Member George Miller's request to have hearings on this issue in this committee as soon as possible. Constitutes in my congressional district want Congress to act to make federal investments in infrastructure, in schools, businesses, and job training programs.

While my colleagues on the other side of the aisle support the consolidation of WIA programs, and may argue that any savings should be used to reduce deficit, I can only support consolidation efforts and flexibility in the areas where it makes sense. Instead, our focus must be on improving the quality and accessibility of employment and job training services, not on eliminating WIA programs and weakening our public workforce training and adult education system.

It is my hope that this committee can work in a bipartisan manner to move a jobs bill forward, and work closely with Labor Secretary Hilda Solis to reauthorize WIA.

With that, Madam Chair, I thank you.

[The statement of Mr. Hinojosa follows:]

Prepared Statement of Hon. Rubén Hinojosa, Ranking Minority Member, Subcommittee on Higher Education and Workforce Training

Thank you, Chairwoman Foxx.

I also want to welcome and thank our distinguished panel of witnesses for joining us today.

Before we begin today's discussion on modernizing the Workforce Investment Act (WIA), I would like to provide some context for today's hearing.

As ranking member of this subcommittee, I believe that it's vitally important for us not to lose sight of the hardships that millions of Americans workers and families are facing in this economy. While our nation's economy is recovering, millions of American workers, both blue-collar and white-collar workers, continue to struggle to find good, family-sustaining jobs.

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To make matters worse, a recent report issued by the Census Bureau showed that greater numbers of Americans are living g in poverty. What's more, of the 46.2 million people who lived in poverty in America in 2010, one in five were children. In fact, Latino children n are now the largest group of children living in n poverty, according to a study by the Pew Hispanic Center.

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It is my hope that this committee can work in a bipartisan manner to move a jobs bill forward and work closely with Labor Secretary Hilda Solis to reauthorize WIA.

Thank you.

Chairwoman FOXX. Thank you, Mr. Hinojosa. Pursuant to Committee Rule 7c, all subcommittee members will be permitted to submit written statements to be included in the permanent hearing record. And without objection, the hearing record will remain open for 14 days to allow statements, questions for the records, and other extraneous material referenced during the hearing to be submitted in the official hearing record.

It is now my pleasure to introduce our distinguished panel of witnesses. Ms. Kristen Cox was appointed executive director of workforce services for the State of Utah in March 2007. In this capacity, Ms. Cox oversees the operation of 12 divisions encompassing federal and State programs, including workforce development. Prior to this appointment, Ms. Cox held positions in Maryland as secretary of the nation's first cabinet-level Department of Disabilities, and as the director of the Governor's Office for Individuals with Disabilities.

Ms. Laurie Larrea has served as president of the Dallas County Workforce Development Board since 1996. She serves as executive director of the Private Industry Council of Dallas and on three other Texas workforce investment boards, including the director of programs for the Houston Job Training Partnership Council and director of the Southeast Texas Employment and Training programs.

Mr. Bruce Herman is the principle organizer and strategist for National Call to Action, a voluntary coalition, including labor, business community, and public offices promoting a three-pronged pathway to economic revitalization to address the current employment crisis. Prior to NCTA, he served as the deputy commissioner of labor for Workforce Development, the New York State Department of Labor.

Mr. Jaime Fall is vice president for workforce and talent development policy for the HR Policy Association in Washington, D.C. In this position, he leads the organization's efforts to equip workers to succeed in the rapidly-changing workplaces of America. Prior to joining HR Policy, Mr. Fall served for nearly 7 years as deputy secretary, employment and workforce development for the California Labor and Workforce Development Agency.

Again, we welcome all of you to be here. Before I recognize you to provide your testimony, let me briefly explain our lighting and sound system.

You will have 5 minutes to present your testimony. When you begin, the light in front of you will turn green. And there will also be an audible signal. When 1 minute is left, the light will turn yellow. And when your time is expired the light will turn red, at which point I would ask that you wrap up your remarks as best you are able. After you have testified, members will each have 5 minutes to ask questions of the panel.

I would now like to recognize Ms. Cox for 5 minutes.

STATEMENT OF KRISTEN COX, EXECUTIVE DIRECTOR, UTAH DEPARTMENT OF WORKFORCE SERVICES

Ms. COX. Is it on? Okay. Thank you for the opportunity to be here today. It is certainly an honor. And for the record, my name is Kristen Cox, and I do run the Department of Workforce Services in Utah. And we come to this with, I think, a very unique and important perspective. Utah has a highly-integrated model, and we are also a Statewide workforce investment board.

We administer everything from WIA to Wagner-Peyser and trade, to TANF and food stamps and eligibility for all public assistance programs, including Medicaid and CHIP. We have over 90 different federal programs we administer. So we see what is working, and also many opportunities where we think it could be improved.

So let me just highlight a couple principles that we think are important, and then I will highlight some of our recommendations. They are in my written testimony in much more detail. So I will just go through some of them. But some important principles we think are critical. One, that programs should be designed to maximize dollars that go to the customer.

We need to eliminate bureaucracy and make sure all of our money gets pushed down to the job seekers and the people that need it. Second, we think we should focus more on results and less on process and compliance activities. WIA's highly, highly focused on compliance and process activities, which is a waste of taxpayer dollars.

Third, we think States should have maximum flexibility. Governor Herbert's a huge proponent of this. As governor, I think he is the one to make the best decisions about what Utah needs, not people in D.C. We think, also, that innovation should be encouraged, and not penalized. And finally, we think it is critical that we look at operational excellence.

We develop public policy in context of what it is going to take on the ground to make it work. In Utah, we have a huge focus on that so that we can make sure everything we do is efficient. Let me highlight some of our major recommendations. One, we think some major funding streams should be consolidated—dislocated worker fund, belt worker youth, and Wagner-Peyser.

We serve common customers—we need to integrate those funds. Second, we think States should be given a waiver process, or waiver ability, to go and ask that even additional programs be integrated, such as trade, or food stamp employee in training programs, or adult basic education. Other programs really have similar purpose, and we want the waiver authority.

We know that welfare reform occurred because States had the ability to create innovative processes. We want that same opportunity to demonstrate that we can make that happen. We also think in that process, if we can actually move towards more integrated model, we could have true unified planning. We spend hundreds of hours sending hundreds of pages to D.C. on planning efforts for different programs that all serve the common customer, and it is a waste of time.

We also think that the idea of discretionary grants needs to go away, especially the administration's new proposal on the Workforce Innovation Fund. It is sweeping dollars from States, where we can get funds directly to customers quickly into a new discretionary grant program. That, plus other discretionary grant programs, forces us to chase money in ways that do not necessarily meet our needs.

Next, we think that governors should have an ability to govern and set up their own governance structure. We should not have to ask permission, or mother may I, about how big our SWIB is, or if we want to change our SWIB, or what the local workforce enforcement boards will look like. We think it should be business-driven, for sure, but governors should not have to ask permission on those kinds of small process issue.

A few other quick things that are really important. We believe common measures, and we will talk about this in more detail, hopefully, are as important. But we do think there should be some other measures around how we actually support businesses, cost per equivalent services, and other areas that could keep us accountable. We do agree that financial reporting needs to be looked at.

We are always vulnerable in the system to recissions because of the way Congress treats obligations. We think that we should go from 1 year of obligation to 2 years of expenditures as compared to 3 years. But that would give us the opportunity to be transparent, but also avoid all these recissions that occur. It is very difficult to create a stable environment.

Finally—the beep took me off my roll—a couple of our things, quickly. We have a high reporting burden in the Workforce Investment programs. I have looked at all the programs we have, including Medicaid to TANF. The reporting burden in the WIA programs is over 5 percent of our administrative costs, Wagner-Peyser 2.3 percent, where the rest of our costs are at 1 percent or less.

The reporting burden is very interested in these programs, and we need to take a hard look at reducing those. And then finally, modernizing eligibility, cross-matching data sets, and having the ability to do online Social Security stuff that we can do with our public assistance programs that does not exist in WIA. We need to look at modernizing that.

Those are just a few of many of our ideas that we have put on the table. But at the end of the day, it boils down to everything has to be on the table. In this economy, we need to make sure that every action, every step, every policy, every process is value-added. At the end of the day, the taxpayer and job seeker would say it is worth it, it is value-added and I am willing to pay for it, and businesses think we are relevant.

I look forward to answering any questions. Thank you.

[The statement of Ms. Cox follows:]

Prepared Statement of Kristen Cox, Executive Director, Utah Department of Workforce Services

Mr. Chairman and Members of the House Education and the Workforce Subcommittee, I am Kristen Cox, the Executive Director of the Utah Department of Workforce Services. I appreciate the opportunity to provide you with an overview of my observations on the re-authorization of the Workforce Investment Act (WIA).

The Utah Department of Workforce Services (DWS) believes the following core principles should guide all reform and reauthorization efforts focused on jobs, including the Workforce Investment Act:

1. Programs should be structured in a manner that maximizes resources for participants;
2. Requirements should be minimized and focused on developing a consistent and structured performance accountability system;
3. States should be provided maximum flexibility to design the programs and initiatives best suited to its citizens, businesses, and workforce development partners;
4. Budget streamlining should not just penalize the states—federal agencies should be examined and unnecessary bureaucracy and processes should be eliminated;
5. Innovation and risk-taking in the design and delivery of employment and job training services should be encouraged rather than penalized;
6. Programming should be data-driven and evidence-based with tangible accountability measures; and
7. Congress must refrain from establishing parallel job training programs and/or discretionary grants that duplicate the existing workforce system.

At the Utah Department of Workforce Services, our goal is simple—to help unemployed Utah citizens find employment. Since my appointment as Executive Director in 2007, I have worked to create a culture in the agency that reflects my belief that government should spend as much time focusing on operations as on public policy. Accordingly, we administer our programs with a guiding principle that directs money for training programs to those programs and not on administrative bureaucracy.

In Utah, we are employing an agency-wide strategy designed to align our entire department around a common goal—jobs. The strategy is based on our commitment to operational excellence, results, and to ensuring that Utah's economy continues to be among the best in the nation. The strategy is also grounded in our philosophy that "people who can work do work" and, to-date has saved Utah taxpayers $18 million while caseloads in our Eligibility Services Division have increased dramatically. This direction may sound simple, but it is not a given with many of the federal programs administered by our department. We need to look at WIA reauthorization as a perfect opportunity to focus on streamlining processes and programs. As we do, I can't help but point out that the United States Constitution is only four pages, so I believe we have the ability to simplify the hundreds of pages that comprise the Workforce Investment Act. When combined with the hundreds of pages in the Code of Federal Regulations and all of the policy guidance letters, the current Workforce Investment Act creates a system crushed under paperwork and compliance.

The current design of the public workforce investment system is a maze of individual programs and funding streams with various mandates attached to each program. It is then the expectation of the states to manage through these mandates and bureaucracy and provide individuals and businesses with the employment and job training services needed, thus contributing to the improvement of the national economy. Just meeting individual program requirements, providing fiscal stewardship over each individual funding stream, tracking outcomes and results for individual programs, and implementing a business-friendly, customer-centric model around targeted program mandates is extremely inefficient by diverting finite resources from actual employment and job training services.

When properly aligned, program integrity efforts, re-employment initiatives, operational efficiencies, and trust fund management should ensure that limited resources are maximized and directed to those who are eligible for assistance and reemployment activities. Utah has an integrated model that captures over 90 different federal programs, giving us a unique and comprehensive perspective on employing individuals. In fact, a Government Accounting Office (GAO) report earlier this year singled out Utah for our consolidation efforts and noted that "the consolidation allowed job seekers to apply for assistance they had not considered in the past."

In Utah, we are committed to assessing the quality of programs administered and are proactively reviewing services in order to ensure maximum value is provided to the public. Reauthorization of WIA should take the same approach. As a state agency charged with administering some of the largest public assistance programs under scrutiny due to current budget deficits, the effectiveness of job training programs—specifically the effectiveness of the manner in which the services are rendered at the state level—is an issue of great concern to our stakeholders.

Accordingly, DWS has conducted an extensive job training analysis for the purpose of guiding policy-makers in decisions pertaining to training services. For example, the report shows that Utahns who complete DWS-assisted degree programs are 5% more successful finding employment and earn an average of $9,600 more per year than those who do not. The full research report will be available on the web at *http://jobs.utah.gov/wi/trainingstudy* later this week.

Because of Utah's landmark approach, our experience in understanding and working within a framework of a myriad of federal laws and regulations provides us with a unique perspective in providing recommendations and viewpoints on various federal law reauthorizations.

As the committee begins its important work, the State of Utah submits a comprehensive proposal for consideration that maximizes state flexibility and focuses on connecting job seekers with jobs.

Workforce Investment Act Structure and Governance

In order to promote efficiency, better serve job seekers, workers, youth and employers, and maintain a level of services with fewer financial resources, the federal government should provide states with a new Workforce Investment Fund, which is an integrated grant to states that combines the following current individual formulaic grants:

- Workforce Investment Act Adult
- Workforce Investment Act Dislocated Worker
- Workforce Investment Act Youth
- Wagner-Peyser Employment Service

These four funding streams provide the foundation for the Workforce Investment Fund because they provide the same or similar services, which could be enhanced to populations needing employment and training assistance.

In addition, at the request of the Governor, through a new Innovation Waiver process, the following programs could be delivered through the Workforce Investment Fund:

- Adult Education
- Vocational Rehabilitation
- Trade Adjustment Assistance (training)
- Veterans Employment and Training
- Food Stamp Employment and Training
- Temporary Assistance for Needy Families (employment/training)

The Innovation Waiver process would involve the appropriate Cabinet Secretary in charge of the program and would provide a state with an opportunity to demonstrate how delivery of the program would promote efficiency and improved services for customers and set a common standard for participation. Waiver requests would need to be responded to within 30 days, or the waiver request would be automatically approved. In addition, the waiver process should also allow states to include strategies that would better integrate and align Unemployment Insurance (UI) customers into the broader workforce system. Traditionally, and even in the

President's recent jobs bill, UI re-employment efforts are isolated from the broader system and is often nonexistent in many states.

Utah also believes that Congress should decrease the number and amount of discretionary grants overseen by DOL and opt for funds with clear accountability standards. State and local governments spend too much time and resources on "chasing" money in the form of grants that may not best be suited for their unique needs. With diminishing resources, it's unfortunate that state and local governments are increasingly faced with the dilemma of hiring full-time grant writers or bringing consultants on board who are well-versed in how to navigate the grant process. Consequently, grant awards can be made on how well the application is written rather than on the actual merits of the proposal. It has become its own cottage industry.

In addition, grants require separate budgeting, monitoring, and reporting—all of which take away money from customers and expand administrative overhead. Grants can take too much time to approve and often end up being one-time programs with no prospects of sustainability. States need resources they can count on to develop meaningful programs that can measurably move the needle over time and quickly respond to structural changes.

Discretionary grant programs such as the Workforce Innovation Fund would be eliminated in order to maximize funding to the states. Utah feels that directing any portion of federal funding currently set-aside as Statewide Activity funds for state-led innovations to a new federally dictated, controlled and prescribed program (such as the Innovation Fund) adds bureaucracy and defeats its intended purpose. I maintain that governors, not the federal government, are uniquely positioned to innovate and advance systemic workforce development initiatives. Washington, D.C. should not be determining what is or is not innovative in Utah—the decision should be made by Utah's Governor.

National Emergency Grants should be maintained in order to fund unforeseen dislocation events. However, with excess monies historically existing year after year at the end of a program year, the authorization for funding would be capped at $100 million annually and grant requests would need to be responded to with 45 days of the receipt of the application. Other small programs that maintain a separate delivery system to serve special populations would be eliminated with services to these populations specifically authorized under the Workforce Investment Fund.

Unified State Planning: The current state planning process is an exercise in frustration as there is no real purpose for the planning—it is essentially a "check the box" exercise. Every year, Utah submits hundreds of pages of plans and I am uncertain as to whether or not they are ever reviewed by appropriate officials. Recent proposals seek to improve unified state planning by requiring lots of new reporting on the "coordination" of programs. This approach is flawed in that it increases the work and burden on states with no measureable positive impacts as programs and funding streams remain separate and delivered by a multitude of entities and delivery systems.

As part of the Workforce Investment Fund implementation and Innovation Waiver process, a unified state plan would provide meaning and reason to the plan. The goal of a unified state plan should not be to provide lots of details on "hoped for" coordination; rather, it should be a meaningful document describing to the federal government and the public the types of services, methods of services, and goals and objectives of service delivery and integration. The Workforce Investment Fund unified state plan would be a guiding document promoting reform, improved services, and actual results.

Local Workforce Investment Areas/State and Local Workforce Investment Boards: The current structure and responsibilities of state and local workforce investment boards are a legacy of the 1970s era Comprehensive Employment and Training Act (CETA). Because CETA funds flowed directly from the federal government to local cities and counties, local "Private Industry Councils" were formed, which continued through the 1980s and 1990s under the Job Training Partnership Act (JTPA). At the same time local job training funds were being appropriated to counties and cities, funds for the same or similar services were being provided to states through programs such as the Wagner-Peyser Employment Service and Trade Adjustment Assistance.

The Workforce Investment Act of 1998 tried to balance this shared state-local employment and job training service provision responsibility by crafting responsibilities of local workforce investment boards in coordination with the state local workforce investment board. In conjunction with this, WIA provides very little flexibility to redesignate local workforce investment areas around economic regions or changing demographics due to a desire to protect the current system. A few states, such as Utah, have additional flexibility as "single state workforce area," but this designation is authorized under a grandfathering provision, which allows few changes unless a state is willing to risk losing this special flexible designation.

Reform of the workforce investment system needs to include fewer federal mandates around the state and local workforce investment boards and areas and more emphasis on allowing innovative design that improves services for customers and more efficient service delivery.

States that are currently single state workforce areas should be allowed to remain and make modifications without the threat of losing the designation and additional states should be allowed to re-designate as single state workforce areas if doing so improves service delivery and efficiency. In addition, governors, through consultation with local stakeholders, should be able to re-designate local workforce investment areas and report the criteria and rationale for local workforce designation to the federal government. WIA should promote alignment of workforce investment areas around regional economic or other appropriate criteria and not around what is politically expedient.

Finally, governors should have flexibility around who should be on the state workforce investment board, and should have options to designate a state economic development or other appropriate council to also serve as the state workforce investment board. Reform should promote the integration of state economic development, education and workforce development policies and service delivery, and should not maintain unnecessary barriers to this integration.

Local workforce investment board membership should be decided through a negotiated process between the governor and local elected officials, and should not be mandated as part of a "top down" approach. Broad criteria could be put in a WIA reform bill with governor's reporting to the federal government the rationale behind state and local workforce investment board structure and membership.

One-Stop Center Delivery System: The idea behind a "one-stop" delivery system is sound—workers, job seekers, employers and others can access a host of federally-funded employment and training services at one physical location or through a coordinated electronic delivery system. Unfortunately, due to the "silo" nature of the various programs and the incentive for those working for individual programs to protect their own infrastructure, the costs of maintaining physical and technological infrastructure has been borne mainly by the WIA-funded programs and Wagner-Peyser. As a result, service coordination has been inconsistent from local area to local area and WIA funds are rarely used for training services because a vast majority of the dollars are paying for personnel, building, utilities, and supplies.

To strengthen the one-stop system and reduce duplicative, "siloed" infrastructures, integrating funds into the Workforce Innovation Fund is the first step to solving the problem. However, the federal government should also provide governors with a mechanism to identify other employment and job training programs that could be delivered through the one-stop system and provide flexibility by: (1) allowing the "pooling" of administrative dollars for one-stop infrastructures; and (2) offering incentives to foster further integration. For instance, community colleges and other higher education partners maintain an extensive set of physical buildings throughout urban, suburban and rural communities. States that develop innovative solutions to service delivery by integrating higher education infrastructure with the one-stop system could be provided incentive funds for promoting efficiency and greater service access to customers.

Education and Training Services

The United States economy has changed dramatically over the past two decades as a result of new technologies and globalization. As a result, successful attachment to the labor force to include good earnings requires access to skills and competencies gained through post-secondary education and job training. "Light-touch," low-cost employment services do not provide everyone with the ability to compete well in the labor market.

The Obama administration, along with a host of businesses, philanthropic foundations, and community-based organizations, have called on increasing the number of individuals receiving post-secondary credentials including industry-recognized certificates, associate's degrees and bachelor's degrees. Along with simply improving credential attainment, workforce investment system leaders and managers must also ensure that these credentials align with job and career opportunities within local and regional labor markets.

The Workforce Investment Act of 1998, while trying to instill accountability for employment results and ensuring that training institutions provided skills for available jobs, created a number of requirements and mechanisms that have proven difficult to manage and have limited customer opportunities for post-secondary education and training. Along with system design changes detailed above, specific changes to education and training delivery should provide more opportunities for individuals to access high-quality post-secondary education and training.

Eligible Training Provider Lists: In order to ensure that training participants were receiving quality training attached to labor markets outcomes, WIA created the Eligible Training Provider (ETP) lists, a set of post-secondary education and training providers maintained by states. WIA mandates a set of requirements for states to follow when designing and maintaining the ETP, which has only had the effect of keeping good providers away from serving WIA customers due to the onerous reporting and application burdens.

To alleviate this challenge, an institution of higher education receiving regional accreditation from one of the recognized regional accrediting bodies should continue to be automatically eligible as a WIA provider. States can set additional criteria focused on programs and align eligible provider programs with jobs-in-demand. For post-secondary institutions accredited through a national accrediting body, such as the American Council on Education, a streamlined approval process should be provided whereby states could provide expedited clearance based on a simple set of standards and business practices. For any institution not granted either regional or national accreditation, states could set a rigorous set of requirements tied to outcomes and accountability reporting.

Contracting and Individual Training Accounts: More flexibility should be granted to states to utilize a training account mechanism and/or contracting mechanism when working with post-secondary partners on the provision of education and training. Appropriate customer choice in training tied to employment is an important principle and should be promoted. In addition, opportunities exist for cohort training whereby a group of similarly situated workers (sometimes dislocated) would benefit by entering a training program at a community college, other institution, or appropriate employer-sponsored and/or hosted training. States need flexibility to maximize both approaches in order to foster increased access to post-secondary education and training services.

Eliminate Sequence of Services: Currently under WIA, a participant must first avail himself/herself to “core” and “intensive” services in order to access training. The premise behind this requirement was a promotion of employment as the main outcome of the workforce investment system; however, it has promoted a “one-size-fits-all” culture to the provision of services and has added unnecessary costs as a result of meeting the federal sequencing mandate.

In designing services based on data, employer feedback, and industry needs, states should be given flexibility to provide a menu of services to participants accessing workforce investment services. States should also be encouraged to utilize appropriate assessments, up-front, to assist customers with the services most beneficial to them in obtaining good-paying jobs.

Youth Programs: Although it is proposed that the WIA youth program be integrated into the Workforce Investment Fund, services to youth should be maintained. However, federal requirements should be limited to developing eligibility standards in serving the most vulnerable youth and should not dictate the manner or impose burdensome reporting criteria. A separate summer youth program should not be authorized and the focus of youth services should be on helping youth obtain a high school diploma and making a transition into a post-secondary program of study. A priority should be placed on supporting youth models with a proven record of results either through an impact evaluation or other recognized mechanism.

Performance and Financial Reporting

Various employment and job training programs have a myriad of performance measures, program definitions, and rules around reporting performance as well as financial spending and reporting. The result is time-consuming and burdensome reporting requirements for states that do not provide a clear picture as to the true effectiveness of many of these programs. Changing and conflicting rules and expectations around financial spending and reporting have resulted in a lack of consistent reporting on obligations and expenditures, thus making the system vulnerable to rescissions and reduced appropriations.

Core Indicators of Performance: The four adult indicators and four youth indicators of performance implemented as “common measures” should be codified in the Workforce Investment Act reauthorization as well as applied to all employment and job training related programs across the federal government, including Temporary Assistance to Needy Families, Carl Perkins, and other discretionary job training grant programs. In order to more efficiently report, limited access to the National Directory of New Hires should be authorized to efficiently obtain data needed on employment and wages while maintaining privacy protections.

Common Definitions and Data Validation: Integrating programs will reduce the variety of definitions, but in addition, all employment, education, and job training programs should have a mandated use of common definitions such as “entered employment” or “job retention.” In addition, states should be given flexibility to define “work engagement” for purposes of common reporting on programs that require this standard. Efforts to validate data are important, but should be limited to only those elements and procedures that are absolutely necessary to ensure data integrity. In addition, methods for cross matching data across programs should be consistent—allowing states to modernize and streamline their data and performance systems.

Financial Reporting: In order to resolve lingering issues around obligation and expenditures, WIA reauthorization should clarify that the Workforce Investment Fund would allow one year to obligate funds and two years to spend funds. Encumbrances should be considered as obligations. Limiting carry-over from three years to two years would resolve concerns about funds remaining unspent for a long period of time. This would streamline financial reporting and provide greater transparency for funds.

Administrative Issues

The U.S. Department of Labor maintains an oversight and technical assistance support function that can be costly and may not always provide value-added services to the states. Streamlining of administrative processes should occur in order to ensure that the maximum amount of appropriations is provided to the states for services and that bureaucracy is not causing needless waste of state resources and staff time.

Regional Offices: The U.S. Department of Labor, Employment and Training Administration currently maintain six regional offices—down from ten a decade ago. The responsibility of the six regional offices is to provide grant oversight for both formula and discretionary grants. State officials are to interface with their appropriate regional office and not Washington, D.C. headquarters.

The regional office structure is a hold-over from pre-internet times, when access to affordable telecommunications and air travel was also difficult. The premise of this structure is that offices were needed close to the states in order to provide technical assistance and guidance on a number of programs. However, given that states can directly interface with program experts, administrators, and grant officers in Washington, D.C., the regional office function could be improved.

Align WIA Reporting Burden: In Utah, the WIA program reporting burden as a percent of total administrative costs is five times that of other programs. The average cost of reporting for all Utah Department of Workforce Services programs is about 1.0 percent of total administration. However, WIA is at 5.2 percent and Wagner-Peyser is at 2.3 percent. U.S. Department of Labor reporting and monitoring burdens are significantly higher while funding is significantly less than other employment and job training programs.

Access to Electronic Verifications: Utah recommends that WIA reauthorization make provisions for an agreement with SSA for states to use the SOLQ/SVES files to verify SSNs and SSI benefits. Additionally, having access to VA data to more readily identify Veterans would help us serve employers and Veterans. Veterans are one of the nine groups of job seekers to qualify for the WOTC. In addition, having VA data would help us identify Veterans who are job seekers. The Administration for Children and Families and the VA have made this possible through the PARIS project for public assistance programs by allowing access to data from the VETNET system, so the VA has proven their willingness to work with agencies to supply data.

Inspector General Oversight: The Inspector General plays an important role in assuring that grant and other funds are used appropriately and for program purposes. However, there are often more officials working on Inspector General reports and probes than there are federal program officials or state program officials who are tasked to maintain day-to-day operations. In addition, Inspector General staff are incentivized to “find something wrong” so even though there may not be an issue, they will still develop “findings” in order to justify the expenditure of dollars toward a report or investigation. Congress should investigate this issue and provide limitations on expenditures by the Inspector General when a legal issue (fraud or abuse) does not exist within the scope of a report or investigation.

Conclusion

As our nation struggles with reducing its debt while providing critical services, we must ask ourselves how the taxpayer would define “value” and if they would be willing to pay for it. I suggest that many of the procedural aspects of WIA could not pass this test. However, at its core, WIA provides significant value to the customer and to our nation as it elevates the competitiveness and economic prosperity of our workforce. WIA reauthorization should rest squarely on its core value and discard any efforts to weigh it down with non-value added activities.

The State of Utah stands ready to assist the Committee in its efforts to bring innovative policy answers that aggressively address the Workforce Investment Act. We believe that states are the appropriate starting point for re-authorization conversations and encourage you to maximize flexibility and allow states to focus on helping people find employment and then hold them accountable for doing so. Thank you for the opportunity to address the Committee and I look forward to answering any questions you may have.

Chairwoman FOXX. What a great presentation. If every one of our witnesses came in and was as direct and specific as you we would be in a lot better situation on this committee.

Now I would like to recognize Ms. Larrea for 5 minutes.

STATEMENT OF LAURIE BOUILLION LARREA, PRESIDENT, WORKFORCE SOLUTIONS GREATER DALLAS

Ms. LARREA. Thank you very much for having me this morning to present testimony. Thank you, members of the committee. I would like to offer greetings from Mayor Rawlings. Chair Foxx, we went with you and Chairman Kline recently, and was very pleased. So I'm extending those greetings from Dallas.

The Dallas-Fort Worth-Arlington-North Central Texas area is where I am from. It is one of the largest regions in Texas, fastest-growing. Great economy, but workforce is a critical issue for us. The Dallas Workforce Board has, for many years, prided itself in having technology to remedy certain circumstances. We believe flexibility is critical in any reauthorization, but technological solutions should be paramount in our discussions.

In Texas, we have the benefit of five major programs, much as Utah discussed—Temporary Assistance to Needy Families, Wagner-Peyser Employment Services, supply nutrition assistance, the Workforce Investment Act, and Child Care and Development Fund. And I bring that in as a very critical issue with infrastructure. It assists the families in working. I will say a little more of that in a minute.

In Texas, we have a single authority. The Texas Workforce Commission buffers us at the local level from having all of the multiple reporting systems, audit systems, and counting systems. We have one financial authority, one financial report a month, and one critical report of 15 performance measures, some of which do measure our performance against service to businesses, which is, I think, something the fed should adopt, as well.

The efforts to modernize and innovate the national workforce system will be successful if we learned from the efforts that we have made in these other States and other local areas. Two projects, three projects I would like to discuss with you quickly that we have had success in Dallas.

We have got an in-home learning lab for welfare families. After 3,200 families in 10 years, we have discovered that we have the greatest return on investment for this process. Most families are off of welfare after one year of participation, 85 percent. And it has the highest post program wage of any program we have ever tested.

In addition, during the recession, we dabbled in programs, very non-traditional programs, helping the executives who had been displaced, high-level people who were displaced, and could not find a way to put themselves back to work. Over a thousand people went back to work, at less than $1,000 per customer. That was a really big success during the recession.

The last thing we are doing that is very critical, an online workforce center. We know we can not do the brick and mortar. It is too costly. So we have an online workforce center for job seekers. We are seeing 4,000 a week in our online system. We have only kicked it off eight months ago. The next step will be to put an employer service page to that same website.

What have we learned from the Workforce? Workforce development works best when it is outcome-based, not process. Please examine measures for process innuendo. We must look at outcomes. The marriage between employer and employee, that is what this is about. Everybody works. That is what this whole program should be about.

Workforce development works best when the programs are planned, funded, and streamlined through one authority. We do not have multiple school districts in the same area, multiple water authorities. We have one authority. Workforce is a system. It is not the multiple programs that we see at this level. It is the system of assistance at the local level for employers and job seekers.

Very importantly, the existing funds are not adequate for the volume of job seekers. All of the target funding needs to be recognized. In Texas, we do see that the funds identify the population for which they were intended. We are very careful to see that the monies go to the populations. But we have put it all under the same umbrella of workforce.

The employers do not need to differentiate between the targets. Perhaps we do to see that people get their fair share, but we should be looking at this as an employer-driven system. And that is what Dallas sees as the most important issue. Workforce development is best when workforce becomes—the convener should be the private sector.

Private sector majority workforce boards are critical for us. Strong conflict of interest and open meeting policies. I cannot stress this enough. We have no contracts with boardmembers in Dallas except public education. Workforce development works best when you work with Chambers of Commerce. We have a very strong regional workforce planning effort that supports aerospace, health care, infrastructure, logistics, and advanced technology.

Those are the infrastructures that support our workforce. We support them. It also works best when you look at the infrastructure issue of child care. Child care is very critical in the Texas model, and a maximum amount of money is spent on the care and feeding of our children. But if a parent cannot see quality care for their child they cannot be present for work.

It is very important. Lastly, I leave you with a comment from an employer. Primary customer, the employer. When asked how workforce development would work best, he had this to share. "We often think of training as specific skills needed for the job, and that is true. However, as an employer I am seeing the need for broader training to create work-ready employees who are willing to work, and grow, and learn new knowledge."

He is the chairman-CEO of a manufacturing company, Micropac Industries, and said that our work was so important as a customer, he became a volunteer boardmember. I think that counts. I think it means something. We have a system that is important to employers if we make it the system they need. And they must drive it.

I thank you for allowing me to speak today.

[The statement of Ms. Larrea follows:]

Prepared Statement of Laurie Bouillion Larrea, President, Workforce Solutions Greater Dallas

Thank you Chairwoman Foxx, Ranking Member Hinojosa and distinguished members of the subcommittee for allowing me to present testimony today. I am Laurie Bouillion Larrea, President of Workforce Solutions Greater Dallas, the workforce investment board serving the City of Dallas and Dallas County. Chair Foxx, let me also extend greetings on behalf of Mayor Rawlings. He enjoyed his recent opportunity to meet with you and Chairman Kline and sends his regards. Dallas—Fort Worth—Arlington, the North Central Texas region is one of the fastest growing areas in the US. Within Dallas County, a population of 2.3 million people, and an unemployment rate of 8.4%, workforce is a critical issue. The Dallas workforce system has a proud history of innovation and use of technology in reinventing services. Our Mission—"achieving competitive solutions * * * for employers through quality people and for people through quality jobs." The primary customer in the Dallas workforce system is and always has been the employer customer.

I have worked for the Dallas Board since 1989, and in that time, I've witnessed dramatic change and flexibility in state and local systems leading to improvements and efficiencies gained from the Texas delivery model. We are blessed in Texas with bipartisan legislation allowing that "most" of the federal employment and job training funds are implemented under the authority of the twenty-eight local workforce investment boards. Texas' 5 big programs—Temporary Assistance for Needy Families, Wagner-Peyser Employment Services, Supplemental Nutrition Assistance Program, Workforce Investment Act, and Child Care and Development Funds—are awarded to the Texas Workforce Commission—a single state authority. The state buffers multiple federal funding authorities, each requiring separate state plans, annual reports, monitoring, auditing and performance reporting. However, the Texas local workforce boards experience a single fund authority, one monthly financial report, one set of 15 significant performance measures, and uniform monitoring. The usual duplication and overlap of paperwork used to cost taxpayers millions of dollars every year. These are dollars that are better spent providing services directly to employers and job seekers.

Efforts to modernize and innovate the national workforce development system will be successful if we study best practices and learn from past experiences. The system has been expanding and growing at the state and local levels driven by limited resources and increased demand for services. Workforce professionals have embraced change out of necessity. Greater need and fewer resources created a laboratory for workforce innovation. Over the past years in Dallas we have experimented with in-home learning systems for welfare families. After ten years and 3200 welfare households, we realize that this computer assisted in-home project yields the highest post program earnings for former welfare recipients (15% or greater), and the lowest recidivism of any welfare to work strategy we've measured (85% are removed from welfare). In the most recent three years, we have provided a unique assistance center to non-traditional customers—highly prepared and educated professionals who lacked the skill to replace themselves during the recession. The results were gratifying, (956 placed in employment—average wage $109,000 annually—less than $1000 cost per placement) and proved that the workforce system exists for every job seeker. In the past eight months, we kicked-off a virtual workforce center for job seekers. Our online workforce community is a vibrant package of self-help, self-assessment and whole community access for workforce information, access to Work in Texas (the Texas job bank), and daily updates for registered job seekers. We are currently seeing activity from nearly 4000 job seekers weekly. Our next step includes the development of a similar site for area employers.

What else have we learned? Workforce development works best when performance is judged by outcomes, not process. The most important function of the workforce system is the successful marriage of employees and employers. There may be a variety of means to that end, but the end is the critical product of the system. We must prepare a workforce to meet the needs of area employers—in an effort to drive economic development and prosperity.

Workforce development works best when the "programs" are planned, funded and implemented as a unified system—when the many federal and state programs, intended to develop the workforce, are all part of the general resources administered by the area workforce boards—multiple fund sources provide the opportunity to share costs for administration, oversight, and to provide workforce centers that are equipped with necessary technology. The system must also retain adequate dollars to meet employer driven objectives for job placement. Coalescing resources has resulted in economies in auditing, monitoring, and procurement.

Workforce programs must be better aligned and streamlined to ease access and service delivery for both workers and employers. It is not the case, however, that there is duplication in the actual provision of services for the populations served by these individual programs. While the GAO finds that a number of programs offer similar services, it also notes that "Even when programs overlap, the services they provide and the populations they serve may differ in meaningful ways." Alignment of multiple programs must occur without diluting the funds intended for the specified population. In Texas, we preserve the original purpose of the money and incorporate the targeted customer into our jobs strategy. The existing funds are not adequate for the volume of job seekers and employers seeking assistance. The resources have to be similar to those available to the variety of programs currently in existence to maximize the effectiveness. The alignment alone produces cost benefits in increasing direct services and better quality.

Workforce development works best when the workforce board acts to convene community partners to lead a system of employer and job seeker services. Most importantly, boards must govern. A strong policy and oversight board is necessary for this very complex combination of services. In addition, board members cannot become mired in staff work. Boards in Texas are composed of diverse employer leadership; a majority of private sector employers, reflective of the key industries that comprise the areas workforce; and are subject to strong conflict of interest and open meeting requirements. The Dallas board allows no contracts to board members with the exception of public education.

Workforce development works best in close coordination with economic development. The three workforce boards in the Dallas Fort Worth and North Central area joined forces with the three major Chambers of Commerce—Dallas Regional, Arlington and Fort Worth to form the Regional Workforce Leadership Council. Not just another organization, but a handshake and a commitment of the six entities to support industry sectors—Aerospace, Healthcare, Infrastructure, Logistics Manufacturing, and Advanced Technology. The partnership has been in existence for over nine years and is responsible for the conduct of current worker training, skills identification and curriculum development, K-12 programs to encourage the interest of the future workforce, and fulfill our shared mission—jobs for North Texas.

Workforce development works best when we recognize the infrastructure necessary to sustain the American worker. In Texas, the legislature had the foresight to include Childcare funds as part of workforce. Childcare assistance is intended for working parents who lack adequate resources, and these resources become an essential part of the workers capacity to be present. For those of us who have been working parents and relied on the childcare system to enable us to work, we know the value of reliable, quality childcare for our children. Other than housing, there is no greater expense and responsibility for the working parent than to find a consistent, healthy and trustworthy environment for our children. The Texas model recognized and empowered local workforce boards to provide oversight of this significant "workforce" expenditure.

In summary, I'd like to share the reflections of a primary customer—an employer. When asked how does workforce development work best, he had this to share.

"We often think of training as specific skills needed for the job, and that's true, however, as an employer, I'm seeing the need for broader training to create work ready employees who are willing to work and grow through an openness to learning "new knowledge." Anything we can do to break down barriers for our potential employees, and enhance the connections * * * will have a high rate of return on investment in the training and workforce readiness that the Workforce Investment Act provides". The employer is Mark King from Garland, TX. He is Chairman, CEO and President of Micropac Industries. He was our customer, and so believed in the work of the system, he became a Board member. It's a strong signal that the workforce system matters.

Micropac Industries, Inc. provides microelectronic and optoelectronic components and modules along with contract electronic manufacturing services. The Company offers a wide range of products to the industrial, medical, military, aerospace and space markets. Micropac offers both custom and standard products from its ISO 9001 & 2000 and AS9100:2004. Rev B qualified facilities. There products include custom hybrids, high temperature hybrids, power hybrids and multi-chip modules, optocouplers, LEDs, Hall Effect sensors and custom optoelectronic assemblies.

Thank you again for this opportunity to speak with you today.

Chairwoman FOXX. Thank you very much for your comments.

Mr. Herman, I would like to recognize you for 5 minutes.

STATEMENT OF BRUCE G. HERMAN, ORGANIZER AND STRATEGIST, NATIONAL CALL TO ACTION

Mr. HERMAN. Good morning, and thank you for inviting me to testify at today's hearings. For the past 4 years I was the New York State deputy of labor for Workforce Development. I recently left State service in order to engage more directly in advocacy initiatives such as the National Call to Action that would better address the persistent job crisis that is devastating so many of our communities and America's working families.

Today's hearing is focused on the specifics of the Workforce Investment Act. However, I would like to begin my comments by putting forward a broader framework inclusive of the Workforce Investment Act but not limited to WIA. The pervasive crisis that is upon us cannot adequately be addressed by WIA alone, no matter how much it can and should be improved.

With 25 million Americans unemployed or underemployed, much needs to be done. And further delay will compound the crisis and further damage the American economy and society. As we all know, poverty is increasing in our nation and many Americans will not fully recover from the economic losses they have suffered through no fault of their own.

It is in this context, the context of crisis, that the National Call to Action was created. The National Call to Action is a voluntary coalition, including labor, business, community, public officials. Over the past year-and-a-half, the National Call to Action has developed a three-pronged pathway—retain, restore, and create jobs to revitalize the economy and address the lingering employment crisis.

Reauthorization of the Workforce Investment Act is critical to carrying out this strategy. One of the allowable activities under WIA Rapid Response is layoff aversion. Layoff aversion has saved good, family-sustaining jobs at a fraction of the cost of job attraction deals. In early 2010, in New York, we launched the Assist-Stabilize-Secure-Empower Turnaround, ASSET, program, which assisted more than 100 businesses and benefited nearly 4,500 workers through out network partners.

We found the cost per employee to save these jobs to be approximately $138, a clear savings. Layoff aversion, an allowable activity under the Workforce Investment Rapid Response, should be a mandatory activity. And a system of robust technical assistance should be created to build and expand best practice.

Another important proven program that saves jobs and provides needed flexibility is Workshare, shared work. An alternative to full-time layoffs and the subsequent economic devastation far too many Americans have experienced, Workshare is truly a win-win-win proposition. At the peak of the recession, over 50,000 New Yorkers and 3,000 New York businesses accessed shared work for needed flexibility in dealing with economic distress.

Employers value greatly an alternative to full-time layoff, knowing full well that finding new skilled employees is a very costly undertaking. Workers can manage a partial loss of income much more effectively than the economic train wreck of complete job loss. And results show that UI dollars are saved because of Workshare.

President Obama's American Jobs Act creates a national Workshare program. So overall, much needs to be done to preserve good jobs. As that great former New York governor, Franklin Delano Roosevelt, once said, "A job saved is a job created." Right on. In New York State, we invested heavily in on-the-job training, also an allowable activity under the Workforce Investment Act.

In my opinion, one of the most effective, immediate efforts that would support businesses willing to hire, and Americans willing and able to work, is a robust national OJT project. In program year 2007, more than 86 percent of the individuals participating in WIA adult dislocated worker-funded OJT programs were still on the job 12 months after exiting the program.

This is a much stronger incentive than tax credits which, in my experience, are accessed mostly after the hire decision has been made. Because New York State requires UI recipients to report to one-stops—and we have had a state-funded reemployment effort under way since 1998, and have pursued federal support to expand our reemployment programs—in 2009 we served nearly 306,000 workers.

That is nearly 28 percent of the nation's participants in WIA Title 1-B. Key components of this reemployment effort are presented in my written testimony. Some WIA-specific points to close. It is not sufficient to just tweak WIA. Look at the synergies in combining WIA, TAA, TANF jobs program, a community college's workforce development efforts make a lot of sense to me.

But better alignment cannot mean fewer resources. The U.S. continues to under-invest in its people, and our global competitive challenges reflect this. Flexibility is important, but flexibility without accountability to clear demonstrative program outcomes is anarchy. Too many workforce investment boards are not aligned with regional economies. More flexibility is needed to work across State borders.

Regional economics does not stop at artificial political boundaries. Please get out of our way. It is certainly true that workforce programs could be better aligned, and streamlined to ease access and service delivery for both workers and employers. The solution, in my experience, is better coordination, some consolidation, aggressive sharing, and replication of best practice.

A block grant approach is a tempting way to fill a budget gap in these very challenging fiscal times but would, I believe, lead to even more diminished resources available to support Americans' quest for better skills, and jobs that will sustain their families. Thank you.

[The statement of Mr. Herman follows:]

Prepared Statement of Bruce G. Herman, Organizer and Strategist, National Call to Action

Good morning Chairwoman Foxx and Ranking Member Hinojosa. Thank you for inviting me to testify at today's hearing. My name is Bruce Herman and for the past four years I was the New York State Deputy Commissioner of Labor for Workforce Development. I recently left state service in order to pursue new opportunities and engage more directly in advocacy initiatives that would better address the persistent jobs crisis that is devastating so many of our communities and America's working families. The National Call to Action (NCTA) is one of those initiatives and I am proud to be part of this effort that brings labor, business, community and government together to advocate for a three pronged pathway to economic revitalization focused on retaining, restoring and creating jobs.

With 25 million Americans unemployed or underemployed, Congress must focus its efforts on policies that help create jobs and put people back to work. As we all know, poverty is increasing in our nation and many, many Americans will not fully recover from the economic losses they have suffered through no fault of their own. Workforce development alone can not adequately address the jobs crisis our nation confronts, but it is dangerously naive to believe that the American people will be successful in the global economy without the ability to access their tax dollars to support their just desires to improve their skills and connect with family sustaining jobs. We as a nation continue to under invest in our people and our global competitive challenges reflect this. The question remains—what can be done and what will be done?

It is in this context, that we are here today to talk about job training and the importance of ensuring our nation has the skilled workforce necessary to sustain job growth, contribute to economic recovery, and lead the world in the 21st century economy.

Why Skills Matter

There is little doubt that education and training are critical to enhancing the competitiveness of U.S. businesses in the global economy, and to ensuring that U.S. workers are able to obtain well-paying jobs and careers. A 2010 report from Georgetown University's Center on Education and the Workforce found that about 63 percent of all job openings between 2008 and 2018—nearly 30 million jobs overall—will require at least some form of postsecondary education and training,[1] And the U.S. Bureau of Labor Statistics estimates that nineteen of the thirty fastest-growing occupations during that same timespan will require at least a postsecondary vocational award.[2] Meeting the growing labor market demand for higher skills and credentials will be impossible without targeted and timely investments that expand access to education and training for workers at all levels.

In particular, many emerging jobs in critical sectors such as health care, clean energy, and advanced manufacturing will be middle-skill jobs, that is, jobs that require significant education and training beyond the high school level, but not a four-year college degree. In their 2007 report America's Forgotten Middle-Skill Jobs, economists Harry Holzer and Robert Lerman found that these occupations make up about half of all jobs in today's labor market, and will continue to be the single largest segment of the labor market well into the future.[3] While federal policy can and should support increasing U.S. attainment of baccalaureate and advanced degrees, it must also support strategies that enable workers to earn associate's degrees, occupational certificates, and other industry-recognized credentials that prepare them for well-paying middle-skill jobs.

While the imperative to increase job skills and credential attainment impacts all workers and businesses, the recent economic crisis has demonstrated that lower-skilled workers face greater obstacles entering and remaining in the labor market than average workers. For example, in December 2010 workers with less than a high school diploma experienced a national unemployment rate of 15.3 percent, more than triple the rate for individuals with a bachelor's degree or higher (4.8 percent), and nearly double the rate for workers with at least some postsecondary education, including those with associate's degrees (8.1 percent).[4] Younger workers entering the labor market—who often have relatively little formal education beyond the secondary level—also faced significant challenges during the economic downturn. Nearly a quarter of jobseekers between the ages of 16-19 were out of work in December 2010.[5]

Even workers with substantial work experience can be impacted by skills deficits. Two-thirds of workers participating in the federally-funded Trade Adjustment Assistance (TAA) program—which provides training and other benefits to workers dislocated due to foreign trade—lack any postsecondary education credentials, with a quarter lacking even a high school diploma.[6] A recent report from the Department of Labor indicates that workers in the top twenty declining occupations often have significant literacy issues, with 54 percent scoring "basic" or "below basic" in prose literacy, and 62 percent scoring basic or below in quantitative literacy.

Responding to the Jobs Crisis

The challenges in putting people back to work in the current economy are enormous. Demand for services is skyrocketing—last year more than 9 million individuals received training and other employment services programs funded under Title I of the Workforce Investment Act (WIA), a 248 percent increase in participation in just two years—while federal funding is being slashed. Yet by capitalizing on the flexibility that already exists in the system, some states and local communities have been able to implement strategies that are making a difference.

For example, in New York State, as we were hemorrhaging jobs during the height of the recent recession, we capitalized on the flexibility that currently exists under WIA to focus on layoff aversion strategies, an allowable activity under the WIA Rapid Response program that, where practiced well, has saved good family sustaining jobs at a fraction of the cost of trying to attract new jobs to replace those that are lost. In early 2010 we launched the "Assist, Stabilize, Secure, Empower, Turnaround" (ASSET) program. This pilot effort produced good results, since its inception in early 2010; NY ASSET has assisted more than 82 businesses, benefitting roughly 4,456 employees through our network of partners. The NY ASSET turnaround team has provided assistance to 22 businesses, helping 1,281 employees in those businesses. We have found that the cost per employee to be approximately $138. Importantly, we learned from what other states had already done—like Pennsylvania's Strategic Early Warning Network (SEWN), one of the country's most developed and successful layoff aversion programs—and were able to share our experience with other states, like Texas, so they could adapt our program to meet their needs. This would have been much easier, though, if layoff aversion were made mandatory under WIA and a system of robust technical assistance were created to build and expand best practice.

In New York State we also invested heavily in on-the-job training (OJT), an allowable activity under WIA. OJT services may be funded using local formula dollars under the WIA Adult and Dislocated Worker funding streams, and must be provided through contracts between local workforce investment boards (WIBs) and employers in the public, private non-profit, or private sector. As part of an OJT agreement, employers must agree to hire or employ eligible individuals, provide them with skills training over a specific period of time, and pay wages at the same rate as similarly situated employees of the employer. In exchange, employers are eligible to receive a subsidy of the OJT employee's wages to cover the extraordinary costs of training. OJT activities may not lead to the full or partial displacement (including reduced hours or wages) of a currently employed individual, and cannot be provided if any other any other individual is on layoff from the same or substantially equivalent job. OJT activities may not impair an existing contract for services or a collective bargaining agreement, and any activities that would be inconsistent with the terms of a collective bargaining agreement must be approved in writing by the employer and the labor organization.

OJT provides significant advantages for both businesses and workers. Employers are able minimize the upfront costs of training and supervision for new employees, ensure that training is aligned with actual skill requirements of the job, and realize immediate gains in productivity as workers learn on the job. Employees participating in OJT benefit because they are receiving a paycheck while acquiring the skills to perform effectively on the job and advance their careers beyond the lifespan of the training program. And evidence indicates that OJT can have a lasting impact: in PY 2007, more than 86 percent of individuals participating in WIA Adult and Dislocated Worker-funded OJT programs were still on the job twelve months after exiting the program.[9]

Another strategy we adopted in New York State was to develop a robust reemployment program that is focused on improving alignment and connectivity between WIA, the Wagner-Peyser Employment Services, and the Unemployment Insurance (UI) program. Key components of this reemployment effort are:

- Front end skills based assessments
- Not just state inter-agency collaboration but strong Local Workforce Investment Board engagement (bias against UI recipients can be firmly planted in WIA world)
- Rapid Response and Trade Adjustment Assistance are key feeders
- Regional One Stop Business Services Teams to better connect w/employers
- Develop common case management system across all agencies with workforce development and employment programs.

Because New York State requires UI recipients to report to One-Stop career centers, has had a state funded reemployment effort underway since 1998 and has pursued federal support to expand our reemployment program, we served nearly 28 percent of the nation's participants in WIA Title 1B in 2009 (305,924 dislocated workers) and still met our employment goals. I would stress that we were able to do this under current law by capitalizing on existing flexibility in the system. For us, these efforts were always a question of alignment, not consolidation.

Another important, proven program that we adopted in New York is Work Share/Shared Work. An alternative to full time layoff and the subsequent economic devastation far too many Americans have experienced, Work Share is a truly win- win-win proposition. Employers value greatly an alternative to fulltime layoff knowing full well that finding new, skilled employees is a very costly undertaking. Workers can manage a partial loss of income much more effectively than the economic train wreck of complete job loss. And results show that UI dollars are saved because of Work Share. NYS's Shared Work program saved tens of thousands of jobs in the teeth of the worst economic crisis in our lifetime. At the peak of the crisis over 50,000 New Yorkers and 3,000 New York businesses accessed Shared Work for needed flexibility in dealing with economic distress. And while Work Share is primarily a UI program, because we align our UI and WIA programs in New York, we assure that workers participating in Work Share who could benefit from training are referred to the appropriate education and training services.

Local communities in New York State have also developed a number of innovative sectoral programs to better engage employers, and ensure that job training is connected to real jobs.

- In 2007, the New York State Department of Labor launched its 13N Transformational Sectors Strategies initiative, a program to help local Workforce Investment Boards (WIBs) create and support regional sectoral initiatives throughout the state. By focusing on the workforce and education needs of industry sectors, these grants are helping to develop pipelines of workers with the middle-skill credentials needed to drive regional growth and competitiveness. For example, the Western New York Regional WIBs are using these grants to expand the growth of high-wage jobs in the advanced manufacturing and life sciences industries in the region, combining education, workforce and economic development strategies to create an educational pipeline to ensure these businesses have the skilled workforce they need to expand and compete. By creating demand-driven training on a regionalized but statewide basis, this innovative model is one example of how New York is taking initial steps toward creating more demand-driven education and training opportunities for its workers.
- The Finger Lakes Advanced Manufacturers' Enterprise, or FAME, is an initiative of the Finger Lakes Workforce Investment Board and a collaborative public/private partnership of regional stakeholders working to attract and grow the workforce talent in advanced manufacturing in the Finger Lakes region. Through the Finger Lakes Community College, this unique, high-tech, hands-on degree program offers students an opportunity to learn the tools and techniques of emerging technologies which are crucial for designing, testing, manufacturing and quality control in industrial, commercial, medical and other settings.[10]
- For New York City residents interested in health care and seeking career advancement opportunities as a pathway out of poverty, NYC's Workforce1 Healthcare Career Center at La Guardia Community College offers training for individuals in several high-wage, high-growth health care occupations. Providing a full range of training and job placement services to new jobseekers and incumbent workers, the Center is part of a sector-focused approach to career training that leads to higher wages for workers and better outcomes for businesses.
- Serving the Brooklyn community, Opportunities for a Better Tomorrow helps disadvantaged older youth and young adults advance towards self-sufficiency and financial security through job training, academic reinforcement, improved life skills, job placement, and support services. OBT's youth training model is an intensive 20-week program that includes GED classes (if needed), business math, business English, office procedures, computer classes, public speaking and communications, and a world-of-work module. With an overall job placement rate of 85 percent annually, OBT has helped over 5,000 young people and 2,500 adults improve their lives and the lives of their families since its founding in 1983.
- The New York City Department of Small Business Services partnered with the New York City Workforce Funders, a coalition of foundations that invest in local workforce development activities, on the New York City Sector Initiative (NYCSI), a multi-million dollar initiative that supported the development of career-track training and job placements for several hundred New Yorkers in a range of health care and biotechnology job titles. As public funding for job training and employment

services continues to fall, new models for investment will be necessary to support services at a level commensurate with demand.

For all of these initiatives we drew on WIA resources and infrastructure, capitalizing on existing flexibility in the system to develop innovative solutions to extremely difficult problems. And while WIA provided an important foundation for this work, too often we ran into obstacles under the law that we had to find ways around. There is no question there is room for improvement in the system, but in many ways we already know what is working on the ground. The challenge now is for federal policy to catch up with best practices in the field.

WIA Reauthorization

I am extremely pleased by the committee's efforts to reauthorize WIA, the core of our nation's federal workforce development system. In 1998, Congress established WIA as a framework for the nation's workforce development system. The law replaced multiple existing training programs with state formula grants, and created a nationwide network of locally administered "one-stop career centers" where both workers and employers could access training, employment, and support programs administered through the U.S. Department of Labor (DOL) and other agencies, such as the U.S. Departments of Education and Health and Human Services. Due to be reauthorized nearly a decade ago, WIA has failed to keep pace with changing economic conditions. The law's original emphasis on short-term training and rapid reemployment is increasingly inconsistent with growing demands for longer-term training aligned to high-growth and emerging industries.

Failure to reauthorize this program will continue to leave federal job training programs vulnerable to funding cuts. Formula funding for WIA has declined by more than 30 percent since 2001, losing more than $300 million in formula funding in FY 2011 alone. Such cuts will not only lead to disruptions in services—including the likely closure onestop centers and training programs in communities across the country—and will impact the ability of our nation's employers to find the skilled workers they need to fill immediate job openings and plan for future growth.

I know that some members of Congress have expressed concern about the effectiveness and efficiency of the current workforce development system, and I feel strongly that the best way to begin addressing these concerns is through the reauthorization process.

An effective workforce development system should do three things: 1) engage employers through sector partnerships to better ensure that training is connected to real jobs and that limited investments are effectively targeted in local and regional economies; 2) create career pathways to ensure training is readily available and easily accessible so that a diversity of workers can enter, persist, and succeed; and 3) hold the system accountable for credential attainment to ensure that limited federal investments result in the attainment of industry-recognized credentials, vocational certificates, or degrees that have value in the labor market.

Toward this end, I would make a number of specific recommendations for WIA reauthorization.

Specific Recommendations

Title I—Workforce Systems for Adults, Dislocated Workers, and Youth
Increase the Number of Individuals Receiving Training

As Congress considers reauthorizing WIA Title I, policymakers should ensure that the program is supporting high quality education, training, and related services that provide a diversity of jobseekers with the necessary skills to obtain, retain, and advance in well-paying occupations and careers.

Significantly strengthen focus on attainment of postsecondary degrees, certificates, and other industry-recognized credentials under WIA Title I. Establishing meaningful goals and performance measures for credential attainment would enable policymakers to determine how successful the public workforce system is in meeting the skill requirements of jobseekers and employers on a national, regional, and local basis, while allowing state and local workforce agencies to emphasize the kinds of longer-term training that leads to well-paying jobs and careers for participants, rather than focusing on rapid labor market attachment encouraged under current performance measures. Specifically, Congress and DOL should:

- Require that credential attainment be a core performance indicator under Title I;
- Set numeric goals for state and local Workforce Investment Boards (WIBs) to increase training and credential attainment, consistent with DOL's Employment and Training Administration's goal of increasing the number of individuals earning degrees, certificates, and other industry-recognized credentials by 10 percent by 2012;

• Require states to include the list of credentials offered by Eligible Training Providers (ETP) on state ETP lists;

• Incentivize collaboration between WIBs and education and training providers to develop and implement innovative training programs that increase credential attainment for low-skilled adults, including integrated education and training programs that combine adult education and occupational skills instruction; and

• Recognize and promote local or regional credentials developed through sector partnerships or other employer consortia within a specific industry or geographic area, and delivered by a qualified training provider.

Support career pathways under WIA Title I. A number of states have begun to implement career pathways strategies which align adult education, job training, and higher education programs to allow participants to obtain progressive educational or occupational credentials even as they continue to work,[11] but their efforts could be strengthened by:

• Requiring states and local areas to set and meet goals for co-enrollment of participants in WIA Title I and Title II programs, and require that co-enrollment percentages increase over time;

• Establishing performance measures for Title I that reward states and local areas for interim outcomes along career pathways, such as GED attainment or completion of postsecondary courses leading to an industry-recognized degree, certificate, or other credentials;

• Clarifying how WIA Title I funds may be used in conjunction with Pell Grants, and ensure that local workforce staff are trained to assist participants in accessing the full range of student assistance they need to succeed in training; and

• Providing states and local areas with flexibility to merge Title I and Title II funds as necessary to support integrated education and training programs and other innovative strategies that provide services through multiple education and training programs.

Congress should also eliminate the current sequence of service requirements; increase overall formula funding for WIA programs to at least the level of combined spending under the American Recovery and Reinvestment Act and regular Fiscal Year (FY) 2009 appropriations bills to ensure that local WIBs and one-stops have the necessary resources to respond to heightened demand for services; create and fully fund a separate line item under DOL's budget to support one-stop administrative and infrastructure costs while requiring that a minimum percentage of WIA formula funds be used to directly support job training; and retain the Recovery Act provision that allows local WIBs to contract for training services for multiple participants where such practices do not limit consumer choice.

Invest in Sector Partnerships to Effectively Target Scare Training Resources

Sector partnerships are industry-led collaboratives between key stakeholders connected to a local or regional industry that optimize investments by carefully targeting training to local and regional employer skill needs. Recent research demonstrates that well-designed sector programs can have significant positive outcomes for low-income workers, including earnings gains, steadier employment, and increased access to health care and other benefits.[12] In 2010, the House of Representatives passed legislation—the SECTORS Act (HR 1855)—that would have established designated capacity and funding to support sector partnerships under WIA;[13] Congress should incorporate the language from this bill as part of a broader WIA reauthorization effort.

Maintain and Improve the Public Workforce Infrastructure

The public workforce system coordinates a range of federally-funded training programs and services that address the distinct and specific needs of different worker populations and industries. The state-administered Employment Service[14] provides critical job search, labor-market information, and other core services, while locally-administered WIA Title I programs provide assessment, training and supportive services, and employment services to both jobseekers and employers. Prior reauthorization efforts have been stalled, in part, by attempts to merge WIA and the Employment Service, or to eliminate the Employment Service altogether. The resulting confusion, rather than achieving new efficiencies, would likely lead to further friction in the distribution of training funds, unemployment insurance, or sound labor market information to workers in need. Congress should reject any such efforts in the future and focus its efforts on increasing effective coordination between the two systems while also ensuring adequate funding for each program.

Title II—Adult Education and Family Literacy Act

Increase Investments in Adult Basic Education

Adult education programs are severely underfunded and are simply unable to provide the services and supports low-skilled individuals need. The Adult Education and Family Literacy Act (AEFLA) state grants have declined by more than 17 percent in inflation-adjusted terms between FY 2002-2009. Fewer than 3 million low-skilled individuals are served by federally-funded adult basic education programs each year, and those who do manage to get served see an average investment of just $645 per student annually.[17] Congress should significantly increase funding for state adult basic education formula grants; maintain current state maintenance of effort (MOE) requirements; and consider additional funding for competitive grants to states and localities to support innovative service delivery strategies and systems alignment.

Focus on Career and Postsecondary Success

Under current law, federal adult education funds can be used to support a wide range of activities, such as family literacy programs, that are not directly related to enhancing participants' employment or educational prospects. Congress should set increasing career and postsecondary success for low-skilled individuals as the primary purpose of AEFLA, and limited federal resources should be devoted exclusively to helping those individuals who are pursuing adult education and literacy services as a means to succeed in the workplace or in postsecondary education and job training. State, local, or other funding sources should continue to be available to meet other literacy and adult education needs. Congress should modify the current performance accountability system to require that workforce outcomes be reported for all Title II participants, which would reduce current incentives for Title II providers to avoid discussing employment goals with participants at intake to reduce post-completion data collection. Congress should include measures of postsecondary success beyond enrollment—including attainment of industry-recognized credentials or completion of college-level coursework—to ensure that adult education programs are adequately preparing individuals to succeed in postsecondary training and education programs.

Prepare More Workers for the 21st-Century Economy

Between Program Year (PY) 2004—2007, the percentage of adults who exited WIA Title I who were also co-enrolled in adult basic education programs declined from about 0.7 percent to 0.2 percent.[18] This suggests that many individuals seeking adult education services to enhance their career prospects are not taking advantage of the range of employment and supportive services—including child care and transportation assistance—that are available under Title I, and are enrolling in programs that may not be adequately aligned with entrance requirements for occupational training and postsecondary educational programs. Congress should explicitly permit activities offered under Title II to be provided before, or in combination with, work or postsecondary education and training activities. In particular, Congress should consider removing current restrictions on the use of Title II dollars to support occupational training if offered as part of an integrated education and training program or similar service delivery model. Congress should address "creaming" issues related to conflicting performance requirements by allowing programs offering services to dual-enrolled individuals to track a single set of performance outcomes for such participants, and should require states and local areas to set and meet annual co-enrollment goals between Title I and Title II.

Congress should also consider providing grants to states to support program alignment efforts across state and local agencies, and authorizing state and local grants to support the development of innovative service delivery strategies leading to industry-recognized credentials along well-defined career pathways within key industries. Congress should consider separate performance measures for these programs, rather than holding them accountable for the current adult education performance measures, and conduct an evaluation of the impact of integrated programs on the rate at which students attain career and postsecondary success.

WIA reauthorization is long overdue; it is an important tool to help address the economic challenges that surround us. Our nation is tethered to the global economy, which we have embraced, but not adequately understood or addressed in terms of its impact on America's working families. We must recognize that globalization impacts us all and impacts a large number of Americans in very negative ways. The time is long overdue to recognize this reality and move toward a system of Globalization Adjustment Assistance for All. It is the right thing to do with a piece of our tax dollars.

ENDNOTES

[1] *http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/FullReport.pdf.*
[2] *http://www.bls.gov/news.release/ecopro.t07.htm.*
[3] *http://www.nationalskillscoalition.org/assets/reports-/americasforgottenmiddleskilljobs—2007-11.pdf.*
[4] *http://www.bls.gov/web/empsit/cpseea5.pdf.*
[5] *http://www.bls.gov/web/empsit/cpseea13.pdf.*
[6] *http://www.doleta.gov/tradeact/docs/AnnualReport10.pdf.*
[7] *http://wdr.doleta.gov/research/FullText—Documents/Workers—in—Declining—Industries—Literacys—Role—in—Worker—Transitions.pdf.*
[8] *http://www.bls.gov/news.release/pdf/empsit.pdf.*
[9] *http://www.doleta.gov/performance/results/pdf/PY2007—WIASRD—Data—Book.pdf* (see p. 92 for Adult retention rates, p. 176 for DW retention rates)
[10] For more information about the Finger Lakes Advanced Manufacturer's Enterprise, visit *http://www.nyfame.org/about.asp.*
[11] See, for example, the Joyce Foundation's Shifting Gears Initiative, which was launched in six Midwestern states in 2006. *http://www.shifting-gears.org/.*
[12] *http://www.ppv.org/ppv/publications/assets/325—publication.pdf.*
[13] HR 1855; see *http://www.nationalskillscoalition.org/federal-policies/sector-partnerships/* for additional information about the SECTORS Act and sector partnerships.
[14] Authorized under the Wagner-Peyser Act (WIA Title III).
[15] Calculations by National Skills Coalition based on Department of Education data.
[16] *http://www.nationalcommissiononadultliteracy.org/ReachHigherAmerica/ReachHigher.pdf,* pg. v.
[17] *http://www.nationalcommissiononadultliteracy.org/content/strawnbriefrev101807.pdf.pdf,* pg. ii.
[18] *http://www.doleta.gov/performance/results/pdf/PY—2008—WIASRD—Data—Book—FINAL—1192010.pdf.*

Chairwoman FOXX. Thank you very much. I want to compliment the first three of you for doing so well on the time. Thank you so much for doing that.

Now I would like to recognize Mr. Fall for 5 minutes.

STATEMENT OF JAIME S. FALL, VICE PRESIDENT, WORKFORCE AND TALENT DEVELOPMENT POLICY, HR POLICY ASSOCIATION

Mr. FALL. Chairwoman Foxx, Ranking Member Hinojosa, and honorable members of the subcommittee, on behalf of the HR Policy Association I want to thank you for the opportunity to appear before you today. Unfortunately, neither the chair of our workforce development committee, Eva Sage-Gavin of Gap, nor chair of our public policy committee, Sue Suver of the U.S. Steel Corporation, could be present today.

I am pleased to appear in their place, and we appreciate the opportunity to discuss the views of chief human resource officers regarding the role of business in WIA programs. HR Policy Association is the lead organization of chief human resource officers of more than 330 of the largest corporations doing business in the U.S. and globally.

These are people who make the hiring decisions for companies that employ more than 10 million workers in the United States, nearly 9 percent of the private sector workforce. I have worked in the workforce development arena since 1995, spending nearly 10 years here in Washington at the National Association of State Workforce Agencies and the U.S. Department of Labor's Employment and Training Administration.

Most recently, I served as deputy secretary of the Employment and Workforce Development for Governor Arnold Schwarzenegger in California, where I had responsibility for workforce programs. As chronicled in the Association's Blueprint for Jobs in the 21st Century, HR Policy Association members believe the workforce system must be closely aligned with the nation's business community to ensure that training that is purchased with federal funds results in job opportunities for workers in a highly-skilled workforce for employers.

Therefore, we make the following recommendations. The federally-funded workforce system must be employer-driven. The nation's workforce system can only be successful in building the skills of job seekers and helping them secure employment if it is closely linked with employers. State and local boards must continue to be led by business majorities and chaired by business leaders.

In turn, those business leaders need to drive State and local boards to make the current and future skill needs of their region's business community the central focus of all the training decisions and investments made with these scarce resources. Industry-recognized credentials should be the focus of training funded through WIA. The value of training is measured in the quality of job opportunity it enables participants to receive.

The best way to ensure training results in quality job opportunities is to invest in training that leads to industry-recognized credential which certifies that job seekers have the skills in demand by employers and have mastered proficiency in those skills. The workforce investment system needs to be evaluated on how it meets the needs of employers.

The effectiveness of the workforce system is currently measured on how it serves job seekers. However, a close, effective working partnership with employers is the foundation upon which these results depend. Therefore, as proposed in the Senate draft bill, a new performance measure should be developed to measure the effectiveness of the workforce system and its services to businesses.

Access to services provided through the workforce system must be made easier for employers with facilities in multiple locations. The magnitude and complexity of forming partnerships with multiple local areas in one-stop centers discourages many, if not most, large national employers from participating in the workforce development system.

More needs to be done to ensure that large national employers have easier access to services so job seekers can more easily be placed into available positions. Employers and local boards need more flexibility to negotiate training agreements. Although the workforce investment system was created to be a locally-designed and flexible system, barriers have developed over the life of the program that limit the flexibility employers and local boards have to negotiate training agreements that meet the needs of the local area.

These agreements, generally aimed at preventing layoffs or upgrading the skills of existing workers, could help maximize highly effective and proven services to employers, such as incumbent worker training and on-the-job training. More flexibility should be given to employers and local boards to form the partnerships that are most beneficial to the regional economy.

HR Policy Association encourages you to use this process to strengthen the connection between employers and the workforce system. Employers must be in a perpetual cycle of innovation to find better ways to do everything. If our job training system is to be successful it must do the same, with employers leading the way.

In closing, although it is not directly related to our discussion here today, our members believe that career and technical education programs funded through the Perkins Act are a critical component of the overall national strategy to develop a skilled workforce. We encourage you to strongly support these programs as you discuss WIA, No Child Left Behind, and the Perkins Act.

Thank you for the opportunity to appear before you today. I will be happy to take any questions. Thank you.

[The statement of Mr. Fall follows:]

Prepared Statement of Jaime S. Fall, Vice President, Workforce and Talent Development Policy, HR Policy Association

Chairwoman Foxx, Ranking Member Hinojosa and honorable members of the subcommittee: On behalf of the members of the HR Policy Association, I want to thank you for the opportunity to appear before you today. Unfortunately, neither the Chair of our Workforce Development Committee, Eva Sage-Gavin, Executive Vice President, of Human Resources and Corporate Affairs for Gap, Inc. nor the Chair of our Public Policy Committee Sue Suver, Vice President, Human Resources, of the U.S. Steel Corporation could be with you here today due to longstanding prior commitments. I am very pleased to appear in their place and we appreciate the opportunity to be here to discuss the views of chief human resource officers regarding the role of business in federally funded Workforce Investment Act programs.

HR Policy Association is the lead organization representing chief human resource officers of major employers. The Association consists of more than 330 of the largest corporations doing business in the United States and globally, and these employers are represented in the organization by their most senior human resource executive. Collectively, their companies employ more than ten million employees in the United States, nearly nine percent of the private sector workforce, and 20 million employees worldwide. They have a combined market capitalization of more than $7.5 trillion. These senior corporate officers participate in the Association because of their commitment to improving the direction of human resource policy. Their objective is to use the combined power of the membership to act as a positive influence to better public policy, the HR marketplace, and the human resource profession.

By way of personal background, I started working in the workforce development system back in 1995. I've held positions in both large and small states. I've also spent about 10 years here in Washington working at the National Association of State Workforce Agencies and the

U.S. Department of Labor's Employment and Training Administration. Most recently, I served as Deputy Secretary of Employment and Workforce Development for Governor Arnold Schwarzenegger where I had responsibility for workforce programs including our State Workforce Investment Board.

As chronicled in the Association's Blueprint for Jobs in the 21st Century: A Vision for a Competitive Human Resource Policy for the American Workforce, HR Policy Association members believe America is experiencing fundamental long-term structural economic changes that require long-term policy changes to restore the nation's competitiveness. The 21st century has brought with it new global economic forces that are transforming the way work is done, where it is done, by whom it is done, and the skills needed to get it done.

Caught in the middle of this transformation is the American worker, who is discovering that the skills and infrastructure that enabled success in the 20th century have fundamentally changed. Technology is being deployed at increasingly rapid rates, resulting in high productivity and less expensive products and services, but also lower employment levels. New products and services are born and then become obsolete in a matter of months, and the skills needed to produce, market, service, and sell them are in constant evolution. Americans are not being educated in sufficient numbers to meet the demands of today's highly technical work processes and products. Most importantly, there is not enough coordination between all the various institutions involved in generating economic opportunity—employers, educators, government, and employees—to take the steps necessary to restore America's competitiveness and provide employment security for today's workers.

The members of HR Policy Association are the chief human resource officers responsible for employing more than ten million Americans. Most of their companies operate globally, and they have firsthand knowledge of government polices and economic systems that work as well as those that fail to provide employment security and job growth for their citizens. These are their unique perspectives on the role of employers in a newly redesigned workforce investment system to make the system stronger and more effective for employers and jobseekers alike.

The Federally Funded Workforce Development/Job Training System Must Be Employer-Driven

Background

The authors of the Workforce Investment Act of 1998 crafted the legislation so that businesses would have a great deal of influence in how the programs funded under the law are carried out.[1] The current law requires that state and local workforce investment boards that oversee the activities of the federally funded system be led by business majorities. The strong role of business was built into the law to ensure a close link between those who create jobs and hire workers and the job training programs funded to prepare workers with the skills they need for the jobs of today and the future.

Status

While some state and local workforce boards have flourished under strong business leadership, this has not been the case everywhere. Business leadership on some state and local boards has deteriorated to the point where the boards struggle to maintain the required business majority. Many ineffective state and local boards deteriorated through a cycle that saw the board dealing with administrative matters instead of key policy making decisions which resulted in the business representation being relegated to progressively less and less influential leaders in the business community. This, in turn, led to a further decline in the influence the business leaders had over the activities of the system. Though some might argue which factor contributed first or most to the cycle of decline, few would argue that strong and engaged business leadership has been one of the most critical elements present in effective state and local boards.

One of the most effective efforts used by boards to connect the skill needs of employers to the workforce system is "sector strategies."[2] These partnerships bring together employers, education and training providers, community based organizations, and other key partners around a specific regional industry. Their goal is to develop strategies to meet the workforce needs of employers by aligning programs to meet those needs. Over the last decade, industry sector initiatives have developed in most of the major industries and in nearly every state.[3]

However, in spite of the success of these initiatives developed by the business led state and local boards, under the discussion draft of the Workforce Investment Act reauthorization legislation released by the Senate Health, Education, Labor and Pensions Committee the employer majority led state boards would be replaced by boards consisting of one-third business, one-third employee representatives and one-third government program providers.

HR Policy Association members believe it is critical to further strengthen the links between employers and job training programs and the proposal to weaken the role of business on state boards would be a grievous strategic error. This diminishment of the role of private sector employers in the programs would not only weaken their effectiveness but would be a tremendous disservice to those who rely on these programs to obtain the skills employers need to be competitive.

If anything, the WIA Reauthorization process should strengthen the connection between employers and the workforce system. Employers are under even more intense competitive pressure than they were when WIA was passed in 1998. Employers have to be in a perpetual cycle of innovation to find better ways to do everything. If our job training system is to be successful, it has to be receiving real-time information from employers on the skills they need and adjusting training programs to meet those requirements.

Position

The federally funded workforce investment system must be employer driven. The nation's workforce investment system can only be successful in building the skills of jobseekers and helping them secure employment if it is closely linked with employers. State and local workforce investment boards must continue to be led by business majorities and be chaired by business leaders. For those boards to achieve their objectives, they will need to be driven by business leaders in order to make the current and future workforce/skill needs of their regions' business community the central focus of all the training decisions and investments made with these scarce resources. This will also receive greater engagement by employers in curriculum development, identifying needed credentials and implementing sector partnerships.

Industry Recognized Credentials Should Be the Focus of Training Funded Through the Workforce Investment Act

Background

Congress designed the federally funded workforce investment system to provide employment and training opportunities for Americans to "meet the challenge of the changing workplace by enabling men and women to acquire the skills required to enter the workforce and to upgrade their skills throughout their careers."[4] It was meant not just to help workers keep up, but to get ahead. However, as unemployment rose and hiring slowed during the recent recession, it became more challenging for the system to place unemployed jobseekers in jobs.

There are approximately 5 unemployed Americans for every available job opening compared to less than 2 for every job opening in 2007.[5] Moreover, there is a significant mismatch between what skills the unemployed have and where the job openings are. For example, in 2010, there were almost 25 unemployed construction workers for every job opening in the construction industry, 9 unemployed manufacturing workers for every job opening in manufacturing, and almost 7 unemployed transportation and utility workers for every job opening in those industries.[6] On the other hand, in May 2011, professional and business services and the health care industry had the most job openings and relatively few unemployed workers with those skills looking for jobs.[7]

The success of the workforce investment system rests on its ability to complete the very difficult challenge of assessing the skills of jobseekers, helping them quickly develop the skills that employers need and are currently looking for in the workplace, and then assisting the newly skilled jobseeker to secure employment.

Status

One proven and effective way to ensure the skills developed through job training programs meet the needs of employers is to fund more training resulting in employer recognized credentials that document skills. However, as the economy worsened, the ranks of the unemployed ballooned and demand for services skyrocketed, the training funded by the workforce investment system resulted in fewer credentials being received. In program year 2005, more than 75 percent of those who received training obtained a credential. But by program year 2008, that number had dropped to just over 66-percent.

The U.S. Department of Labor has recognized the value in and the need for more credentialing and has made it an agency goal that by June 2012, there will be an increase of 10 percent (to 220,000) in the number of people who receive training and attain a degree or certificate through programs funded through the Workforce Investment Act.[8]

Some in Congress realize the importance of industry recognized credentials. Senator Kay Hagan, (D-NC) has introduced the American Manufacturing Efficiency and Retraining Investment Collaboration Achievement Works Act or AMERICA Works Act (S 1243) to amend the Workforce Investment Act of 1998 to require state and local workforce boards to give priority consideration to programs that lead to an industry-recognized and nationally portable credential.[9] The bill also requires the Secretary of Labor to create a registry of skill credentials and to list in the registry credentials that are required by federal or state law for an occupation and all industry-recognized and nationally portable credentials.

The President is also promoting industry recognized credentials and has gone so far as to announce a partnership with the Manufacturing Institute to credential 500,000 manufacturing workers by 2016.[10] While not all industries are as advanced in identifying industry skills, developing curriculum to build those skills and creating the credentials that signify the skills have been obtained, business led state and local workforce boards are positioned to bring together the workforce training and education partners to complete the process required to develop these industry recognized credentials.

Position

Industry recognized credentials should be the focus of training funded through the Workforce Investment Act. The value of training is measured in the quality of job opportunity participants receive. The best way to ensure training results in quality job opportunities is to invest in training that leads to industry recognized credentials which certify that jobseekers have the skills in demand by employers and have mastered proficiency in those skills.

Access to the Services Provided through the Workforce Investment System Must be Made Easier for Employers with Facilities in Multiple Locations

Background

While the workforce investment system is funded by the federal government, nearly all of the services are provided at the state and local levels. Practically speaking, one of the predominant activities of the workforce system is to help match skilled local jobseekers with jobs in local businesses. For jobseekers, the system is easily accessible regardless of whether they are seeking work across the street or across the nation. In any case, all a jobseeker has to do is go online and search for jobs or register for services at one of the 3,000 local career centers located near their home or near where they want to work.[11]

Conversely, that same national network of 3,000 one stop career centers operated by more than 500 local workforce investment boards located across the 50 states presents a tremendous challenge for large national employers with facilities in multiple locations throughout the nation. Although, most hiring still happens at the local level, the sheer complexity of having to form relationships with such a vast, disconnected array of separate organizations causes the time and effort required to outweigh the benefit that can be gained by most large national employers.

Status

The U.S. Department of Labor has recognized the challenges of navigating the vast national network of one stop career centers and tried to take steps to ease the process. Under President Bill Clinton, the Department created America's Service Locator (www.servicelocator.org or 877US2-JOBS) to help jobseekers and businesses locate the one stop career center nearest them. Under President George W. Bush, the Department created a Business Relations Group (BRG) within the Employment and Training Administration to serve, in part, employers by creating partnerships between the workforce system and business. The mission of the BRG was to find innovative approaches to help large national employers better access the services of the state and local workforce investment system and to educate the public and the workforce system about the jobs in demand with career paths. Although the BRG served an important role, the small staff (approximately 20) was limited in the number of employers they could assist.

Under the Obama Administration, the Employment and Training Administration (ETA) has continued the effort to find meaningful and effective ways to engage employers with the workforce development system. In October 2010, President Obama announced the launch of a new initiative called Skills for America's Future alongside five HR Policy Association member companies (Gap, PG&E, United Technologies Corporation, Accenture and McDonalds).[12] The initiative is an effort to improve industry partnerships with community colleges to ensure that America's community college students are gaining the skills and knowledge they need to be successful in the workforce.

The complex structure of workforce system has caused many large national employers with good jobs to choose not to participate in the programs. In a 2010 survey of the Association membership, 54 percent of companies reported not taking advantage of government training programs, 43 percent use them only modestly, while only three percent make strong use of them. Only nine percent of Association members reported being satisfied with the government programs that they use. More than 60 percent believe that federal, state, and local policymakers need to spend far more time ensuring that their training resources fit contemporary workforce needs. Two-thirds believe that there is too much red tape and bureaucracy in these programs, and 65 percent believe employers should be given a far greater voice in the design of them.

Position

Access to the services provided through the workforce investment system must be made easier for employers with facilities in multiple locations. Employers with locations in multiple workforce investment areas are forced to complete multiple processes with multiple local boards in order to participate in the services offered. This problem is greatly amplified for employers who are located in multiple locations throughout the nation. The magnitude and complexity of forming partnerships with multiple workforce investment areas and one-stop career centers dissuades many large national employers from participation in the workforce development system. More needs to be done during the reauthorization process to ensure employers with facilities in multiple locations are able to access all of the services available so jobseekers can more easily be placed into available positions.

The Workforce Investment System Needs to be Evaluated on How It Meets the Needs of Employers

Background

When Congress passed the Workforce Investment Act of 1998, its authors were intent on making sure the results of the system they were creating were carefully measured. They believed that by closely measuring the performance of the programs, the providers not meeting their measures could be sanctioned, and if necessary, defunded.[13] In order to achieve this goal of thoroughly measuring the success of the system, program providers were required to report the outcomes of 100 varying and incomparable performance measures.[14] One of these measures was "customer satisfaction" of employers as measured by surveys of employers. However, by July 1, 2005, the Department of Labor had worked to simplify these very cumbersome measures into common measures that could help provide comparable data across various education and training programs.

Status

As the Senate Health, Education, Labor and Pensions Committee works to reauthorize the Workforce Investment Act, HR Policy Association is pleased to see the bipartisan draft legislation calls for the Performance Accountability System to include the creation of at least one yet to be identified measure to evaluate the effectiveness of the programs in serving employers.

Specifically, the legislation gives the Secretaries of Labor and Education one year from the passage of the new law to work with representatives of "States and political subdivisions, business and industry, employers, eligible providers of activities carried out through the core programs, educators, researchers, participants, the lead state agency officials with responsibility for the programs carried out through the core programs, individuals with expertise serving individuals with barriers to employment and other interested parties to develop the measure(s)."

The Association is pleased to see renewed interest in measuring the effectiveness of how these programs serve employers. We hope this Committee, as well as the Departments of Labor and Education will consider us as a resource in this area. Our members would be more than happy to be engaged in the discussion of identifying meaning measures for employer services.

Position

The workforce investment system needs to be evaluated on how it meets the needs of employers. The effectiveness of the workforce investment system is currently measured on how it serves jobseekers. However, a close, effective working partnership with employers is the foundation upon which these results depend. Therefore, a new performance measure needs to be developed to help measure the effectiveness of the workforce system's services to businesses.

Employers and Local Boards Need More Flexibility to Negotiate Training Agreements that Develop Skills That Are Connected to Real Jobs

Background

The Workforce Investment Act of 1998 was a bipartisan enactment passed with broad support from both parties in each chamber.[15] It passed with the support of 343 members of the house and 91 members of the Senate. One reason the bill had such broad bipartisan support in both houses was because it was written to give each state and each local workforce investment area within the states the ability to design a workforce development system that would best meet the needs of that region as long as it met certain federal guidelines and performance measures.

However, some safeguards have developed around the law that limit the flexibility of the local areas in certain cases. For example, while the legislation allows for on-the-job training and customized training, other legislative and regulatory guidelines generally limit flexibility at the local level by capping the percentage of the cost that could be paid using WIA funds depending on the program and the size of the employer.

In addition, the law allows local areas to transfer funds between the Adult and Dislocated Worker programs but only if the Governor approves the transfer and only if the transfer does not exceed certain limits.[16]

Status

As employers and local boards work together to create training strategies to develop the skills of the workers in their region, they are sometimes frustrated by unnecessary restrictions. This lack of flexibility for employers and local boards to negotiate training agreements that work best in their local area has caused a proliferation of waiver requests to the Department of Labor. As of March 31, 2011 all 50 states, the District of Columbia and five territories have applied for and received waivers under certain provisions of the WIA legislation.[17] Some of the most common waiver requests are to waive restrictions related to training agreements negotiated between employers and their local boards. Some of the most common waivers include:

- Waiver of the requirement for a 50 percent employer contribution for customized training, to permit a sliding scale contribution for small- and medium-sized businesses (27 states)
- Waiver to increase the employer reimbursement for on-the-job training for small- and medium-sized businesses (32 states)
- Waiver to permit the use of a portion of local area formula allocation funds to provide incumbent worker training (30 states)
- Waiver to permit a state to use a portion of rapid response funds to conduct incumbent worker training (25 states)

Unfortunately, the waiver process is a poor substitute for the flexible system the authors of the legislation envisioned.

Position

Employers and local boards need more flexibility to negotiate training agreements that develop skills of the region's workforce that are relevant to employers' needs. Although the workforce investment system was created to be a locally designed and flexible system, barriers have developed over the life of the programs that limit the flexibility employers and local workforce investment boards have to negotiate training agreements that meet the needs of the local area. These agreements, generally aimed at preventing layoffs or upgrading the skills of existing workers, could help maximize highly effective and proven services to employers such as incumbent worker training and on-the-job training. Federal restrictions to these proven practices and others like them need to be removed and more flexibility given to employers and local workforce investment boards to form the partnerships that are most beneficial to the regional economy.

A Cross-Industry National Workforce Investment Board Made Up Solely of Employers Should Be Created

Background

The authors of the Workforce Investment Act made it a priority to establish a "strong and active role" for business at both the state and local levels.[18] It was their intent that business-led state and local boards would lead the efforts to design and implement the new training system established by the law. They believed a close link with employers was the best way to make sure the training provided to jobseekers is for the high-skill, high-wage jobs of the future in demand occupations.

Under the law, business led State Workforce Investment Boards are responsible for advising the Governor on the creation, implementation and continuous improvement of the state's workforce development system. They create policy recommendations designed to make the system efficient, lead the strategic planning process and set priorities for the state's workforce investment strategic plan.

Approximately 15,000 business leaders volunteer their time to serve on local workforce boards across the nation.[19] It is the role of those business leaders on the Local Workforce Investment Boards to work with local Chief Elected Officials to oversee the delivery of workforce services to their local residents and businesses through their network of local one-stop career centers. These centers, through partnerships with other local, state and federal agencies and education and economic development organizations, provide access to jobs, skill development and business services vital to the economic health of their communities.

Status

Each year the U.S. Department of Labor's Employment and Training Administration (ETA) receives slightly less than $4 billion to fund employment and training related programs.[20] While the vast majority of these funds are distributed directly by formula to states and then to local workforce investment boards, there is still a tremendous amount of funding awarded through national discretionary grant programs administered by the Department.

For example, under the American Recovery and Reinvestment Act alone, ETA awarded approximately $742 million in competitive high-growth job training grants in health care and green jobs.[21] In FY 2011, ETA requested nearly $350 million to fund a national innovation fund discretionary grant program and a Green Jobs Innovation Fund.[22]

In addition to these important annual discretionary funding decisions, the Department is also continuously making policy decisions that greatly affect the state and local workforce development system and the services jobseekers and businesses receive. These policies influence what services are and are not provided, how they are provided, how they are funded and many of the fundamental practices within the system, yet they are made with little or no up-front input from those who create and fill jobs.

Position

A cross-industry national workforce investment board made up solely of employers should be created. There are employer led local workforce investment boards to guide investments and service delivery strategies at the local level, and state workforce investment boards to guide investments and service delivery strategies at the state level, but there is no such similar business voice at the federal level to help advise the secretary of labor on state and local service delivery policy and strategies and investments at the federal level. The HR Policy Association believes this is a critically important voice that is missing from the WIA system.

Conclusion

We recognize there are many important administrative facets of the law unmentioned in this discussion that do not directly relate to the role of business. We will continue to monitor the debate to reauthorize WIA as it moves forward and will weigh in on these issues when the business perspective is important. Our objective in providing these recommendations is to help articulate, from our unique perspective, the role business can and should play in the general oversight and direction of the nation's publically funded workforce investment system.

Thank you for this opportunity to share with you our views of the role of business in federally funded Workforce Investment Act programs. I'll be happy to take any questions you might have.

ENDNOTES

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Chairwoman FOXX. No, thank you, Mr. Fall, very much. Again, I want to thank the panelists who are here today for your very succinct comments. And now, each one of us will have the opportunity to use 5 minutes to ask you some questions. And I will start with Ms. Cox, if I might.

What do you think should be the overall mission for this system as we look for reauthorization? And there are a couple of different parts to this. And some of you have said, I think, should it focus on workers, unemployed workers underemployed workers, low-income workers, or serve all workers?

Ms. COX. That is a great question. We have talked a lot about that internally, as well. In my mind, the workforce investment system, not just WIA but the system, should be about helping businesses become competitive and getting them connected with good workers that are qualified.

And I am strongly in favor of a business-driven system because businesses are the ones that create the jobs. And then we need to make sure our workers can get the skills so they can actually get the jobs. But we deal with folks on unemployment insurance and dislocated workers and adults. I think there are about three categories of folks you serve.

You serve folks that are low-income, or maybe struggle, or just detached from the mainstream system and have a hard time and need more intensive help getting back to work. That is certainly a population. You have folks that have trained. They have lost their job, maybe, in construction, which we have seen a lot in Utah.

They know how to work the system, but they just need some new skills. And then you have folks that are very light-touch that know how to work the system. They know how to network. They just need leads. They need to know how to maybe use the new online tools. So there are different categories.

What is challenging for me in the workforce investment system is that we so often leave out unemployment insurance customers. Even the present jobs bill focuses on unemployment UI customers as if they are separate and apart from the workforce system. I know Texas and Utah, we have been aggressive in trying to work with getting the administration and our policy to say that UI customers make up thousands of individuals that need to be integrated and pulled into the Workforce Investment Act system.

We do not need stand-alone systems. We need an integrated model so that we can serve these different populations. But at the end of the day we have to be competitive. We know we are coming up against people in China or India. We all know about the global economy. And we have got to let businesses tell us what they need so we can respond quickly and get people back to work.

And I think the system can do it if people get out of our way.

Chairwoman FOXX [continuing]. Than other local workforce investment boards have across the country.

Ms. LARREA. We have had great success, as I mentioned, with working with Chambers of Commerce. And we have such amazing Chambers through the Dallas regional and Arlington and Fort

Worth Chambers. Making access to employers is very critical. But it is only good if we can deliver on that promise.

Getting the introduction is one thing. Then producing results is very critical. So our regional workforce leadership has been amazing. We have had businesspeople come together who are not part of an organization, not part of any workforce board. It goes beyond the borders.

A gentleman said earlier, employers do not look at regional boundaries. They do not look at State confines, city confines. You have to be able to work with them wherever they reside. So you have the Lockheeds, you have the TIs, we have massive organizations that need us to respond. And what we have done is said, "Okay, what do you need?" "What do you got?" "What do you need?"

We go through this exercise with employers because they are not sure what a public program can do for them. And that is something that we have to be critical about. What can we do for you that is meaningful? Getting input from on the front end is the most important part, but also building the pipeline. That is what they have told us. "Build kids who have an interest in my work because we need people to come into the jobs as jobs become available. Make them prepared."

Chairwoman FOXX. Thank you all very much.

Mr. Hinojosa?

Mr. HINOJOSA. Thank you. Ms. Larrea, I have heard a great deal from policymakers and researchers about the value of these programs and whether or not the federal government should invest in training and employment services for America's workers. And in your opening statement you said that we did not have enough money, enough funds, to get the job done.

But here is what we know. According to the latest performance information from the Department of Labor, over 9 million job seekers used these programs in the past year. That is a 248 percent increase in participation rates compared to two years ago. Despite the fact that there are four-and-a-half job seekers nationally for every available job, over half of WIA participants find a job.

From your experience running these programs, what impact have they had on the workers and employers in your respected communities in Texas?

Ms. LARREA. Yes, sir. Many of the facts and figures are so pertinent to us. As you mentioned earlier, there is higher poverty. That is true for the Dallas community. We have seen a huge growth in poverty. So our system is breaking at the seams. That is why we have gone to an online system to get people an access point that does not mean walking into one of the stable centers.

What we do see with employers is, they are afraid to open new jobs. And will a tax credit do it? Probably not. They need capital, and they need assurance that someone wants their goods and services. That is the only way that we will see job creation, and I do not know how to give them that assurance.

Job-sharing has been very critical in our community. We have shut down a few places that said, "Oh, I have got to lay off a thousand people." And we said, "Please do not, please do not. Broker this. See that they each work 20 hours a week." That is asking a lot of families, but they would rather do that than be on an unemployment check.

Mr. HINOJOSA. Obviously, you believe WIA funding is valuable. So what would happen if WIA funding is drastically reduced or eliminated with the talk that is going on on how to reach the $4 trillion worth of cuts?

Ms. LARREA. I am committed to workforce. It is 33 years of my career. And seeing many laws come and go, and seeing many funding patterns. I believe if the programs were not available, if money were not available to help people, I think the desperation in our communities would heighten. I see people every day coming to us for answers and counseling.

"Just talk me through it. Just keep me from going over the edge."

Mr. HINOJOSA. I agree with you. I agree with you, and time is short. So I want to ask the next question of Mr. Bruce Herman. The Latino jobless rate is higher than the national average of unemployment. Despite the vast majority of workers still hurting from the recession, including Hispanic families in my region, earlier this year the majority proposed effective elimination of these programs at HRI.

What would occur if they were eliminated?

Mr. HERMAN. Well, you are right to point out that the Latino community and other communities of color have been even more dramatically impacted by the recession. We see that, of course, in New York State, particularly, you know, in New York City. If you look at the Bronx, the large Latino community has more than double the official State rate of unemployment.

So the lack of resources to address these challenges will be devastating. There is one program that I would cite that New York State had put forward that I think is relevant to address the needs of this population. It is our 599 program, where the State dedicates $20 million in New York State taxpayer money to address the skills gap for low-income, low-skilled workers.

Originally, this program was designed to forego job school for UI recipients that would not readily find employment. We tweaked that, and we identified that we have a lot of low-skill workers that need communication skills, ESL, other basic locational skills to find better employment.

And it is not a matter of if you were, for example, a bus person or a dishwasher in a restaurant and you lose the job. Of course, those jobs are rather readily available but they are not family-sustaining. We need opportunities and support to help people get the skills and raise their incomes and find access to better jobs.

Mr. HINOJOSA. I understand. What would be the impact on workers and our businesses in your community in the absence of any federal investment in these job services you are describing?

Mr. HERMAN. I think it would be devastating, and more individuals would find themselves falling below the poverty line. And we would be dealing with large, even larger, numbers of individual Americans in poverty and it would have a devastating impact on our communities.

Mr. HINOJOSA. Thank you all for answering our questions.

Chairwoman FOXX. Thank you, Mr. Hinojosa.

Mrs. Biggert?

Mrs. BIGGERT. Thank you, Madam Chairman, and thank you for holding this hearing. Ms. Cox, in your testimony you recommend that we allow 1 year to obligate funds and 2 years to spend funds and to resolve lingering issues around the obligation and expenditures.

Can you explain what specific problems are caused by the current system, and how do you suggest to improve it?

Ms. COX. It seems that Congress struggles with this idea of carry-in for 3 years. And also what happens in the system, somebody comes in to our system they need training. And training often goes beyond just 1 year. So we obligate those funds for 2 to 3 years.

But it makes those funds very vulnerable for recission. So Congress will look at it, and say, "Oh, you have expended this much, but you have encumbered $2 million. We are going to cut that because it has not been actually expended." So it becomes very difficult to create sustainable training programs for individuals, and we are constantly in flux trying. Do we hold back the money in case we do not get some next year, do we spend it?

What we suggest, that may create a little more transparency, is that we have a year to obligate and then 2 years for expenditure. So that that 3-year period may not be as difficult for Congress to manage. And that we have 2 years to spend those funds may create a little transparency, and make the system a little more sustainable and predictable.

Mrs. BIGGERT. Thank you.

And then Ms. Larrea?

Ms. LARREA. Larrea.

Mrs. BIGGERT. Larrea? Thank you. You talked about the online learning and the learning lab. And then you spoke about you want make sure that the job seekers are work-ready and learn new knowledge. When you do an online training, how do you make sure? How do you focus on what skills, then, that they should learn?

And if you really want to get into, you know, the 21st century and the skills, how do you decide what skills would be offered to individuals?

Ms. LARREA. That is a very good question. I think most of the work we are not concentrating on is proper assessment of the customer and proper acknowledgment of what the employer's really requesting of us. And often times, those two do not intersect, leading to a lot of people trained and frustrated who cannot find work.

Proper assessment tools are hard to come by, and they are expensive, and we have been looking to minimize those costs. Also another thing is people like to be guided. They really come in and say, "Oh, I want to do this" because they know someone who has done that job. But, in fact, if we cannot find them the work, and we can not find the money to support their size of family, we strongly discourage people from picking the wrong choice, making the wrong choice.

Communities need information on jobs. Employers need to share that information. "What do you really need my son to study, what do you need my daughter to study, to get a meaningful career in our community?" And without the workforce boards, that convening would not occur where there is enough community information going on. So assessment of the customer in detail, and all ascribing to good assessment tools.

Honest counseling has to go on, and good information about what the training is producing. I think that is critical.

Mrs. BIGGERT. Thank you.

And then Mr. Fall, from an employer's perspective, what can be done to ensure the workforce training programs prepare not only for the current labor demands, but also the 21st century, the global economy?

Mr. FALL. Sure. Thank you. We believe the key really is focusing training funds on industry-recognized credentials that allows employers to really define the skill needs that they are looking for. And to lay out what curriculum is needed in order to develop those skills allows those programs to be provided through local training providers.

And then at the end, the job seeker has a credential that they can take to an employer and show that they have mastery of a skill.

Mrs. BIGGERT. Do those employers go to WIA, or does WIA go to the employers? I mean, is there a dialogue that is happening right now? I mean, it sounds like a huge undertaking.

Mr. FALL. It is a huge undertaking. Several things are happening on that front. The U.S. Department of Labor has raised the goal, and asked State and local areas to spend more of their funds on industry-recognized credentials. So we have a push going from that level, which we appreciate. And you have 15,000 employers who are involved in State and local workforce investment boards to help try to provide that input on what is needed in employers.

And frankly, in some areas it is working very well, and in some areas it is not working very well.

Mrs. BIGGERT. Thank you. I yield back.

Chairwoman FOXX. Thank you, Mrs. Biggert.

Mr. Loebsack, from Iowa?

Mr. LOEBSACK. Thank you, Madam Chairwoman. And I do thank you for calling this hearing today—a very important hearing. And thank you for talking with me about these issues previous to the hearing, as well, about a month or so ago.

There really is not, I think, a better time to be talking about the reauthorization of WIA than now, with the unemployment rate being what it is. And, you know, over 14 million at least officially unemployed, 6 million people out of work for 27 weeks or more. We are in dire straits, there is no doubt about it.

I think the last thing we should be doing, probably, as a Congress is pulling back from the unemployed. So I am very happy to hear the testimony today from all of you. I think Congress needs to do something on the economy. We have got to focus on job creation. And this is actually what I have been hearing from Iowans in recent years, and this is my fifth year in office. And I have taken a strong interest in job creation.

I have taken a strong interest in sector development, in particular. I noticed that at least a couple of you mentioned that in your testimony, and I really appreciate that. I have been around the district. I am home just about every weekend, and I have done a lot of visits to employers during the time that I have been in Congress.

And over the last couple of years, after I introduced my own sectors act companion piece, a bill over on the Senate side that Chair Brown has introduced, of course. What I hear over and over again from these employers in many of these situations where mid-skill jobs are at stake, is that it seems counterintuitive. But at a time of 9 percent unemployment—admittedly it is better in Iowa, but still it is 6 percent—they simply can not find people for these jobs.

It does not make any sense but it is, in fact, the case. And what I am finding is that they cannot find people who are properly trained. Every time I go to an employer I ask them, "Are you okay? Can you find people to do the jobs?" And much more often than not they are telling me they cannot find people who are trained.

Now, there are a lot of different places around this country, including Iowa, where people have used innovative sector-based approaches. Community colleges are important, workforce investment is important, employers are all important, of course, on this. Labor unions, in cases where they have apprenticeship programs, can be very important.

But I would like to ask Mr. Herman, and Mr. Fall in particular, if you could speak to that issue. Because I know that you mentioned it in your testimony, Mr. Herman. I think Mr. Fall might have referred to it, as well. Go ahead, if you would.

Mr. HERMAN. Certainly. And I want to thank you, Representative, for your leadership in pushing and promoting this very practical approach to achieve business engagement. Which is one of the challenges in the workforce system overall. We know from experience that sector partnerships, industry partnerships, create engagement for the long term. That they leverage business support, as well as private sector investment.

That they help inform the broad workforce and education system to better address employers' needs. I have been active in this sector field since the early 1990s, when I was president of the Garment Industry Development Corporation in New York City, one of the early recognized sector initiatives. And what we found is that if we really want to get businesses involved we cannot just go to them episodically and ask them to employ the people that we need to get jobs.

We have to have a deep, ongoing engagement to address multiple needs simultaneously. Sometimes it is incumbent worker needs, the need to train and up-skill their workforce so they can create more entry level positions. Sometimes it is trying to assist them during economic distress. And there is where our Workshare program has proved so effective.

But the key engagement tool, the key component, is that sector initiative. It saves money, it leverages private sector resources. And in States like yours, but also Pennsylvania where industry partnerships are the cornerstone not only of their workforce system but their economic development system, we see that State and local resources are also accessed to support these partnerships.

This is a very important tool to achieve substantive business engagement.

Mr. LOEBSACK. Mr. Fall. Then I will ask Ms. Larrea, too, to respond because she has been nodding her head quite a bit.

Go ahead, Mr. Fall.

Mr. FALL. Yes. Thank you. I would just support your comment that the employers that we speak to do have a perpetual difficulty in finding skilled workers right now. And it does seem almost unthinkable with such a high unemployment rate. But specifically around skilled trades seems to be an area that we are hearing from our members more than perhaps any other that just finding the workers with the skills and the ability that they need to be successful in the workplace is, in fact, becoming more and more of a challenge.

Mr. LOEBSACK. Thank you, Mr. Fall.

Ms. Larrea?

Ms. LARREA. Yes, sir. We have practiced the regional workforce leadership with sector concentration for more than 9 years. And it yields great results. The community college benefits, this ISD's benefit. And in the Dallas region that is a huge number of people being affected by these industries. We support them because they support us. That is where the jobs are.

They give of their time. They are not just sitting on workforce boards. They actually come and participate in general sessions on describing the workforce they need because it is so critical to find important people. Women in engineering became a huge issue for TI. Not enough women pursuing engineering. You can get the visas and get them here from other countries, but we are not training them here.

Those are the kinds of issues that a workforce system must know to function.

Mr. LOEBSACK. I still have you, and I appreciate your indulgence, Madam Chair. And I should just say one last thing. This is a very bipartisan approach, and I appreciate that. Thank you.

Chairwoman FOXX. Thank you, Mr. Loebsack.

Dr. Roe?

Mr. ROE. Thank you. And thank you all for being here. It has been a great hearing, and I have learned certainly a lot. I know my good friend, Mr. Hinojosa, did not get a plug in, but I want to get a plug in for the adult education literacy. I think that is so basic that if you cannot read and communicate properly you will never have a job. So I think that goes without saying. And I know he has been very supportive, as I have, in adult literacy.

What I heard in the very beginning, and I think this is the critical point, is what, Ms. Larrea, you started out with. I will give you an example about how a job is created in my business. If I go to church on Sunday, and someone says, “Dr. Roe, I have been trying to get an appointment with your for 4 months and I cannot get in.” And then I go back to my front desk, and I find that all the doctors do not have an appointment for 4 months. It is time to hire another doctor, and hire some people.

So we have a demand for our services. And that is one thing. And then I have to have the capital there to be able to expand my office or whatever. And that is what I think people are facing now is that very thing. That very issue is critical. For you to put somebody there, there has to be a demand for the product or service that you are trying to place them into.

And that is a far bigger question, I think. I heard this from all four of you, and correct me if I am wrong. Any of you can jump in here at any time. That WIA is working, but could work better if there were more consolidation, employer-driven, I heard. And then boards, director-led by local businesspeople, to identify exactly what needs are.

And then I think, Mr. Herman, you clearly pointed out that borders should not matter. I know I live in a rural area in east Tennessee, but people do not care. They would go to the job. If they live in one county, they will be glad to drive to another county or across the state line. I am very near Virginia, so people driving back and forth across that State line all the time.

And we need to forget those borders. I could not agree more. What could we do—and any of you can jump in here—to help make our dollars go further? And I think one of the things, Ms. Cox, I heard you say was just the bureaucracy of filling out all of the paperwork that does not create any value to your customer, which is the person coming looking for a job, or employment.

Ms. COX. Yes, thank you, and I will make a couple comments on this. One, there is just a high reporting burden. And in my mind, before you cut any dollars to the customer you have got to cut down the bureaucracy. And we have very specific things, both in the written testimony and the position paper we have taken of how we think that can happen.

One thing we think we need to also look at, not just putting all of the burden on the feds, but at our State and local levels of efficiency. Not only are we highly integrated, but we are a State-wide workforce investment board. We do not have local boards. And so we have a lot of flexibility to shift those around.

We do not have to negotiate with local boards, the local board. If there is a state-wide employer we can work State-wide. We have a lot of flexibility. If we ever wanted to change the makeup, however, of our State workforce board we would actually have to get permission from DOL. And there is a grandfather position, that we could lose that if we changed it.

I do not think they would ever take that away from us. But I think that is an important model. And I am all for local control. And I am going to say this with all due respect. If you system's run by just hundreds, I think we probably have 200, 300 local workforce boards in our system. Each one of those takes an administrative cost to run.

And so I think we cannot just put the entire burden on the feds. We have to look State and local to see where we can reduce administrative costs, pool funding through admin., have similar technology. Texas does that. All States do not. And so you end up having just hundreds of individual admin costs across the country. And so I think it is a political issue.

It is a difficult one to touch, but I think governors need that flexibility to design it in a way that provides maximum benefit to the user, not just to us running the system.

Mr. ROE. And I agree with Mr. Fall. I am going to go very quickly. There is a piston plant, Molly Piston Company. And 10 years ago, they had 16 people on a line. Today they have two, and these two are producing the same number of pistons that 16 were because it is a very highly technical job.

Welders. We cannot get enough welders, even in a down economy. We cannot get each other people trained. And I think that is the problem. Many times we are training people and the jobs are not there. We are not training people for the jobs that are here, now, in today's economy. And we have got to retrain.

I 100 percent agree with that, and I will stop and let you comment. My time is about to expire.

Mr. FALL. Thank you. Certainly, welders are another area where we have heard a tremendous shortage of our members. And it is impacting work and how much work can be done. So it is something that we really need to focus on.

I appreciate your comments, and that is something that we would love to work with you on trying to resolve and improve.

Mr. ROE. Thank you. I yield back. Thank you.

Chairwoman FOXX. Thank you, Dr. Roe.

I will go next to Mr. Hanna.

Mr. HANNA. Thank you, Madam Chairwoman.

Mr. Herman, I heard you say something about that job tax credits do not work. And I saw Ms. Larrea nod her head yes. How could that money be better spent, and what is it about them that? I mean, I have had hundreds of employees in my life. I do not think they work.

But aside from that, what does work? What would you like to see differently with those same tax dollars?

Mr. HERMAN. Thank you for that question. I think it is a very important one. Just to sort of maybe highlight, further explain, in my experience, why I do not think they work. For the most part we see, you know, tax credits being accessed after a hire has already taken place. Particularly large employers that have accountants who scrub their books, and say, "Hey, guess what? You hired 100 people, and 20 of them are eligible for a tax credit."

I think what we need now is a much stronger front end incentive. And also to address the skills mismatch that has been raised throughout the hearing. OJT, in our experience—on-the-job training—is a much better front-end incentive. It provides a concrete financial incentive for employers to hire now rather than defer hiring.

But it also requires a formal training plan to address that skills mismatch. So an individual that has most of the basic skills that employers are looking for, but not the specific skills they need in terms of their process to deliver the services they provide, through a period of OJT they are trained to be productive, value-added employees.

And I think we see a return on that investment, too, because the individuals are employed. So that front-end investment of the system is recouped through payroll taxes, recouped through income taxes. So I think that is a much more effective program. Particularly in this time, where we know employers are hesitant to hire—in part because of market conditions, but nonetheless are looking, in many situations, for skilled employees.

I think that would be a much more effective use of our taxpayer dollars than the tax credit approach which, as I mentioned before, I do not think it is a strong enough front end incentive.

Mr. HANNA. Ms. Larrea?

Ms. LARREA. Yes, sir. In Texas, there is also the Texas Back to Work. We do on-the-job training. It is a very difficult program to administer, but we do do that in the Dallas area, as well. The Texas Back to Work program makes a direct correlation for the employer between an unemployed person and the cash back within a 4-month period.

We have had great results. I know that Georgia, several States, have some of these projects. It happens better, I think, at the State level than it does at the federal level. I do not know that the incentive can be applied, early enough to create a job, from the federal authority. I think that is the difference. You are too far apart from the employer.

But by and large, we are not going to have good jobs until, as the doctor acknowledged, you know there is a need for your services. You do not want make-work. We want real jobs, people want real jobs. It is how we define ourselves in this country—"What do you do?" It is one of the first questions we ask someone.

And if we cannot give people real work I think we are faltering. So I am worried about making it a real job, not just something for the money.

Ms. COX. Can I make one quick comments on this, too? I always become a little nervous when we have specific programs that we are going to mandate. We tend to create programs rather than solving problems. And in each State—New York, Texas, Utah—there is all great things most States across the country are doing. So we get a good idea, and then we want to mandate it. And then you create a new monitoring compliance, training program, data validation system.

And you lose focus. What would be optimal in reauthorization is maybe a menu of things that a state could do. Not mandatory, but hold us accountable for results. Tell me my entered employment, my retentions numbers, earned income. How am I really being relevant to business in terms of supplying the demand they need—turnaround time, training time.

Hold me accountable for those, but do not mandate a lot of programs. Give me a menu, and then hold my feet to the fire. But when we start talking wanting to mandate a program I get very concerned.

Mr. HANNA. I think, Ms. Larrea, you said that unemployment insurance and the people on unemployment need to be integrated into those people. Was it your, Mr. Herman? How would you propose to do that? Because it seems so common sensical. Either one.

Mr. HERMAN. Well, like Texas and Utah, New York State co-enrolls. You are recipients. As soon as they apply for unemployment insurance they are in our WIA system. And that is a very important front end measure, to make sure that the UI recipient is also a WIA customer. So that is very important. We call them in and we do an initial assessment, and we determine that some are more readily employable than others.

Those that are not then, receive services and training assistance, with training and education to re-skill themselves. But we do not wait for that UI recipient that is often long into their UI tenure to kind of walk in our one-stop doors. We require that they come in, and if they do not they are sanctioned in terms of their UI support.

Mr. HANNA. Thank you for your testimony.

Chairwoman FOXX. Thank you very much, Mr. Hanna.

Dr. Heck?

Mr. HECK. Thank you, Madam Chair. And thanks, all of you, for your testimony here today. This is really a critical issue for my district. I represent southern Nevada, which has the highest unemployment rates in the nation right now. So much so that we actually conducted a field hearing on WIA in my district over the August work period.

And during that—we have heard a lot of discussion this morning about flexibility—one of the pieces of we received from Dr. Metty-Burns, who is the executive director of the Division of Workforce and Economic Development at the College of Southern Nevada. And she stated that within their workforce programs they had mixed results with an ability to access and utilize WIA funds, continue to find it challenging and frequently frustrating to provide the training and education that local workforce needs when confined to the limitations that come with WIA funds.

So much so that they have, at times, opted out of requesting funds because of the cumbersome process involved. Stated that the certificate and degree programs at the college are not even eligible for WIA funds, as the time frame exceeds what WIA will allow even a more in-depth educational approach may be the more appropriate pathway for job placement, a higher wage, or long-term success.

In the time remaining I want to ask each of you, if you were going to write this reauthorization bill what is the one thing you would either eliminate or seek to implement. And if we could just go right down the panel, and have each of you give what your top priority would be.

Ms. Cox?

Ms. COX. Gosh, that is so hard to choose. There is so many. The top two ones, for me, would be the ability to ask for waiver authority to really integrate the programs. So that you can do some of the things you are talking about, so that we can turn around and OJT in a meaningful way, so that we can have common definitions about what we are doing, and pool our funds to really meet the needs of employers and individuals.

And if we had that waiver authority, I think we could do some amazing things that were new and innovative, and that would break us out of the system we are in and take us to, really, a whole new level. That would be one of the most important things that I could see coming out of the bill.

Mr. HECK. Thank you.

Ms. Larrea?

Ms. LARREA. The most important thing, I think is, I agree it is hard to choose. But the coalescing of funds, the identification of all resources on the front end, and putting everything in the same resource basket, again without eliminating, or diluting, those resources. But I think having a separate project sitting over at HUD and a separate project sitting over at HHS all directed at employing people should go through an employment authority, something where we are looking at being consistent, judging all programs against the same criteria.

And I think it also, then, will recognize what resources we have that go beyond those walls. The Pell Grants, Perkins, and those other things in education we should not be duplicating. I think that is the most critical in this. Why are we duplicating so much of our effort? So streamlining administration would occur. It has in Texas.

Mr. HECK. Thank you.

Mr. Herman.

Mr. HERMAN. A much stronger engagement and connection with community colleges overall. In my experience in New York State, some of our best outcomes, our best one-stops, are housed in the community college system. Where educational attainment is one of the primary missions of the community college is fully supported. And then the workforce dollars can focus on employment engagement.

I think that kind of integration is very positive, and will leverage resources and produce better outcomes.

Mr. HECK. Thank you.

And Mr. Fall?

Mr. FALL. Thank you. We would like to see, really, more employer input at the front end of this whole process. Too often, what happens is employers are consulted after the process is well down the track. We really believe that employer's voice at the very beginning of the design of the programs, at the beginning of the curriculum development on what skills are needed, that is where it is really critical.

You know, if we could accomplish anything through this system it would be a way to create some sort of feedback so the system was receiving real-time labor market information from employers so they really knew what skills were in demand that day, and what skills were going to be needed in the future.

Mr. HECK. Thank you. Thank you all very much for your testimony again. Thank you, Madam Chair. I yield back.

Chairwoman FOXX. You get the prize for using the least time.

Mr. Barletta?

Mr. BARLETTA. Thank you, Madam Chair.

As a former mayor and a former businessman, I understand very well that the workforce investment boards provide a great service to our communities. In my district, the Luzerne-Schuylkill Workforce Investment board is responsible for the oversight of public workforce programs.

After the devastating floods that hit northeastern Pennsylvania, the board offered valuable assistance to individuals in Luzerne and Schuylkill Counties who were out of work because of the flooding. They set up hotlines where individuals could call because they had lost their job due to the floods. And that was very, very important.

There is also a program that I want to talk about. It is called Partners in Education. "PIE" is the term we use. And what it does is, it brings together educators, students, and local employers to the table. And it provides the students with an opportunity to see first-hand what opportunities are there, what jobs are there in the local community. Sometimes our young people may not realize that these jobs even occur.

At the same time, it provides the employers an opportunity to talk about the basic work skills that are needed for their particular businesses. And the educators tweak the curriculum to teach those work skills. So we are actually providing a farm system for employees, future employees, for the local businesses that try to keep people at home.

The point I am trying to get at is, I just think that State and local officials are far more knowledgeable than any of the bureaucrats here in Washington. So my question is to Ms. Larrea. In your opinion, what would some of the benefits of reforming the Workforce Investment Act to give more flexibility to the State and local workforce investment boards to do some of the things that I talked about?

Ms. LARREA. "Flexibility" is the key word, the key word I think. Every one of us, you notice the consensus here, business-led, flexible money, less federal activity about this. It cannot be done from Washington. It has to be done by business leaders. And our new mayor is also a businessman. Often times, those are the multiple hats in the community that can make a difference. Education is strongly aligned with everything we do.

The flexibility that exists in workforce—and as I say, I have been in the program for years and years and years, in the system and we have gotten better and better with each iteration—this is the time to make something really special happen. This particular reiteration of workforce, I think, stands to set us apart from where we have failed in the past. Making sure that we are looking to business to lead us, but we are not losing sight of the fact many people are not ready for work.

And I think that flexibility is missing. One thing we do not have in the system right now is a program for college graduates to get to work. If you notice, we talk to youth. We talk about drop-out youth, underprivileged youth. We do not talk about college grads who are sitting on the steps now because they cannot get to work. They have a great education; they have to get to work.

That flexibility could be imported at a local level where it means something to us, where those are the kids I see. I mentioned a program for executives. That is hardly ever talked about in workforce investment. But when that is what is needed in your community, you should be able to come to the table and make that happen.

Mr. BARLETTA. I think the mindset here right now in Washington is, it is a yes or a no mindset. You know, either we give money or we take it away. Would you believe that possibly if we gave that flexibility to you, you might be able to take the money and use it towards programs that are really working and make those decisions down at the local level, rather than people here in Washington.

Ms. LARREA. Absolutely. And as Ms. Cox says, hold our feet to the fire on outcomes. Not the means, but the ends. Hold us accountable.

Mr. BARLETTA. Ms. Cox?

Ms. COX. Yes. What is so frustrating in this is, you know, the few funds we had to be innovative around projects like what she is talking about—college grads or the governor's set-aside funds. The few funds we had to do that, the administration came and swept all those funds and created, now, a new Workforce Innovation Fund. So now we have to apply for, and go through an entire bureaucracy to do the things we were already doing.

It creates a new cost to the system to run it. And now States are going to spend months trying to apply for the grant and get the grant. Six months more before you can get something on the ground, where before we could get something on the ground, if we are aggressive, in two to four weeks.

So it is just going in the wrong direction, and I just absolutely cannot understand the rationale for that kind of direction in a program. It undermines everything that we have been talking about today.

Mr. BARLETTA. Thank you. I want to thank you all for what you are doing. Thank you, Madam Chair.

Chairwoman FOXX. Thank you very much, Mr. Barletta.

Dr. Bucshon?

Mr. BUCSHON. Madam Chairman, I yield my time to Mr. Hanna.

Chairwoman FOXX. Mr. Hanna is recognized.

Mr. HANNA. Thank you, Madam Chair. Thank you.

Ms. Larrea, you said that often times you can provide skills to employers. And they will come back to you, and they will say that the employees still do not have the total set of skills that they need. I wonder if all you might have some idea that that is true, or not, and if you could elaborate.

Ms. LARREA. Yes. I will just kick it off, two things that we have looked at recently where we perhaps missed the mark. Two years ago the cry was green jobs. Everybody said hurry up and train people, there will be green jobs. But what we found out is, there was a greening of the workforce. There are no green jobs, per se.

Did we ask employers before we spent money on that training? Not as many questions as we should have asked. The new one now, health information technology. Do we need people in training? I met with Baylor yesterday. They do not need new workers. They need workers trained who already work for them. They need the technological skills.

So creating jobs sometimes, we tend to get off on the wrong foot. We need to know from employers exactly what is going to build to the new job.

Mr. FALL. I would just add that what we see is jobs are just becoming far more complex these days. The pace of change within the workplace has really accelerated and the use of technology has accelerated. So even if a local workforce board does an adequate job of developing the skills for a job that existed the last year, that skill requirement could change. And that pace is, like I said, greatly accelerating.

And that is something that we have got to find a way to help the workforce system keep up with.

Mr. HERMAN. And I think it is all true that the pace of change is accelerating. And it is difficult to anticipate what employers need. And I think that is why we need a more effective system of employer engagement in our workforce system. And why this sectors act, the sector approach, the industry partnership is a vehicle whereby to achieve that.

Again, it is a long-term engagement that is not just about what I need today. But yes, help me with what I need today. But now, a year or two down the road I am going to need some other things. It is also the way to achieve that engagement with the youth. What some of my experience in New York State is, through sector partnerships we have been able to introduce young people more effectively to the world of work while they are still in an academic environment.

But engage them, and introduce them to the world of work so they know better, first-hand, what it requires in terms of the skills they have. And also the discipline needed to be effective workers. I think this is the approach that is really going to bear fruit. If we have that long-term engagement with employers through a sector industry, a partnership approach, we will be getting that continuous feedback that is required from our employer community so we can better address their needs and better utilize the resources available.

Ms. COX. Just one more point. When we say "industry," it is such a broad field. So what we are trying to do in Utah is be a little more selective and focused using data to select what industry partners we can partner where we see growth. And what we see. What industries need help today?

And we cannot help all industry. So we need to have to say what are our growing clusters—aerospace, biotech, advanced manufacturing, health care? We have to be very selective even in that area. Which ones are we going to target in aerospace? So using data to make those decisions is critical.

And it cannot just be sitting down and talking to employers, and getting feedback from everyone. You do have to be selective because we have very limited resources. But I do believe it has to be data-driven to determine if you are going to use a sector, a cluster, approach which ones are you going to actually select, and industry understands why or why not you did do that. And then that is the beginning. That is the beginning.

Mr. HANNA. So to paraphrase the four of you, then, we need a more demand-driven model?

Ms. COX. Absolutely, yes.

Mr. HANNA. Thank you. I yield back.

Chairwoman FOXX. Well, thank you very much. I am going to take the prerogative of the chair since Mr. Hanna had about a minute left, and make a couple of closing comments.

I want to thank all of you all for coming today. I think your comments have been extremely enlightening. I think the fact that the members have been very engaged, and have picked up on the things that you have said and checked them out with you, has been a great thing to have happened.

And I think Mr. Loebsack is right. This is a very bipartisan concern, and we want to do something to make the system better. I want to compliment you on using the term "customer." All of you used that term, and it caught my ear. I think because we are serving customers, and I think that it is important that in government programs we understand that.

I want to tell you, I spoke recently with a very large employer in my district who told me the horrors of using the tax credit system, Mr. Herman. She said she decides she would do it because it was out there, people were saying do it. And she said it was an absolute nightmare, the amount of paperwork that was required after the fact, after the fact. All the things that she was asked to provide to the federal government after these people had been employed.

She knew nothing about it to begin with. It cost her more money to be able to provide the data than she got from the tax credit, and she will never use it again. The third thing I wanted to say is I appreciate you mentioning community colleges. As a community college person—and Mr. Loebsack is an education person, also—I know we appreciate the comments.

I have always felt the community colleges are under-appreciated and underutilized. And I think it is high time that they be integrated into all of these programs. And then the last thing I want to say is—and I will submit this to you for the record—I want to ask you, and again, I will ask you to put it in writing afterwards—if you see any value at all that is added to this process by the federal bureaucracy.

Mr. Loebsack, you have some comments you would like to make.

Mr. LOEBSACK. Just a few. Thank you, Madam Chair. I really do appreciate the opportunity to be here today, and I really appreciate your putting this panel together. I think it was a great panel, a lot of great insights and recommendations. And I thank all of you.

Just a few things, too. I liked the comments in response to Dr. Heck. You know, certainly streamlining the bureaucracy is absolutely critical, something we can do in every federal program, probably every governmental program that has ever existed. So I think that makes a lot of sense.

Also, I want to reiterate the importance of community colleges, as Mrs. Foxx did and as the chair did and as Mr. Herman did. I think everybody here probably agrees how critical community colleges are. I have my own saying. As a former college professor, I would give credit if I thought credit was due. But I think I came up with it. Community colleges are the principle intersections between education and workforce development.

Not the only, but the principle intersection, I believe. And I think the way public colleges, public universities, or private colleges, but community colleges play that role better, I think, than any others. Fulfill that role better than any others. And the employer involvement. I think that is absolutely critical, especially when it comes to sectors.

Again, just want to reiterate that. To be clear, there is no doubt that creating jobs must be our top priority. American workers need our help to acquire good jobs, and the education, training, and counseling and guidance to reenter the workforce. And we must never lose sight of this.

With that, I look forward to working with my colleagues in a bipartisan manner, as was mentioned here. I think we are off to a good start. We have to make sure that we strengthen and adequately fund our nation's public workforce training and adult education system. And I look forward to more hearings on the part of this subcommittee, and the larger committee, to address what really is a jobs crisis in America today.

So thank you. And thank you, again, Madam Chairwoman.

Chairwoman FOXX. Thank you all very much. I hope that your trips back home are very successful. And we thank you once again for coming and sharing your ideas with us. It has been a very, very useful day.

The meeting is adjourned.

[Additional submission of Mr. Hinojosa follows:]

Prepared Statement of Hon. Joe Donnelly, a Representative in Congress From the State of Indiana

This House Education and the Workforce Committee hearing on the Workforce Investment Act (WIA) and job training could not come at a more appropriate time. With many companies struggling to compete in an increasingly global marketplace and other countries continuing to invest more in their workers' skills and education, it is clearer than ever that the United States must make more efficient use of its workforce training dollars. I look forward to learning what conclusions the committee ultimately draws from today's hearing and witness testimonies.

Like the committee, I have also reached out in search of good ideas that will benefit our workforce and, in turn, the economy. That is why in March of this year I held a manufacturing summit at Ivy Tech Community College in Indianapolis to discuss issues facing the manufacturing industry and its workers. Representatives in education, business, and labor came from every corner of the state to present their views and participate in a conversation on how we can restore vitality and growth in the manufacturing sector and ensure that it remains a robust source of good jobs in the future.

During my summit, one common theme was the difficulty many employers are having trying to find workers with the necessary skills to fill open positions. When positions sit empty, American companies fall behind. We need to do a better job of matching skilled workers with those looking to hire them.

With this in mind, I worked with the National Association of Manufacturers and Reps. Todd Russell Platts and Dan Boren to introduce H.R. 1325, The AMERICA Works Act. The goal of this bipartisan legislation is to better prepare American workers and keep our manufacturers competitive in the global marketplace by ensuring that workforce training programs, like those under WIA, are teaching to the needs of our employers and are issuing recognized, portable credentials. Additionally, the bill addresses the need for a more streamlined way of categorizing and credentialing specific skills so that we can more efficiently connect skilled job seekers with the employers who need them.

The federal government invests billions into workforce training programs annually to help workers obtain the skills they need to land a good paying job and to help companies find workers with the right skill sets. AMERICA Works does not take this funding away or even increase it; instead it prioritizes existing WIA funds, as well as Trade Adjustment Assistance and Perkins Vocation-Technical Education Act funds, for programs that teach toward nationally portable, industry recognized skill credentials. Encouraging education centers to offer programs teaching in-demand skills would help ensure our companies can find workers equipped to compete in today's global economy. Likewise, this emphasis on in-demand, portable credentials would help those workers who already have these skills or are training for them to more easily gain and keep good jobs.

To make certain that the credentials being awarded are what employers are looking for, AMERICA Works would require the Department of Labor to establish a registry of skills credentials. This registry would list credentials that are required by federal or state law for an occupation, are from the Manufacturing Institute-Endorsed Manufacturing Skills Certification System, or are industry-recognized and nationally portable credentials. The registry enables education centers to be sure that they are offering relevant and desired skills.

I would like to thank the Education and the Workforce Committee for conducting this hearing. The current economic crisis is the toughest we have faced since the Great Depression, and no one idea is going to solve the problem. However, simple and innovative ideas like AMERICA Works—which passed the House of Representatives last year by a vote of 412 to 10—that enable American workers and American small businesses to grow and compete represent solid steps in the right direction. I urge members of this committee to support this bipartisan bill.

[Whereupon, at 11:25 p.m., the subcommittee was adjourned.]