

THE WORKFORCE INVESTMENT ACT: IDEAS TO IMPROVE THE WORKFORCE DEVELOPMENT SYSTEM

HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION,
LIFELONG LEARNING, AND COMPETITIVENESS

COMMITTEE ON

EDUCATION AND LABOR

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**THE WORKFORCE INVESTMENT ACT:
IDEAS TO IMPROVE THE
WORKFORCE DEVELOPMENT SYSTEM**

**Thursday, July 26, 2007
U.S. House of Representatives
Subcommittee on Higher Education,
Lifelong Learning, and Competitiveness
Committee on Education and Labor
Washington, DC**

The subcommittee met, pursuant to call, at 10:03 a.m., in Room 2175, Rayburn House Office Building, Hon. Ruben Hinojosa [chairman of the subcommittee] presiding.

Present: Representatives Hinojosa, Tierney, Wu, Bishop of New York, Yarmuth, Scott, Davis of Illinois, Keller, Petri, Souder, Ehlers, and McKeon.

Staff present: Tylease Alli, Hearing Clerk; Michael Gaffin, Staff Assistant, Labor; Lamont Ivey, Staff Assistant, Education; Brian Kennedy, General Counsel; Ricardo Martinez, Policy Advisor, Subcommittee on Higher Education, Lifelong Learning and Competitiveness; Rachel Racusen, Deputy Communications Director; Michele Varnhagen, Labor Policy Director; James Bergeron, Minority Deputy Director of Education and Human Services Policy; Kathryn Bruns, Minority Legislative Assistant; Kirsten Duncan, Minority Professional Staff Member; Victor Klatt, Minority Staff Director; Susan Ross, Minority Director of Education and Human Services Policy; Linda Stevens, Minority Chief Clerk/Assistant to the General Counsel; and Sally Stroup, Minority Deputy Staff Director.

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

Pursuant to Committee Rule 12(a), any member may submit an opening statement in writing which will be made part of the permanent record.

I now recognize myself, followed by the ranking member, for an opening statement.

Welcome. Welcome to the second hearing on the reauthorization of Workforce Investment Act of the Subcommittee on Higher Education, Lifelong Learning and Competitiveness.

Our ability to compete in a global marketplace is directly tied to the capacity of our workforce. It is essential that we take this opportunity of the reauthorization of the Workforce Investment Act to prepare for the challenges ahead.

With the retirements of the baby boom generation, we are facing an exodus of highly skilled, highly educated individuals from the workforce.

The workforce development system for the 21st century must find ways to maximize ongoing participation from older workers who want to continue working.

Our system must also value and develop the talents of all of its workers, especially those with disabilities.

The return on investment in reducing or eliminating the need for public assistance and enabling a person with disabilities to fully participate in the workplace and in their communities is enormous.

Today, our vocational and rehabilitation services programs are strained beyond their capacity. There are long and growing waiting lists for services. We need to make sure that the V.R. system is equipped to handle the increased demand.

Our workforce system must also be integrated with our education system. We also know that our future workforce will increasingly come from minority communities. Forty-two percent of our public school children are racial or ethnicity minorities.

We are not equipping these young people for the demands of a knowledge-based economy. Nearly half of our black and Hispanic students fail to graduate from high school. Without this basic credential, their future contributions to the workforce will be limited.

Finally, our system must be successful in building skills for the many adults who have low levels of literacy and lack a high school credential.

Many of these individuals work very hard but struggle to support themselves and their families. We must invest in building their skills if we are going to have a competitive economy.

The Workforce Investment Act created a new and comprehensive workforce investment system designed to change our employment—and training services are delivered.

At our first hearing we took a broad look at the implementation of the 1998 law and what areas need to be strengthened.

Today at this hearing, we will take a closer look at the implementation of the programs authorized under Workforce Investment Act from individual, local, regional, and state perspectives.

I am eager to hear the witnesses' testimony and recommendations on how we can improve the workforce development system in a way that positions both employers and employees for the future.

As we look to make improvements to the Workforce Investment Act, we must never lose sight of our obligation to ensure that the programs serve those with the greatest needs.

I would like to thank the witnesses for joining us today.

Now I would like to yield to the senior Republican on the subcommittee, my friend and colleague, Congressman Ric Keller of Florida, for his opening statement.

[The prepared statement of Mr. Hinojosa follows:]

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

Good Morning. Welcome to the second hearing on the reauthorization of the Workforce Investment Act of Subcommittee on Higher Education Lifelong Learning and Competitiveness.

Our ability to compete in a global marketplace is directly tied to the capacity of our workforce. It is essential that we take this opportunity of the reauthorization of the Workforce Investment Act to prepare for the challenges ahead.

With the retirements of the baby boom generation, we are facing an exodus of highly skilled, highly educated individuals from the workforce. A workforce development system for the 21st century must find ways to maximize on-going participation from older workers who want to continue working.

Our system must also value and develop the talents of all workers—especially those with disabilities. The return on investment in reducing or eliminating the need for public assistance and enabling a person with disabilities to fully participate in the work place and in their communities is enormous. Today, our vocational and rehabilitation services programs are strained beyond their capacity. There are long and growing waiting lists for services. We need to make sure that the VR system is equipped to handle the increased demand.

Our workforce system must also be integrated with our education system. We also know that our future workforce will increasingly come from minority communities. 42 percent of our public school children are racial or ethnicity minorities. We are not equipping these young people for the demands of a knowledge-based economy. Nearly half of our black and Hispanic students fail to graduate from high school. Without this basic credential, their future contributions to the workforce will be limited.

Finally our system must be successful in building skills for the many adults who have low levels of literacy and lack a high school credential. Many of these individuals work very hard but struggle to support themselves and their families. We must invest in building their skills if we are going to have a competitive economy.

The Workforce Investment Act created a new and comprehensive workforce investment system designed to change how employment and training services are delivered. At our first hearing, we took a broad look at the implementation of the 1998 law and what areas need to be strengthened.

Today we will take closer look at the implementation of the programs authorized under Workforce Investment Act from individual, local, regional, and state perspectives. I am eager to hear the witnesses' testimony and recommendations on how we can improve the workforce development system in a way that positions both employers and employees for the future. As we look to make improvements to the Workforce Investment Act, we must never lose sight of our obligation to ensure that the programs serve those with the greatest needs.

I would like to thank the witnesses for joining us today. Now I would like to yield to the senior republican on the subcommittee, Congressman Ric Keller of Florida, for his opening statement.

Mr. KELLER. Well, thank you very much, Mr. Chairman.

And good morning to all our witnesses and all of you here today.

I want to thank the chairman for holding today's hearing on the Workforce Investment Act, also called WIA, in an effort to prepare us to reauthorize this important law.

This is the second hearing that we have had on this important subject. I look forward to working with our chairman and all my colleagues on both sides of the aisle in this effort in a bipartisan manner. And based on the conversations that we have had so far, I think that is going to be possible.

The Workforce Investment Act is the nation's primary assistance for unemployed and underemployed workers. Prior to Congress' 1998 WIA reforms, the nation's job training system was somewhat fragmented, duplicative and overlapping at times.

WIA now integrates employment and training services at the local level in a more unified workforce development system.

I have seen that firsthand down in Orlando through the One-Stop centers in my district which are run through the Workforce Central Florida organization headed by a guy named Gary Earl, who serves as their president and CEO.

I am pleased that later today our chairman will be asking unanimous consent to put Mr. Earl's testimony into the official Congress-

sional Record along with a couple other people's testimony, so my colleagues will have that to look at.

But I can tell you how innovative it is. In my particular area, for example, I have joined with Mr. Earl and Workforce Central Florida to take an R.V. to rural parts of my district that normally wouldn't have the chance to meet with someone like a congressman, senator or the head of Workforce Central Florida.

And we pull up and let them know we are there, and right there we provide them a list of jobs in their area that they can apply for. We give them job training options. We tell them that we will help prepare their resumes and give them tips on job interviewing skills.

And it has been very well received, and I look forward to fostering that kind of local innovative work by our local workforce agencies throughout the country.

These agencies frequently, not just in Orlando, have been able to provide folks with job training, job counseling, and labor market information to help them get back on their feet.

I want to close just by thanking today's panel of witnesses for being here. I look forward to hearing what you think about the existing law, both the benefits and the challenges, and also what your recommendations are for the future to see how we can take a good law and make it even better.

So thank you much for being here, and I will yield back the balance of my time.

[The prepared statement of Mr. Keller follows:]

Prepared Statement of Hon. Ric Keller, Ranking Member, Subcommittee on Higher Education, Lifelong Learning, and Competitiveness

Good morning. Thank you Mr. Chairman, for holding today's hearing on the Workforce Investment Act (WIA) in an effort to help us prepare to reauthorize the law. I look forward to working with you and my colleagues on both sides of the aisle in this effort. Judging from the conversations that we have had, I feel confident that we will make good, bipartisan progress on this bill.

The Workforce Investment Act (WIA) is the nation's primary assistance for unemployed and underemployed workers. Prior to Congress's 1998 WIA reforms, the nation's job training system was fragmented, duplicative and overlapping, and did not serve either job seekers or employers well. WIA now integrates employment and training services at the local level in a more unified workforce development system.

Through the Workforce development system, job seekers have access to job training, job counseling, and labor market information to help them get back on their feet. Since the 1998 reforms, WIA has dramatically improved the nations formerly disjointed workforce development programs. I look forward to continued success of WIA and to further improvements for American job seekers.

I would like to thank today's panel of witnesses for being here to discuss the law's successes and challenges, as well as their potential recommendations for improvement. It is clear there is still room for improvement, and I look forward to working with all of you during this process. I would also like to formally submit for the official record, the testimony of the Gary Earl, the President and CEO of Workforce Central Florida. Workforce Central Florida is the Orlando area's leading permanent placement agency and offers employment solutions to the community through its one stop centers and other innovative resources. While he could not be here, I think you will all find Gary's testimony to be both insightful and pertinent to our discussion today.

I yield back.

Chairman HINOJOSA. Thank you for your statement.

I want to add my experience in that when I came in 1996, we had the opportunity to rewrite this workforce act, and we changed

from a private industry council to the Workforce Solutions, what we call Workforce Solutions in my region.

The Workforce Investment Act was a new way of thinking and organizing. And coming from an area that had had three decades of double-digit unemployment rates, where we trained individuals for jobs that we hoped they would be able to find, we changed that completely to this new system.

And I am pleased to tell you that it has worked. It has worked, and we have had a single digit unemployment rate now the last 3 years. So I am pleased to be able to have this opportunity to be chair of this committee and to see how we can reauthorize this act and make it even stronger.

And areas like ours, Ric's and mine, that have rural areas that we represent are anxious to see how we can improve it.

Now I am pleased to be able to start with the introductions, and the first person I would like to introduce is Ms. Beth Butler, who serves as a vice president of employment compliance with Wachovia corporate headquarters in Charlotte, North Carolina.

Prior to her current position, she was a senior litigation consultant where she managed charges of employment discrimination for all lines of business. Beth has also served as vice chairman of the Alabama State Rehabilitation Council.

She brings a unique perspective to the dialogue on employment, since she is wife and mother and attorney who happens to have a disability. Legally blind since birth, Beth uses ZoomText software and other assistive technology to achieve her success at Wachovia bank system.

She has a bachelor's degree in foreign language from West Virginia University as well as a J.D. from Cumberland School of Law at Samford University in Birmingham, Alabama.

And I am looking forward to your testimony.

Also with us today is Mr. John Twomey, who has been the executive director of the New York Association of Training and Employment Professionals since January of 1987.

From 1976 to 1986, John directly administered youth and adult employment and training programs in the Bronx, New York City. He has received awards recognizing him for his excellent programs involving both youth as well as adult employment training programs.

Today he will also represent the National Workforce Association. John holds a bachelor's degree in communications from Fordham University in New York City.

Mr. Charles Ware is the CEO of the Wyoming Contractors Association and has served in that position for 11 years.

He also serves as the CEO of WCA's McMurray Training Center and is director of its Construction Careers Foundation, a 501(c)(3) foundation charged to develop and support education and training careers for Wyoming's construction and energy industries.

Charles was appointed by the Governor's Workforce Development Council in 1999 and since 2001 has been their chairman. He also serves as chair of the National State Workforce Board Association. Today he will represent the National Governors Association.

He holds a bachelor of arts from Santa Clara University and a master of arts degree from San Jose State University.

Mr. Mason Petit's career of public service begins with a military service in the Vietnam era. He has worked for various states and local government agencies since then and continues today with the Washington State Employment Security Department, where he is an employment counselor in the WIA unit, specializing in the Federal Trade Act program.

His duties include finding retraining and educational opportunities for dislocated workers whose jobs have been lost overseas as a result of international trade agreements under GAAP and under NAFTA.

He has been an active member of the Washington State Employees Union Local number 1221. And today he will also represent the American Federation of State, County and Municipal Employees, the AFL-CIO.

Mr. Joseph M. Carbone is the president and CEO of the Workplace Incorporated, Southwestern Connecticut's Workforce Development Board.

His organization serves more than 22,000 people and over 200 businesses a year in a 20-town region, bridging Fairfield and New Haven Counties.

Joe is a champion for regional workforce and economic development initiatives such as WIRED, a very important program in the Department of Labor.

Mr. Carbone has worked in the private sector with Textron and the Allied Signal Corporation. Joe has a bachelor of science in economics from Quinnipiac University and lives in New Haven.

Welcome.

Now it gives me great pleasure to yield to Congressman Souder from Indiana, who will present our next witness.

Mr. SOUDER. I thank the chairman.

In Fort Wayne, Indiana, we are proud to still—in northeast Indiana, my congressional district has the highest percent manufacturing left in the United States—highest congressional district.

We have done that through innovation, innovation, innovation. We went from SEDA to JTPA when Senator Dan Quayle authored the Job Training Partnership Act with WIA, because when we lost 12,000 manufacturing jobs from Harvester, 10,000 from G.E. in a city that has African-Americans, Hispanics, now thousands of refugees from Burma, Bosnia, Darfur, it requires innovation.

And the flexibility and innovation that has occurred in Indiana over the last 20 years has a lot helped this happen. And Governor Daniels, working with Kathleen Randolph and others throughout our state, has led to this.

Kathleen is president and CEO of Partners for Workplace Solutions, the agency contracted by the Northeast Indiana Regional Workplace Board to oversee and develop workplace systems.

She has spent her career in community workforce and economic development. Prior to her present position, she was an independent consultant developing and executing projects for public and private foundations across the country.

She co-authored publications on youth and trusteeship, public service and civic leadership.

Kathleen has developed and implemented several DOL demonstration projects; most notably, Lifelong Learning Accounts, Ca-

reer Advancement Accounts and the president's Faith and Community-Based Initiative, which received recognition by the U.S. Department of Labor as a promising practice.

She holds a B.S. degree in human resources development and an M.S. in public administration. She is a certified youth development professional and is a certified master trainer in facility and lives in Fort Wayne, Indiana. It is a great honor to introduce her today.

Chairman HINOJOSA. Thank you.

I am pleased to welcome one of our members and the ranking member of the Education and Labor Committee, the gentleman from California, Congressman Buck McKeon.

Thank you for joining us this morning.

Now we will start with our first presenter, Ms. Butler.

You may start.

**STATEMENT OF BETH BUTLER, DISABILITY AND
ACCOMMODATIONS CONSULTANT, WACHOVIA CORP.**

Ms. BUTLER. Thank you. It is a pleasure to be here. Thank you, Chairman Hinojosa, Ranking Member Keller and members of the committee, for inviting me to be here with you on this, the 17th anniversary of the signing of the Americans With Disabilities Act, to share with you how the programs under the rehabilitation act continue to have a positive impact on my life.

My life's journey began at age 4 when I was diagnosed with hypoplasia of the optic nerve, which is simply an underdeveloped optic nerve. My parents were encouraged early on to take me home and treat me no differently than my two older sisters, who were fully sighted.

And I applaud my parents, because that is exactly what they did. I remained in public schools through elementary school, middle school, high school, went to college, and went on to law school as well.

And now, as a contributing member of corporate America, I believe that it is that foundation that was laid by my parents early on through their encouragement and their unfailing love and support that laid the foundation to which I owe much of my success today.

Vocational Rehabilitation Services and the Florida Division of Blind Services specifically was the first agency that I was introduced to as early as third grade.

They attended the school. Probably once or twice a week a vocational specialist met with me and began to show me how to touch type on a large print typewriter. And that allowed me to type my papers in large print, making them easier for me to see.

Large-print textbooks were also provided through high school. And as the workload began to increase my junior year in high school, I was given my first CCTV, which is an assistive technology device that Vocational Rehabilitation Services provides, magnifying my books and other periodicals and things like that.

So that followed me all the way my 4 years through college, and when I graduated from college I decided to sit for the law school entrance exam, and did that.

That was provided to me in large print. Again, accessibility was critical for me to be successful. These programs provided those types of opportunities for me.

I went on to pursue the American dream and achieve the J.D. from Cumberland School of Law in Birmingham, Alabama, at Samford University.

And then V.R. was there yet again to make that transition from the educational realm into the competitive workforce. And they provided me with a computer with large print software, as you mentioned, the ZoomText, other assistive technology devices that would enable me to be productive in a legal library—perhaps not at home—able to have access to the assistive technology devices there.

The support that I received from my qualified vocational rehabilitation counselors was immeasurable through this process.

Now, as a wife, as a mother, as a contributing member of corporate America at Wachovia Corporation, working as vice president in employment compliance, and being able to contribute and put back into society and the community tax dollars and contribute in that way, it is a perfect example of the return on investment that this program demonstrates.

And I just am extremely supportive of the programs. Through my own experiences, I now, as a professional, am able to leverage those partnerships through the national vocational rehabilitation network so that our Wachovia employees have an opportunity to leverage those services in our footprint that goes across the U.S., including California, Florida, obviously North Carolina, Texas.

So these programs are absolutely critical to the work that we do. As we look at the men and women returning to our workforce, service men and women that will be coming back into our workforce, again, these programs are going to provide the unique support, the individualized support and services, that can make individuals with disabilities aspire and have the dreams and achieve those opportunities, as I was given the opportunity as well.

Thank you so much for your time, again, the invitation, and we appreciate your continued support in these programs. Thank you.

[The statement of Ms. Butler follows:]

**Prepared Statement of Beth Butler, Disability and Accommodation
Consultant, Wachovia Corp.**

Chairman Hinojosa, Ranking Member Keller and Members of the Subcommittee, thank you for inviting me to be with you today on the 17th Anniversary of the signing of the Americans With Disabilities Act (ADA) to discuss how the programs under the Rehabilitation Act continue to have a positive impact on my life.

My name is Beth Butler and it is my pleasure to be with you today to discuss a program that has assisted me immeasurably in my journey through public education, beginning in elementary school, continuing in middle school, high school, college, law school and now as a contributing member of corporate America as Vice President of Employment Compliance at Wachovia Corporation, where I work as the Disability and Accommodations Consultant.

About Wachovia

Wachovia is the fourth largest bank holding company in the United States with 3,400 Financial Centers in 21 States, including Texas, Florida and California. I am proud to be with Wachovia, which was ranked in 2007 among the Nation's "Top 10 Companies for People with Disabilities" by DiversityInc. Magazine.

Wachovia is committed to being an inclusive company where people are treated fairly, recognized for their individuality, promoted based on performance and encouraged to reach their full potential.

Wachovia also remains committed to supporting all individuals with disabilities, including our military servicemen and women as they transition back into the workforce, as well as individuals with disabilities from diverse backgrounds who come to the Vocational Rehabilitation (VR) program for the excellent supports and services that they receive from qualified rehabilitation counselors and other qualified staff.

As you may know, a National Memorandum of Understanding between VR and the Veterans Administration has facilitated meaningful collaboration between these two entities, benefiting both our returning veterans and their employers. Wachovia's Recruiting Division has created a recruiting strategy to specifically attract military talent and, in 2005, Wachovia received the Secretary of Defense Freedom Award—the military's highest honor for a civilian employer—for its support of our National Guard and Reserves. Military Spouse Magazine also recently ranked Wachovia 5th on its list of the Nation's "Top Military Spouse Friendly Employers."

Vocational rehabilitation is a life-long journey

My life's journey began in Florida at age four when I was diagnosed with congenital Hypoplasia (underdevelopment) of the Optic Nerve. My doctor challenged my parents early on to treat me no differently than my two older sisters who were fully sighted. My parents did exactly that. As a child I remained in public school participating in various activities including softball, both slow pitch and fast pitch, in high school I marched in the band, was captain of the dance team and played basketball. Through it all, I never once heard my parents utter the words "You can't do that because you are legally blind." Through their unfailing love, support, and encouragement a foundation was laid that would set the stage for my future successes.

As a young person with a disability, I was introduced to Florida's Division of Blind Services in third grade. I met once a week with my qualified rehabilitation specialist who taught me to touch type on a large print typewriter. This allowed me to type my papers in the classroom making them easier for me to read. In high school my textbooks were provided in large print and as my workload increased my junior year, VR introduced me to my first CCTV that would later follow me through my four years of college. I also remember taking a large print ACT and other standardized exams in the public school system.

Upon completing my Bachelor's degree in foreign language at West Virginia University, I decided to sit for the law school entrance exam and again received the exam in large print. VR support continued as I sought to fulfill the American Dream and achieved a JD from Cumberland School of Law at Samford University in Birmingham, Alabama, which VR helped to finance. Following completion of law school, VR remained committed to my success, ensuring that I had a computer with large print software and other assistive technology that allowed me to enter a competitive workforce with confidence.

Now fourteen years later, I am a wife, a mother and a contributing member of corporate America. While my needs have changed, VR's commitment to my success has not.

When my job began to require more travel, I contacted VR, and through their qualified staff, obtained a monocular that provides me with added confidence on business trips as I maneuver through unfamiliar airports and hotels in cities across the U.S. At Wachovia, we believe that we are at our best when employees are fully engaged with their families, their friends, and their communities. My monocular assisted me in more fully engaging with my son who began to realize that while I may have been attending his special musical programs at school, I was not able to see him waving at me from the stage. My monocular now allows me to see my son's beaming face, smiling and waving at his mommy sitting in the audience. Now when he says, "Mommy, did you see me?" I can honestly say, "Yes, buddy, I saw you."

Clearly, a relationship with VR is a lifelong journey. My relationship with VR remains strong. As an HR professional, I now collaborate with the National VR-Business Network to ensure other business leaders and people with disabilities have access to the same valued resource that can turn dreams and aspirations into reality.

As far as a return on investment, I am the ultimate return on investment and now remain committed to helping others live the American Dream in achieving a quality education, supporting a family, having a career, owning a home and living independently and inclusively in the community. I understand that the return on investment in Alabama, one of the VR programs I was served by, is \$20.69 for every dollar invested in my rehabilitation. From a banking and finance perspective, that is an excellent return and a great investment of taxpayer dollars.

Recommendations to reauthorize vocational rehabilitation programs

On behalf of the National Rehabilitation Association (NRA), the Council for State Administrators of Vocational Rehabilitation (CSAVR) and myself as a consumer of the VR 2 program, I would like to bring before the Committee a number of important issues to consider in the reauthorization of the Workforce Investment Act, including Title IV of the Rehabilitation Act of 1973, as amended.

Since I was served by the VR program, the number of individuals with disabilities seeking the excellent services and supports offered by the VR program has greatly increased. Currently, I am told that only 1 in 20 eligible individuals with disabilities is being served by the program and, in some states, there are long waiting lists for services, including as many as 9,000 individuals.

Over the past 4 years the number of seriously wounded warriors alone returning home from Iraq and Afghanistan and seeking services from both the VR program and the VA programs has overwhelmed the Veterans Administration and impacted the number of eligible individuals served by the VR program.

Like you, I have been reading the stories about how the VA is having difficulty serving the numerous returning veterans who are suffering from Post Traumatic Stress Disorder, a Disorder, which unattended, can and has destroyed the quality of life for so many of our veterans. Vocational Rehabilitation Counselors have the expertise to assist individuals with traumatic brain injuries, spinal cord injuries, and post traumatic stress disorder, in obtaining, retaining or regaining employment, and State VR agencies in some states have been asked by the VA to assist them in serving these individuals.

Another important consideration is the issue of aging and the workforce. Many baby boomers will choose to, or in some cases must, remain in the workforce. The greatest incident in an aging workforce occurs with vision impairment, blindness, hearing loss and deafness. Many of these disabilities qualify the older worker for services provided under the VR program. Therefore, it is going to be critical that Congress and employers alike recognize that additional funds are needed not only to support the existing population, but to accommodate the thousands of individuals with disabilities who will seek VR services over the next several decades.

But the VR program over time has been stretched to its capacity. Accordingly, we respectfully request that this Committee consider additional funding for Title I of the VR program. More specifically, we ask that you consider legislative language be included in the VR reauthorization for an authorization of appropriations sufficient to serve all eligible individuals with significant disabilities, who want to work and become taxpaying citizens, including our returning veterans.

Relatedly, it is imperative to retain qualified personnel in the State VR agencies, some who are retiring and some who are leaving the VR program for better-paying jobs. Many of the qualified rehabilitation counselors in the State VR agencies hold Master's Degrees in rehabilitation counseling and related rehabilitation fields and have had years of experience in serving individuals with disabilities secure or regain a career, including those with the most significant disabilities.

One of the many hallmarks of the VR program, in addition to its individualized services and supports, is its qualified rehabilitation counselors and qualified rehabilitation personnel. We must maintain this level of expertise in the VR program. In order to do that, we respectfully request your consideration of a substantial increase in funding for Title III of the Rehabilitation Act to maintain the level of expertise that eligible individuals with disabilities have come to expect—a level of expertise that our returning veterans with disabilities deserve in recognition of the sacrifices they have made for our country.

Transition services for students with disabilities are also extremely important as they prepare to leave the educational system and enter post-secondary education, training, or employment. We fully support the Committee's recommendation that positive transition outcomes for students with disabilities should be enhanced. That said, without additional funding for this purpose, we are simply pitting deserving adults with disabilities, including veterans, against deserving students with disabilities, both of whom, if deemed eligible, the VR program serves.

As funds to support the program become limited, it is imperative that the Congress ensures that the funds dedicated to serving eligible adults and students with disabilities not be diverted to other populations. Accordingly, we respectfully request that the language addressing the responsibilities of the VR program and more specifically regarding the administration and operation of the VR program, be strengthened to assure that the supervision of staff, eligibility determinations, approval of the Individualized Plan for Employment (IPE), documentation of case closure, development of the budget and management of the program be the sole responsibility of the State VR director.

Another very important issue for the Committee to consider in your deliberations on the Rehabilitation Act is the importance of maintaining the discrete funding for programs which complement Title I of the Rehabilitation Act, including Projects With Industry (PWIs), Supported Employment, Migrants and Seasonal Farm Workers and Recreation. These important programs, which are accountable and successful and can be found in Titles III and VI, respectively, of the Rehabilitation Act should always maintain their discrete funding streams. Consolidating these programs into Title I of the Rehabilitation Act, which is tantamount to eliminating funding for these complementary programs, would only increase the waiting lists for VR services and further increase the unemployment rate of individuals with disabilities.

It is also important to explain why maintaining the integrity of the Office of the Commissioner of the Rehabilitation Services Administration (RSA) in the U.S. Department of Education as a Presidential appointment confirmed by the U.S. Senate is important to individuals with disabilities.

The RSA is the principal office responsible for the programs administered under the Rehabilitation Act of 1973, as amended. It has traditionally been the office that employs the greatest number of individuals with disabilities and serves as a role model for other federal and state agencies in hiring individuals with disabilities. It is also an inspiration to a person with a disability to see another individual with a disability employed at the highest levels of government.

The closing of their Regional Offices almost two years ago has already significantly diminished the RSA. With the closing came the loss of significant numbers of staff with expertise in the VR program for monitoring and for the provision of technical assistance services to State VR agencies, consumers and others. Monitoring and the provision of technical assistance are two enormously important considerations in maintaining program accountability.

Congress's continued commitment to maintaining the integrity of the Office of the Commissioner of RSA—many times an individual with a significant disability—sends a clear message to individuals with disabilities that it honors and supports their hard-won civil right to be educated, pursue careers and live independently in the community.

Regarding the reauthorization of the Workforce Investment Act (WIA), in which VR is a mandatory partner, we respectfully ask you to consider authorizing a separate, fully-funded line item to pay for infrastructure costs at one-stop centers, as opposed to having the mandatory partners pay these costs.

The VR program has always paid its full share of expenses no matter where the VR office is located. The VR program is currently paying millions of dollars each year in costs associated with being co-located at the one-stop centers. In addition, there are greater numbers of persons with disabilities served in the VR program that never visit or access a one-stop. Given that VR is already covering their costs in the one-stop centers, we would recommend again an authorization for appropriations for a line item for infrastructure funding rather than tapping partners' scarce resources to serve individuals, other than those with disabilities.

When a person with a visible disability comes to the one-stop center for services and the center is co-located with VR, that individual is sent to the VR office for services and the one-stop center, in turn, counts that individual as being served by the one-stop. Assuming the individual with a disability is deemed eligible for services by the VR agency, VR provides and pays for the individualized services and supports which include, but are not necessarily limited to, career counseling, guidance and development, vocational evaluation, job training by qualified rehabilitation counselors and career placement.

Given this situation, we respectfully request that in the reauthorization of the WIA that the Committee qualify what it means to be "served" at the one-stops.

As an individual with a significant disability, I fully appreciate the multiple barriers that individuals with disabilities face in entering or re-entering the world of work, including physical and programmatic accessibility to services, which in many instances is lacking at the one-stop centers. State VR offices, some of which I mentioned above, are co-located with the one-stops centers, and are fully accessible, both physically and programmatically, and have the qualified rehabilitation counselors and other qualified personnel in place and the experience in serving individuals with disabilities, including those with the most significant disabilities.

Turning to the issue of who serves on the State and local workforce boards, we strongly encourage the Committee to consider having both the State VR director of the General Agency and the State VR director of the Blind Agency, in those states that have a separate State Agency for the Blind, to serve on the local Workforce Investment Boards (WIBs). We also support the State VR Directors being on the State Workforce Investment Boards (SWIBs).

Because the VR program is a mandatory partner of the one-stop centers and is paying millions of dollars to be co-located with the centers, they must be at the table when the important decisions are made regarding funding and the direction of services, to assure that the interest of individuals with disabilities are adequately represented and considered in the decision making process. To do less, would be disrespectful to the millions of individuals who have been served by the VR program over the years and to all individuals with disabilities.

Thank you again, Mr. Chairman and Members of the Committee, for allowing me to share my personal perspectives on the benefits of programs under the Rehabilitation Act, and for allowing me to present the views of VR organizations on reauthorization of the Workforce Investment Act, including Title IV of the Rehabilitation Act. More important, thank you for supporting me and all individuals with disabilities who benefit from the VR program. Without the support of Congress, the support of my parents, and the excellent services I received from the VR program, I would not be here today.

Chairman HINOJOSA. Thank you, Ms. Butler. You are an inspiration to many. I am part of a team that is working on accessibility and affordability of higher education, and there are so many stories of people who have challenges ahead of them, but none as big as yours.

And what a wonderful role model you are, and we applaud you. Thank you very much.

Now I ask Mr. Twomey.

STATEMENT OF JOHN TWOMEY, EXECUTIVE DIRECTOR, NEW YORK ASSOCIATION OF TRAINING AND EMPLOYMENT PROFESSIONALS, ON BEHALF OF THE NATIONAL WORKFORCE ASSOCIATION

Mr. TWOMEY. Thank you, Mr. Chairman, Mr. Keller, distinguished members of the subcommittee.

Mr. McKeon, it is a pleasure to see you, sir.

I would like to begin my remarks by just thanking the Congress for the work that was done in the Workforce Investment Act of 1998. I think it was a visionary piece of legislation.

It changed 40 years of our federal workforce policy to a demand-driven system with two customers, job seekers and businesses. It allowed us really for the first time to do incumbent worker training in a time when job skill requirements are changing so rapidly.

I am here to report to you today that on the local level, we have continued to make progress. It has only been, in my state of New York, 7 years since we started this system. It is a pretty big system change—to urge you to augment and improve the act.

I do respectfully urge you to reauthorize WIA with a sense of urgency for two reasons. The first reason is a big global economic confluence of events, and time doesn't allow me to go into that, but it is covered in pages three to six in my testimony.

As the chairman in his opening statement noted, in the next year we begin the exodus of baby boomers. We have demographic shifts I think larger than most people realize.

The change in educational payoff is an opportunity but a threat to our young people of color that are dropping out at the frequency the chairman mentioned.

I think our global competitors think they are in a fight. I don't know we fully believe that yet. We have challenges to our immigration policy, and not just the threat, which are real, of offshoring but technological change.

The second reason is really in the act itself and is caused by the fact that we are going on 5 years trying to get the Workforce Investment Act reauthorized. As Mr. Keller mentioned, this should be a very bipartisan piece of legislation.

A skilled, globally competitive workforce certainly is. And although I recognize you are the authorizing subcommittee and it is—this is going to sound a little bit like I am getting into appropriations, the issue of definition of expenditure versus obligation is more than a footnote.

Because we are not authorized, I just respectfully but vigorously disagree with my colleagues in the U.S. Department of Labor that the system is awash in unspent money.

I know you had Sigurd Nilsen of GAO here on June 28th in the first hearing, and we agree completely with their findings that the way the department is counting unspent money does not reflect obligations. Mr. Nilsen also acknowledged that USDOL's own office of inspector general said the same thing.

In my state of New York, from July 1st, 2001, to the present, we received in WIA Title 1(b) funding \$1,536,278,587. And in that time period, we returned zero, not one penny, to the federal treasury, because we spent that money as a strategic investment in the time frames you, the Congress, authorized in the Workforce Investment Act of 1998, 2 years at the local level, 3 years at the state level.

Because we are not authorized, and money is so tight because of the deficit and ongoing war in Iraq and Afghanistan, the ongoing need to rebuild after Hurricane Katrina, the funding that we need to meet the challenges our global competitors fully embrace—we become a piggy bank for other worthy programs.

And just July 19th, in the House appropriation bill, which the National Workforce Association supports—we think it is a good bill. But the recision in there, just in my state alone, would reduce \$28 million—the funding we have for absolutely desperately needed services, even in a time of low unemployment, our job churn is so great.

My other more detailed recommendations are in my written testimony. I would like to thank you again for your leadership and your vision in enacting the Workforce Investment Act of 1998.

I would like to urge you to reauthorize it with a sense of urgency and thank you for the ability to appear before this subcommittee today. Thanks.

[The statement of Mr. Twomey follows:]

Prepared Statement of John Twomey, President, National Workforce Association

Introduction

Chairman Ruben E. Hinojosa, Mr. Keller and the other distinguished members of this Subcommittee, my name is John Twomey, and I am the president of the National Workforce Association (NWA). In my other life, I am the CEO of New York's workforce association, NYATEP.

In my testimony today, I will discuss very briefly, from NWA's perspective, why we believe it is critical to the country's competitiveness that the Workforce Investment Act be reauthorized this year. I will then discuss NWA's reauthorization positions related to four key areas. We hope that this information will be helpful to the Subcommittee as you develop your Reauthorization bill.

Before I begin my formal testimony, I would like to take this opportunity to applaud this Committee and the Congress for your effort in authoring the Workforce Investment Act (WIA). It was a significant step to move from 40 years of supply-side federal workforce policy focused only on the jobseeker, to adding a demand-driven employer customer to a locally designed and delivered workforce investment system.

As you hopefully prepare for reauthorization, I strongly urge that you build upon the locally-driven, private sector-led vision that you established in the Workforce Investment Act, taking care to make only those changes to current law that strengthen the capacity of local areas to build comprehensive and relevant workforce investment systems.

In this increasingly global and changing economy, preparing a highly skilled workforce is the only way the United States can successfully compete in the future. The National Workforce Association believes that the establishment of a comprehensive workforce investment system, overseen by strong local workforce boards with services provided through a one-stop delivery infrastructure, was and continues to be a visionary way to address the economic challenges we face as we move further into the 21st Century.

NWA believes that we are at a pivotal time in the history of the United States. On the one hand the challenges tearing at our labor market have never been more severe, nor more dangerous to our standard of living; yet, while our global competitors consciously and vigorously invest in the skills of their workforces, the U. S. federal investment in worker training continues to dangerously erode.

The Problem—Factors greatly affecting the U. S. labor market over the coming years require urgent responses:

1. The impending baby boomer retirements
2. Huge shifts in the country's demographic composition
3. The greatly increased payoff on post-secondary education
4. What our global competitors are doing, that we are not doing
5. The effects of immigration, and immigration policy, on our workforce
6. The direct relationship of technological advances to the loss of low skilled jobs

The impending baby boomer retirements: The oldest baby boomer turned 61 years old this year. According to the Bureau of Labor Statistics (BLS) in 2000, 13% of all U.S. workers were from the generation before baby boomers, while a full 48% of the country's workers were baby boomers. In other words, 61% of our workers were boomers or the previous generation. BLS further predicts that in 2010, these numbers will drastically drop to 3% pre-boomers and 37% boomers. If BLS is correct, then over a 10 year period—but particularly beginning in 2008, the United States will be looking to replace 21% of its workforce from a decade earlier; a cadre that is generally well skilled and has a good work ethic.

Some say this won't happen. "Boomers love to work," or "The boomers haven't saved enough to retire". Yet, entire physically demanding industries are deeply dependent on baby boomers—nurses, or electrical utility repairman, for example. Even those baby boomers that continue to work may not be able to continue in the physically demanding jobs they hold today. If this were a stand alone challenge, it would be difficult to overcome but we could do it.

The magnitude of the demographic shift now underway: According to the Census Bureau, in 2003, 73% of all U.S. workers were white non-Hispanic. By 2050 the numbers change dramatically. In fact, by 2010, just as the baby boomers start retiring, the shift is already well underway.

USA			
	2003	2010	2050
White (non-Hispanic)	73%	65%	53%
Hispanic/Latino	11%	16%	24%
Black	12%	13%	14%
Asian	5%	7%	11%

As the large cohort of baby boomers leaves the workforce, we will have to adjust to large cultural and demographic shifts also, in addition to finding a way to better educate populations who currently have a significant high school non-completion rate. While the African American population numbers are relatively steady, and even though the Asian numbers double, the real growth in the U. S. labor market is the Hispanic/Latino cohort. In 2003, approximately 10% of the total workforce, seven short years later Hispanics soar to one out of 6; and by 2050, they will be one out of four workers.

In many states, this shift is similar but it is already greatly accelerated. According to a recently released report by The National Center for Public Policy and Higher Education entitled Measuring Up 2006, this dramatic demographic shift in my state, New York is happening faster than nationally. This report says that for New York, here are the actual demographic breakouts in 1980 and 2000, and the projected numbers for 2020.

NEW YORK STATE

	1980	2000	2020
White (non-Hispanic)	76%	64%	56%
All Minorities	24%	36%	44%
African Americans	12%	15%	15%
Hispanics/Latinos	9%	15%	20%
Asian Americans	0.2%	5%	10%

The increased payoff on educational attainment: This third factor reflects a massive change that has taken place over the past 15 years. By itself, it presents great challenges to how we provide every American the skills they need to compete and thrive in this global economy. Coupled with the boomer retirements and the demographic shifts, this is where the enormity of what we must do to keep the country competitive starts to become clear.

According to the Bureau of Labor Statistics, Employment Policy Foundation tabulation, at the conclusion of the recent “boom” years, from 1992 to 2002, we ended up nationally with 400,000 fewer jobs that high school dropouts could do. Shockingly, at the end of this 10-year period, while there were 2.6 million new jobs created nationally for those individuals with some post-secondary education, there were only 100,000 more jobs available to workers who had only a high school degree or less.

At the end of this ten year period, there were 2.2 million new jobs for those who completed a two-year community college education, or twenty two times more than high school education only! Another 2.4 million new jobs were available to two-year technical college graduates. And 6.4 million new jobs for four-year college completers and those who attained graduate degrees.

In a nutshell, since 1992 we’ve seen the decline of jobs that someone with only a high school degree or less could do. Jobs that probably had a pension of some sort, and most likely provided the worker’s family with health insurance.

What our global competitors are doing that we are not doing: In 1999, the United States graduated 1.3 million four-year college graduates. In 2005, we graduated slightly fewer than 1.3 million. China in 1999, graduated 950,000 four-year college graduates. But by 2005, China’s college graduation rose to 2.5 million. This didn’t happen without significant new investment. While I recognize that you are an Authorizing subcommittee, not the Appropriations subcommittee, I think as you work to improve the workforce system, that investments our competitors have been making underscore the urgency to reauthorize WIA this year.

In 1970, the U.S. had the highest 4-year college completion rate in the world; by the year 2000 we ranked # 7. In 1970, Ireland’s college graduation rate was 20%; today it is 48%, while ours is 39%. In Ireland, this is part of their national effort to increase all employees’ competency levels called One Step Up. In Ireland higher education is viewed as an investment not an expense, and the government pays the tuition. In the U.S. one of our main financial aid programs for poor students is Pell Grants, which have not been fully funded since their inception in 1980. Before the FY 07 joint funding resolution, the maximum Pell Grant had only been increased by \$50 over seven years. As education matters more and more, our competitors have been increasing their investments, while we instead address other difficult but competing priorities.

Immigration: According to the Center for Labor Market Studies at Northeastern University, 43% of all labor market growth in the United States over the past 5 years is due to immigration. In 1980, 7.9% of our labor force was foreign born; by 2000 that number had jumped to 15.8%.

Our threat here is that many of our working immigrants lack the literacy and educational levels to handle the large shift to new Knowledge Worker jobs. This challenge, coupled with the others noted above, leads us to believe that in fact the sum of this collective threat to our competitiveness is greater than the individual parts.

Technological change: While much of the media attention focuses on off shoring as cause of the turbulence in the U.S. labor market, in fact off shoring has only

caused 10% of job loss. 90% of job loss is due to replacement of workers by technology. While technology boosts productivity, replacing a receptionist with an automated phone response system is one reason why high school-only jobs are disappearing. Printing an airline boarding pass on your home computer translates to fewer gate attendants at the USAir counter, jobs that had a pension and family health insurance. EZ Pass on the New York State Thruway means fewer human toll takers who probably maintained a middle class lifestyle with only a high school credential. Registration kiosks at the Hilton Hotel on Connecticut Ave in Washington D.C. check many people into their rooms faster through touch screen choices of King size or two double beds, smoking or non-smoking.

Since 1992, vast numbers of jobs have been lost through these changes brought about by advances in technology. Our national challenge is to increase the skill levels of current workers and our emerging workforce, while replacing baby boomers, in such a way that those workers don't instead create an increasing pool of unskilled workers competing for ever-shrinking low skill/low wage jobs.

An important part of the solution—The Workforce Investment Act

One of our major weapons in this fight for global competitiveness is the Workforce Investment Act. NWA believes that significant progress has been made in every State in the short time WIA has been implemented, but it is important that we reauthorize WIA and make improvements so that it will be even stronger. In communities across the country innovative programs and strategies have blossomed as a result of the changed focus and flexibility provided in WIA to meet the needs of business and local economies in workforce areas, as well as the related needs of workers. As a result, we strongly believe that modest changes, not a dramatic overhaul, are needed in reauthorization. Reauthorization should result in necessary improvements and/or "fixes," and in the removal of barriers to program integration and innovation. Most importantly however, reauthorization should allow the positive evolution that is underway at the state and local levels to continue, building upon the private sector partnerships at the local level. Let me make a few specific recommendations—

1. Authority of Local Workforce Boards (WIBs). In order to fulfill the broad strategic vision Congress articulated with the passage of WIA, NWA recommends that:

- The private sector influence on the local WIBs should be bolstered by requiring local WIB membership to include at least 60% private sector representatives. Only public sector representatives with optimum decision-making authority should be allowed to serve on WIBs. Local WIBs should be appointed by local elected officials.

- WIBs should be given greater direct control over resources and programs beyond WIA I-B. The system should allow rural, isolated and non-metropolitan areas of any state to have more discretion on how services are delivered. This would allow these areas the flexibility to respond to their particular labor market needs without being forced into inappropriate "one-size fits all" approaches. WIBs should have their own separate title in the Act, which would make clear to all that their mission is broader than just (today's) WIA Title 1B.

- WIA reauthorization should clarify the essential, pivotal role that local boards are intended to play as conveners of key stakeholders for the development of local/regional workforce and economic strategies, and as brokers of training and related services, resulting in a highly skilled workforce.

- Monetary incentives should be provided to local Boards who achieve exemplary results through innovative activities such as: strategic plan development, community audits, partnership with economic development entities, leveraging of local workforce and economic development funds, identification and adoption of innovative business strategies such as sectoral, incumbent worker, and career ladder pathways. Incentives should be provided to local boards to work regionally to address the comprehensive education, workforce, economic and competitiveness needs of their regions.

2. One-Stop Delivery System. NWA agrees with the GAO that One-Stops are reducing duplication and increasing cost efficiency of the Federal workforce investment and partner programs. We further agree with the GAO that businesses know one stop career centers exist, and businesses have high customer satisfaction with one stop's services.

- NWA recommends that One-Stops be authorized in a separate, new title of WIA, to reinforce the fact that One-Stops are the primary infrastructure through which to access services in a comprehensive workforce investment system.

- While no one envisioned in the late 1990's when WIA was first being authorized the gigantic growth in broadband access to many American's homes, we do not believe that physical one stop locations can today be replaced by virtual one stops. In One Stops across this country, jobseekers with weak or no computer literacy skills

are personally assisted as they apply for jobs at companies such as Home Depot that only accept electronic applications.

- One of the failed promises of the Workforce Investment Act of 1998 is that the envisioned funding of one stop infrastructure by the federal partner programs has largely failed to materialize. In many cases, the cost of one stop infrastructure has been borne largely by WIA Title 1B and Wagner Peyser. In this turbulent labor market America's workers need the continued assistance and services of One Stops, but NWA recognizes that overly relying on WIA Title 1B and Wagner Peyser funding to support these One Stops has reduced the amount of training that could otherwise have been provided.

- Therefore, we believe that One Stop infrastructure funding should be part of any WIA Reauthorization legislation. One Stop Infrastructure funding is necessary for aligning all components of the workforce development system. NWA recognizes the difficulty in determining appropriate funding contributions to One Stop infrastructure in this time of severe budget constraints, however, we believe that securing and adequately funded One Stop infrastructure is of great importance to providing access to American workers and employers as envisioned in WIA.

- Finally, any separate line item for One Stop infrastructure funding must contain language protecting the Adult and Dislocated Worker funding levels to ensure that infrastructure is not funded at the expense of these needed formula funds.

3. Training. In order to fulfill the vision in WIA to build a world-class workforce and strengthen U. S. businesses, training must be available to both emerging and existing workers. The National Workforce Association agrees with those organizations that think more training should be provided, although we believe that addressing One Stop infrastructure funding will be one important step in increasing the number of workers trained.

- USDOL has claimed that only 200,000 people a year are trained under WIA. The National Workforce Association strongly disputes these numbers. The GAO has found that over 400,000 people a year are trained under WIA. But even GAO's numbers are lower than the actual numbers of workers receiving training. One Stop Career Centers across America are filled with workers engaged in skill enhancement activities like two week crash courses in Microsoft Office. Under current law, these activities, which the participating workers see as "training", are not reported as training. They should be included in the definition of training under WIA Reauthorization. One Stops across the country also do what the original WIA legislation asked them to do, leverage their limited funds. Yet workers who are referred from One Stops to Pell funded training don't show up in the WIA count. This too should be fixed in WIA Reauthorization. Finally, USDOL's numbers did not count people who received training under the Governor's 15% funds. In my state alone, thousands of people have been trained through strategic use of this WIA funding.

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

- NWA strongly believes that WIA Reauthorization should adopt a regression model for calculations of cost and wage gain measures to reflect the local economy and characteristics of populations receiving services. Failure to reinstate this regression model that existed under WIA's predecessor legislation the Job Training Partnership Act risks under-serving individuals with severe barriers to employment.

- Sectoral strategies which include career ladder approaches to help people move toward self sufficiency have shown great promise under WIA. They are best provided through contracted training, not Individual Training Accounts (ITA's). NWA believes that ITA requirements should be relaxed to allow contract training for sector initiatives.

- The employer match requirement for customized training should be a decision of the local WIB, and factors such as the size of the employer's business are important factors in that determination.

- WIBs should be allowed to spend up to 10% of their Adult and Dislocated Worker formula funds on incumbent worker training. This flexibility is needed to both target key industry clusters as well as to help move low wage workers up the career ladder. Performance measures will need to be adjusted, since earnings will increase less for an existing low wage worker than an unemployed worker who receives training and is then placed into a job.

4. Expenditures vs. Obligations. Because no accurate assessment of WIA spending can fairly rely on expenditures exclusively, WIA reauthorization should require USDOL to utilize some combination of expenditures, accrued expenditures, and legal obligations in determining spending for the system. Congress may want to consider using either "accrued expenditures" or "legal obligations" (encumbrances) in determining the redistribution of "unspent" funds, in reports to Congress on spend-

ing levels, and in determining funding recommendations. These terms must be clearly defined in the Act, and DOL should be required to collect this information from states and local areas, and should be required to utilize such data. Subsequently, technical assistance should be promptly provided to States and local workforce areas by USDOL. NWA's recommendations are consistent with the recent GAO study and findings on expenditures and obligations.

While you are the Authorizing Committee, the failure to reauthorize WIA has cost the workforce system millions of appropriated dollars since USDOL continues to erroneously insist that there are large sums of money not being spent. NWA strongly disagrees with USDOL's conclusion, as well as their continued insistence on using a reporting methodology that is not the one defined in the WIA legislation.

We respectfully point out that in his recent June 28th testimony before this subcommittee, Sigurd Nilsen, of the Government Accountability Office stated that:

- USDOL's "focus on expenditures without including obligations overestimates the amount of funds available to provide services at the local level."
- "The process used to determine states' available funds considers only expenditures and does not take into account the role of obligations in the current program structure. Our (GAO's) analysis of Labor's data from program year 2003 and beyond indicates that states are spending their WIA funds within the authorized 3 year period."
- "In fact, almost all program funds allocated in program year 2003 were spent by states within 2 years."
- Finally, Nilsen said that USDOL's "Office of the Inspector General (OIG) recently concurred, noting that obligations provide a more useful measure for assessing states' WIA funding status if obligations accurately reflect legally committed funds, and are consistently reported."

In my home State of New York, from Program Year 01 (PY01) to PY 07 we received \$1,536,278,587 in total WIA Title 1B funds. Every single penny was spent within the timeframe Congress authorized. That's right, New York State had zero funds recaptured. Yet based on this faulty USDOL argument that the workforce system is awash with funds, the House Appropriations Committee, July 11th, adopted a \$335 Million dollar Rescission to WIA funds. In my State, even though we spend every single penny as Congress has directed us, we will have \$28 million less to provide critically needed training to our workers, if this rescission stands.

NWA strongly urges you to address this issue this year. While our global competitors increase their investments in an educated and highly skilled workforce, failure to remove this fallacious argument risks WIA becoming the piggybank for other worthy domestic programs at the very time when we need to maximize our investment in our workforce.

Conclusion

For many years Workforce Development policy has been an area of strong bipartisan agreement in the Congress. The National Workforce Association believes that there are immense benefits to the workforce development system that can be derived by fine-tuning WIA in reauthorization. In these critical economic times, we hope that the Committee on Education and Labor, and the House will build on WIA's growing successes rather than making radical changes to a system that has just begun to see major improvements. The Workforce Investment Act has indeed moved the nation forward toward the goal of having a single, comprehensive, and customer-friendly system where all American workers and employers can receive the information and services they need to succeed in today's rapidly changing labor market.

NWA stands ready to work with you and the committee staff as reauthorization moves forward. Chairman Hinojosa, that concludes my remarks. I want to thank you again for this opportunity to testify before the Subcommittee. I welcome any questions that you may have.

Chairman HINOJOSA. Thank you very much, Mr. Twomey.
Now I call on Mr. Petit.

STATEMENT OF MASON A. PETIT, WASHINGTON STATE EMPLOYMENT SECURITY, ON BEHALF OF THE AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, AFL-CIO

Mr. PETIT. Good morning, Mr. Chairman. My name is Mason Petit. I am a trade adjustment assistance counselor from Spokane, Washington.

I am representing the Washington Federation of State Employees and the American Federation of State, County, and Municipal Employees. I appreciate appearing today and ask that you include my full statement in the record.

Mr. Chairman, the present workforce system is seriously out of balance. Federal leadership has shrunk in favor of devolution. The voice of workers has been almost silenced. And publicly administered systems have been neglected.

WIA has obscured the distinction between local WIA programs and the state employment service. WIA no longer targets low-income groups or requires any spending on training services.

All job seekers must first go through core services which are similar to Wagner-Peyser labor exchange services. Core services are becoming the only WIA service in some areas and are beginning to fill in for the drastic decline in funding for the statewide labor exchange system.

These factors have played out in my area. When I started at the job service in 1978, we had a wide range of Wagner-Peyser staff and resources. We marketed our services to employers and industry specialists and worked personally with job seeker to evaluate their skills and needs.

Today, we have only five employment specialists, compared to 25 in the early 1980s, and no ability to work personally with employers or develop industrial expertise.

Not all of our state employees are paid through Wagner-Peyser, however. WIA has contracted with the state employment service agency to provide public labor exchange services.

Until recently, our local WIA board funded two One-Stop centers, WorkSource Spokane, a full-service public center operated by the state employment service, and an affiliate center run by a private non-profit, Career Path Services.

WorkSource Spokane referred all job-ready individuals to the public labor exchange services provided through Wagner-Peyser. For other job seekers, we developed an employment plan and referred them to appropriate WIA-paid training.

In contrast, Career Path Services resisted referring WIA-eligible job seekers to training and relied heavily on self-help systems that can't help workers understand the full range of available WIA services.

Career Path Services evolved into a publicly funded private job placement operation that duplicated the employment service work. Low cost and quick turnaround was the rule.

As of July 1, Career Path Services is managing all WIA-funded services in Spokane County. Now, our WIA-funded state employees in WorkSource Spokane can't provide workers the full range of available services.

Money for training and support services has been drastically reduced. We think Congress should clearly distinguish the roles of various parts of the workforce system so that the state employment service becomes the primary provider of labor exchange services, allowing WIA to focus on training and intensive services.

We urge you to require that at least half of WIA funds pay for training and rebuild the Wagner-Peyser system as a strong state and interstate system of publicly provided labor exchange activities. Such a strategy would benefit both systems.

A publicly operated statewide labor exchange provides many benefits. It is where unemployment insurance and TAA recipients enter the workforce system. It provides WIA rapid response services.

It develops and analyzes statewide labor information that can help guide state, regional and local economic development strategies and the content of effective training.

A statewide structure also has flexibility that local programs don't have. It can shift staff around to respond to emergencies and fill in gaps where resources are scarce or don't exist.

For example, when the TAA caseload in the Spokane area pushed 400, the state employment service provided resources for two additional staff to help me while our needs lasted.

The state employment service also helped coordinate the recruitment effort for the massive cleanup after the eruption of Mount St. Helens, and Virginia conducted a similar shifting of staff to northern Virginia after 9/11.

This structure could not have been patched together from private or solely local sources at the last minute.

The public state operated labor exchange structure also is important in rural states and rural parts of states, especially for agricultural employers. Private companies prefer to work in urban and suburban areas where the work is more profitable.

Despite the value of statewide public labor exchange, DOL has proposed legislation and regulatory change to end it. AFSCME strongly opposes DOL's attempt to end the public labor exchange system and privatize publicly operated state agency programs.

We believe that WIA and Wagner-Peyser should be complementary, not competitive, parts of the same system.

Thank you for this opportunity to appear here today. We look forward to working with you. And I would be happy to answer any questions.

[The statement of Mr. Petit follows:]

Prepared Statement of Mason Petit, Employment and Training Counselor, Washington State Employment Security, on Behalf the American Federation of State, County and Municipal Employees (AFSCME)

Good morning Mr. Chairman, my name is Mason Petit. I am a trade adjustment assistance counselor from Spokane, Washington. I'm here representing the Washington Federation of State Employees (WFSE) and the American Federation of State, County and Municipal Employees (AFSCME). We appreciate the opportunity to appear here today.

The AFL-CIO is submitting to the Committee a detailed statement for the record with which we fully concur. I would like to use my time today to emphasize several points. First, the workforce system is out of balance and second, important parts of it have been neglected and need to be revitalized.

The enactment of The Workforce Investment Act (WIA), along with its administration by the U.S. Department of Labor (DOL), has accelerated a process that

began several decades ago. Federal leadership in workforce policy has continued to shrink in favor of devolution; the voice of workers has been almost silenced; the positive contributions that labor unions make generally have been ignored; and publicly administered systems have been neglected in favor of various publicly-funded but privately-provided services.

There are many examples of this process. Among them are DOL's elimination of American's Job Bank, the largest electronic listing of job openings in the world with links to the job banks of all the states and the web sites of private placement agencies; the marginalization of organized labor in the workforce system; the defunding of the AFL-CIO's Working for America's Institute which provided technical assistance to local unions participating in federal workforce programs, the lack of emphasis in workforce policy on training for good jobs, and the distortion of the one-stop concept, which, in our view, has become a mechanism for those wanting to merge programs, including large state agency systems, together under the direction of local workforce boards and, in many cases, of private companies.

DOL contends that WIA and the Wagner-Peyser state employment service duplicate functions while others have criticized WIA for providing very little training. In fact, there is some validity to both assertions for a number of reasons.

Chronic underfunding of state Wagner-Peyser grants has led to a serious deterioration in the capacity of the state public labor exchange. WIA resources have declined steadily in recent years also. These funding reductions exacerbated the tensions between the public state agency systems and local WIA-funded, privately-provided activities, as each have sought to survive in a hostile financial environment. At the national level, this tension was most noticeable in the debate about infrastructure funding in which organized labor, along with most other stakeholders, has supported separate funding for local one-stop operations instead of mandating a transfer of funds from state agency programs.

Policy changes made when WIA was enacted also have contributed to the current situation. WIA no longer has the low-income eligibility targeting of previous employment and training programs and lacks the requirement for 50 percent of the funds to be used for training services. WIA also has a sequence of services requirement in which core services, which are very similar to the Wagner-Peyser labor exchange services must be provided to job seekers first. These policy changes have helped to obscure the distinction between the local WIA programs and state agency systems, especially the state employment service.

These factors have played out in my own state and city. When I started work at the Job Service (the state employment service) in 1978 in the Wenatchee office, and later when I transferred to the Spokane office where I now work, we had a wide range of staff and resources. We had Job Service Representatives who went to employers to market our services. This system was augmented by occupational specialists for major occupational areas. They maintained relationships with area employers and their human resource departments to provide direct screening and referral services to them. They also were personally familiar with many of the job seekers and their skills and provided them with counseling, testing and other services. In addition, we maintained relationships with local radio stations and television stations and routinely announced jobs to the general public. All of these relationships enabled us to serve both employers and job seekers well.

The Labor Market and Economic Analysis (LMEA) branch of the employment service provided further support for these services. It developed and made available publications for both employers and job seekers to further refine their needs and understandings of the marketplace where they lived and statewide.

Over the years, however, this system of services was slowly picked apart as resources declined. One of the first things to go was the system of Job Service employer representatives. Then the occupational specialist system was dismantled and replaced with generalists who focused on serving job seekers but didn't have the relationships with the employers. Today, we have only five employment specialists compared to the 25 we had in the early 1980s.

Not all the state agency employees providing labor exchange services have been paid through Wagner-Peyser funds in Washington State. The Job Training Partnership Act system and now the WIA system have contracted with the state employment service agency to provide public labor exchange services.

Until very recently, the local WIA board in Spokane, the Workforce Development Council (WDC), awarded funds to two one-stop centers which competed for WIA funds: WorkSource Spokane, a full-service public center operated by the local employment service office, and another affiliate center run by a private non-profit organization, Career Path Services.

Under WorkSource Spokane, WIA funds were used to hire state employees to provide workforce services. WorkSource Spokane referred all individuals with skills in

demand in our labor market to the public labor exchange provided through Wagner-Peyser. For WIA eligible participants, we provided an employment plan that outlines a path through WIA funded activities, including training. We referred all individuals who could not return to work without retraining to three different forms of WIA paid training: 1) short-term in-school employment/vocational training; 2) long-term in-school employment/vocational training; and 3) employer-based on-the-job training.

In contrast, Career Path Services resisted referring WIA eligible job seekers to training, and, instead, enrolled as many individuals as possible who did not need training. They relied heavily on self-help systems that do not provide a clear understanding of the full range of services available to eligible WIA participants. In this way, they could report statistics showing large numbers of people enrolled, "assisted", and placed, all with low costs and quick turn around. As a result, Career Path Services evolved into a publicly-funded private job placement operation that duplicates much of the Wagner-Peyser employment service work. Unique WIA services are not provided, and new training is not explored.

As of July 1, 2007 Career Path Services has taken over management of all WIA-funded services in Spokane County. Under their new protocol, WIA-funded state employees in WorkSource Spokane no longer can provide unemployed workers the full range of available services. Money for training and support services has been drastically reduced.

AFSCME believes that it is important to separate out and clarify the roles of various parts of the workforce system. In this regard, I would call your attention to the following statement in the FY 2008 Labor, Health and Human Services and Education Appropriations bill:

"The Committee believes that the labor exchange activities provided by state employment service agencies should be the primary source of core services for local one-stop systems, thus freeing up Workforce Investment Act funds to focus on intensive services and training, and begins a process of restoring the capacity of the Employment Service to provide this key labor exchange role through this increase in state grants."

We think there are appropriate statewide and local roles which can compliment each other instead of competing with each other. We strongly support the recommendation of the Appropriations Committee. We also urge you to establish a requirement for at least 50 percent of WIA funding to be used for training services and to rebuild the Wagner-Peyser system as a strong state and interstate system of publicly-provided labor exchange activities. Such a strategy will be mutually beneficial to both systems.

A publicly-operated statewide labor exchange provides many benefits. They include early interventions to provide rapid response services when plants close; job matching and career counseling services to workers, including those filing for unemployment insurance benefits and trade adjustment assistance (TAA) with state unemployment insurance agencies; the provision of a statewide information network to support and guide local area workforce activities; information systems and analysis that can help guide state, regional and local economic development strategies and inform the design of effective training programs in emerging industries and good jobs; and employer services, especially for those that move into an area as part of an economic development plan.

In addition, a statewide structure has flexibility that local programs do not have, especially the ability to shift staff to different parts of a state during emergencies and to work on a regional and interstate basis. This flexibility allows states to fill in gaps where resources are scarce or not available, including supplementing veteran services and TAA support around a state when needed.

For example, because the TAA program does not provide funds for case management, historically this responsibility has been assumed by the Wagner-Peyser employment service as trade impacted workers file for unemployment and TAA benefits. During the late 1990s and early 2000s, the TAA caseload in the Spokane area pushed 400. The rest of the state also experienced other layoffs as large companies like Boeing, Weyerhaeuser, Georgia Pacific, Keytronic Corp., Seneca Foods, Columbia Lighting, Bayliner/US Marine, Kaiser Aluminum, Agilent Technologies and Telect laid off large numbers of workers. The statewide employment service was able to move money to provide additional resources for staffing where needed. I gained two additional staff members. As other areas' needs increased and the Spokane area needs decreased, the resources have shifted.

The statewide public labor exchange also plays an important role in disasters. When Mt. St. Helens erupted in May 18, 1980, several communities were particularly hard hit, including Moses Lake, Yakima, Ellensburg and Spokane. Clean-up from this natural disaster took the coordinated effort of many agencies. The Wash-

ington State Employment Security Department used its Wagner-Peyser resources to help coordinate the recruitment effort for the massive clean-up. As things returned to normal, Employment Security re-deployed its resources back to their original purpose. The state of Virginia conducted a similar shifting of staff to the northern Virginia area after the 9/11 attacks. In neither case could this structure have been patched together from private or solely local sources at the last minute.

Some states, such as Ohio, have created a flexible workforce trained in employment services, unemployment insurance, trade adjustment assistance, labor market information and outreach services that allows the state to provide more universal labor exchange services capable of responding to emerging local needs. I, myself, am trained to provide information in a variety of services. As a public employee in our multiple services system, I have access to a robust database of information, and can easily advise the unemployed worker about such diverse topics as unemployment insurance, TAA benefits, placement services, training options, services available in neighboring states, financial aid, veterans' services, felon's services, Labor Market and Economic Analysis (LMEA) and other specialty information not easily accessed and interpreted by the public.

The public state-operated labor exchange structure is especially important in rural states and rural parts of states, where local and private placement companies are weak or non-existent. Private companies tend to prefer operating in urban areas where opportunities to make money are greater.

Rural employers, especially agricultural employers, need the state public labor exchange to help them hire and retain farm workers. The Migrant Seasonal Farm Worker (MSFW) program is supported, in part, by Wagner-Peyser funding. Recently, the Washington state Wagner-Peyser agency sent employment service counselors out to farms with laptop computers to work with their employment needs. This activity is not profitable for private providers and is, therefore, less attractive.

Despite the value of a statewide public labor exchange, however, the administration has proposed legislation to block grant the state employment service with WIA. When WIA reauthorization stalled, DOL last winter proposed new Wagner-Peyser regulations to eliminate the requirement for state civil services employees to administer the labor exchange program. The effect would have been to create a state option to block grant these programs or turn Wagner-Peyser funds over to private contractors, both of which AFSCME has strongly opposed throughout the legislative process.

AFSCME continues to strongly oppose attempts to block grant state agency programs with local WIA programs, to privatize publicly operated state agency programs, and to fund the WIA system through funding from other programs.

In particular, I want to call your attention to the fact that enactment of WIA reauthorization without codifying the current regulatory requirement that the Wagner-Peyser system be publicly operated and statewide will allow the administration to proceed with its regulatory strategy to destroy this system. AFSCME would oppose any legislation that does not reinforce the current public administration policy.

In summary, Mr. Chairman, AFSCME believes it is counterproductive for WIA and Wagner-Peyser to compete with each other. Wagner-Peyser employment service public employees can serve and match job-ready workers with employers seeking employees. WIA can help unemployed workers who need additional services in order to compete in the labor market. In this way, the two systems can mutually support each other.

Thank you for this opportunity to appear here today. We look forward to working with you and I'd be happy to answer any questions.

Chairman HINOJOSA. Thank you.
Now I call on Charles Ware.

STATEMENT OF CHARLES WARE, CHAIR, NATIONAL ASSOCIATION OF STATE WORKFORCE BOARD CHAIRS, ON BEHALF OF THE NATIONAL GOVERNORS ASSOCIATION

Mr. WARE. Thank you to Ranking Member Keller, members of the subcommittee. It is an honor to testify on behalf of the National Governors Association on the reauthorization of the Workforce Investment Act.

Just a few days ago, the nation's governors convened in Traverse City, Michigan, a state confronted by economic transformation, to discuss innovations.

As evident in Michigan and even my home state of Wyoming, our nation's workforce has significantly changed since the passage of WIA almost a decade ago.

Without bold reforms to WIA, our current workforce system will struggle to equip American workers with the skills necessary to remain competitive in the global economy.

Last week the governors released 13 WIA recommendations with the National Association of State Workforce Agencies and the National Association of State Workforce Board Chairs that would help states and local communities create efficient, nimble and coordinated workforce systems.

The recommendations reflect four core principles that the governors believe must be central to the WIA reauthorization.

One, to enhance program coordination and flexibility. Two, align workforce education and economic development needs and strengths. Three, improve training services. And four, reduce administrative costs.

Let me point out two specific ways that the governors believe that Congress can promote state workforce innovation.

First, Congress should provide governors with expanded WIA funding flexibility and transferability. Funding flexibility is critical to improve services, strengthen partnerships, target resources to state and local needs and align workforce programs.

Congress should eliminate the arbitrary requirements to spend a percentage of youth funds on out-of-school or in-school youth. Such constraints are outdated and out of touch with the current high school reform efforts.

Encourage state innovation. Our economic strength depends on the ability of each state to develop coordinated workforce systems that support, train and prepare workers.

Congress should expand the U.S. Department of Labor's WIRED initiative and create an additional competitive matching grant program for states to plan and implement innovation in the workforce systems.

Improve access to training. WIA must prepare workers for high-skilled jobs. Congress can overcome the so-called sequence of services by collapsing core and intensive services into one new category of eligible allowable services.

Congress should also ensure that states can prioritize additional populations to receive training services, such as Wyoming did with our energy industry.

Congress should support the NGA/NASWA common measures proposal to improve accountability and transparency.

The proposal streamlines the complex system of nearly 100 varying and incomparable performance measures into four critical measures focused on customer outcomes, including short-term and long-term employment rates, earnings and credential completion.

Congress should also provide transitional financial support to help states modernize their data systems.

Clarify and carry forward provisions and remove hurdles to spend federal funds. States need the current flexibility to carry for-

ward WIA funds to provide training and promote responsible fiscal management of WIA funds.

Congress should work to clarify the terminology regarding carry-forward and obligations to help eliminate inaccurate claims that states have unspent WIA funds.

Lastly, Congress should empower states and local communities with tools to manage the burgeoning size of federally mandated boards, provide governors with flexibility to voluntarily transition from local to regional workforce boards to better serve job seekers, maintain the grandfather clause for state and local boards under the direction of governors.

This check and balance of the grandfather clause will align boards and economic needs and minimize administrative costs.

In conclusion, as my governor, Governor Freudenthal, would say, if it is the right thing to do, then we are going to do it.

In Wyoming, we trained over 1,000 people in drilling, truck driving, heavy equipment and mobile crane operation for our high-demand energy sector. Every graduate is guaranteed a position with a major drilling company. The program is a win-win situation.

However, the ability of my state and others to help job seekers is constrained by the rigid constraints right now of the current WIA. Governors stand ready to work with Congress to ensure that our workers continue to lead the world into the 21st century.

Again, I thank you for the opportunity and can entertain any questions.

[The statement of Mr. Ware follows:]

Prepared Statement of Charles Ware, Chair, National Association of State Workforce Board Chairs, on Behalf of the National Governors Association

Chairman Hinojosa, Ranking Member Keller, and members of the Subcommittee I am Charles Ware and it is my honor to testify on behalf of the National Governors Association regarding the reauthorization of the Workforce Investment Act (WIA). I also have the privilege of serving as the Chair of the National Association of State Workforce Board Chairs.

It has been almost a decade since Congress passed the Workforce Investment Act and overhauled workforce programs to become a “one-stop” system. Today, new challenges confront our nation and our economic position in the world. Without bold reforms to WIA, our workforce system will struggle to equip American workers with the skills necessary to remain competitive in the global economy. In fact, our nation’s workforce system must be able to prepare workers for jobs that do not even exist today. Much is at stake in this reauthorization.

The Nation’s Economy Has Changed

Just a few days ago, the nation’s governors convened for the 99th meeting of the National Governors Association in Traverse City, Michigan—a state confronted by economic transformation—to discuss innovation, education, and changing state economies. As evident in Michigan, since the passage of WIA almost a decade ago much has changed in our nation’s workforce. The nation has moved from a manufacturing-based economy to one that is service-based, connected to the larger global marketplace, and heavily dependent on technology. Advances in technology and trade have revolutionized the way companies do business. Manufacturers in Michigan must compete with manufacturers in India, China, and South America. What took 20 workers a full day to produce just a generation ago can now be handled by a single worker with the right machinery and a computer. Our economy has changed, and we must change with it.

According to a recent nationwide public opinion poll conducted by Dr. Frank Luntz for the nation’s governors, 9 out of 10 Americans—Democrats and Republicans alike—believe that if our nation fails to innovate, our children and our economy will be left behind. And while Americans believe we have the most innovative nation in the world at the moment—ahead of China and Japan—they see America losing ground in 20 years.

To address these issues, our workforce programs must have enough flexibility to meet the demands of a rapidly changing economy and a highly-skilled labor force. The workforce system cannot be one-size-fits-all programs with rigid regulations and prescribed service delivery structures. Rather, the federal-state-local workforce system must recognize the differences among states and communities, and thus provide governors—working with local government, business, and labor—the tools to design innovative, flexible, and nimble ways to meet a variety of workers’ needs.

Governors’ Workforce Investment Act Recommendations

As Governor Freudenthal would say, “If it’s the right thing to do, then we are going to do it.” In my home state of Wyoming, energy production is a major part of our economy and companies need skilled labor. With the assistance of energy companies, the Wyoming Contractors Association started a school in 2004 that provides workers the professional and safety training they need to enter the industry. To date, over 1,000 people have been trained in drilling, truck driving, heavy equipment, and mobile crane operation—and every graduate is guaranteed a position with one of the ten major drilling companies. However, my states ability to help more workers is constrained by the current limitations of WIA.

WIA gave governors the authority to initiate broad structural reforms in their workforce development systems. With this authority, governors made significant progress to restructure these systems and strengthen the essential partnerships between federal, state, and local governments and the private sector. Yet state-by-state experiences reveal that many challenges remain, such as providing comprehensive, highly integrated education, training, and employment services for workers. In addition, states need help meeting reporting requirements, coping with resource constraints, and fully engaging the business community as partners. WIA needs to provide states with the tools to respond to changing needs of workers and businesses.

To this end, Governors developed joint WIA recommendations with the National Association of State Workforce Agencies (NASWA) and the National Association of State Workforce Board Chairs (Chairs) to help states and local communities create efficient, nimble, and coordinated workforce systems. The recommendations build off the four core principles that governors believe should be central to the WIA reauthorization: (1) enhance program coordination and flexibility; (2) align workforce, education, and economic development needs and strengths; (3) enhance training services to workers while creating more transparent accountability systems; and (4) reduce administrative costs.

In the reauthorization of WIA, it is essential not to lose sight of what is important—getting people training and a better job. The federal government, notably the work of the House Education and Labor Committee and this Subcommittee, can play a pivotal role to ensure the economic position of our nation through the reauthorization of WIA and adoption of the thirteen NGA-NASWA-Chairs WIA recommendations. Let me point to several specific ways that Congress can support state workforce innovation and best practices.

I. Enhance Program Coordination and Flexibility

Increase State Funding Flexibility: Governors and state leaders, working with local leaders, are developing innovative workforce systems to better respond to job seekers’ needs, reduce fragmentation, promote accountability, and better engage business. However, states will be unable to achieve the true vision of WIA one-stops without additional state funding flexibility and transferability. Such flexibility is critical to enhance states’ ability to help local leaders improve services and strengthen partnerships, and to target resources to state and local needs. Congress should provide governors with expanded WIA funding flexibility and transferability, building upon existing flexibility.

Eliminate Arbitrary Youth Funding Limitations: Across the nation, governors are leading efforts to improve the rigor and relevance of our nation’s high schools. Despite this effort, in some communities “dropout factories”—high schools that produce a large percentage of high school dropouts—exist and must be reformed. WIA should not require states to spend a certain percentage of funds on “out-of-school” or “in-school” youth. Such a federal requirement is outdated and out-of-touch with the needs of high school dropouts and current ongoing high school reform efforts. The focus of “youth funding” should be to serve high-risk, basic skill deficient youth to prepare them for future employment or education. Congress should eliminate the requirement to spend a percentage of Youth funds on out-of-school or in-school youth.

II. Align Workforce, Education, and Economic Development Needs and Strengths

Encourage Innovation and Competitiveness:

In the 21st century, our economic strength will depend on the ability of each state, and our nation as a whole, to develop a coordinated and aligned workforce system that supports, trains, and prepares skilled workers. The critical shortage of skilled workers in areas of high demand is a significant employment issue that should be addressed in the WIA reauthorization.

Congress should support and expand the U.S. Department of Labor's Workforce Innovation in Regional Economic Development (WIRED) initiative, which builds workforce partnerships between regions, states, and businesses.

Congress should also support two competitive matching-grant programs to Governors, funded out of the Secretary of Labor's set-aside funds, to help states plan and create efficient workforce systems aligned with statewide, regional, or sector specific education, economic development, and business needs.

States would be required to contribute a non-federal match of 20%. For more information, please review the NGA Innovation America: A Partnership legislative proposal at <http://www.nga.org/Files/pdf/0702INNOVATIONPARTNERSHIP.PDF>

III. Enhance Training Services to Workers while Creating More Transparent Accountability

Eliminate Barriers for Workers to Access Training: During the last reauthorization, WIA services focused on helping individuals secure a job. Today, however, the focus of WIA must also help job seekers secure a better job. Although "core" and "intensive" services are valuable for many job seekers, current law requires states to spend limited resources on these services before an individual can access training. This so-called "sequence of services" impedes the delivery of necessary services at the earliest possible time and should be eliminated to ensure that job seekers and states have the flexibility to expand access to training services quickly, effectively, and at a lower cost. Training services are essential to help job seekers access better jobs and remain competitive in the increasingly skilled workforce. Congress can overcome this barrier by collapsing core and intensive services into one new category of eligible, allowable services. Congress should also eliminate "intensive services" from the list of priority services under Section 134 (E) and adding "or other populations as identified by the state as priority to receive training services."

Expedite Use of Federal Funds through Sound State Fiscal Practices: State law, not federal law, should govern state fiscal practices for management of WIA funds. Unfortunately, a seemingly innocuous provision in Section 191 of WIA allows state legislatures to approve, disapprove, or even slow down gubernatorial use of federal WIA funds. This provision needs to be removed to ensure that state laws governing the disposition of federal funds can be followed and enforced. Congress should eliminate Section 191 of WIA to ensure gubernatorial authority to allocate federal funds in a timely manner. By eliminating Section 191, states that require governors to seek approval of state legislatures would continue to be required to do so under existing state law.

IV. Reduce Administrative Costs

Increase Accountability and Transparency through Common Measures: A critical and unique component of the NGA-NASWA-Chairs WIA recommendations is the development and use of common measures to increase system-wide accountability and transparency, while significantly decreasing administrative costs and inefficiencies. Congress should support the NGA/NASWA Common Measures Proposal, which streamlines the complex system of nearly 100 varying and incomparable performance measures into four critical measures focused on customer outcomes, including short-term and long-term employment rates, earnings, and credential completion. Congress should also provide transitional financial support to help states and locals modernize their data systems and collection to achieve greater efficiencies.

Clarify State Carry Forward Provisions: States greatly appreciate and need the current flexibility to carry forward WIA funds. This flexibility is critical to provide training and promote responsible fiscal management of WIA funds. Unfortunately, in the last few years, the terminology around this provision may have created confusion that led to inaccurate and uninformed claims that states have "unspent federal WIA funds." To alleviate this problem, Congress should work to clarify the terminology regarding carry forward and obligations.

Manage Size of State and Local Boards:

Governors, state workforce administrators, and other state leaders are concerned that the federally-mandated large state and local board sizes are draining the workforce system of resources that would be better spent helping job seekers. The bur-

geoning size of boards—local boards can number as many as 70 or 80 individuals—should be managed and streamlined to eliminate excessive administrative costs. In addition, boards of this size are too large to provide effective and meaningful oversight of the workforce system.

Congress can alleviate this by giving states the following options:

- **Local Boards:** Provide governors with the flexibility to voluntarily transition from local to regional workforce boards to better serve job seekers with specific employment needs. The territory of these new regional boards would be established by state boards and local boards; the composition of the regional boards would be set and negotiated by current local boards. However, the governor would have the option to add additional members to the regional boards or local boards if it is deemed necessary. Also, prohibit local boards from establishing even more government funded bureaucracy through the creation of “councils for one-stop partners” to advise the local board; if such councils are viewed as necessary, such activities must be paid for with local funds only.

- **Grandfather Clause:** The grandfather clause may be maintained for state and local boards, but such latitude should be at the governor’s discretion. This check-and-balance on the grandfather clause will ensure that boards are aligned with economic interests, administrative costs are minimized, and that states that prefer the current design of their boards will not be required to waste time, energy, and limited financial resources to create new boards.

- **State and Local Boards:** The business majority for state and local boards should be maintained to help ensure business engagement in the WIA system. Governors should determine the composition of their boards. WIA should not federally direct mandatory, required, or minimum partners for state and local boards.

Conclusion

The strength of America is our citizens—their innovation, creativity, and hard work. Our workforce system must be transformed to support lifelong learning and restore our nation’s competitive edge in the 21st century global economy. Current and future workers should have the opportunity to equip and reequip themselves for different careers through training, education, and professional development.

The NGA-NASWA-Chairs WIA recommendations would give states the ability to design workforce systems that enhance program coordination and flexibility; align workforce, education, and economic development needs and strengths; enhance training services to workers while creating more transparent accountability systems; and reduce administrative costs.

Governors stand ready to work with Congress and the Administration to ensure that our workers and economy continue to lead the world in the 21st century.

Chairman HINOJOSA. Thank you.

Now I call on the director of the Workplace, Incorporated, in Bridgeport, Connecticut, Joe Carbone.

STATEMENT OF JOE CARBONE, DIRECTOR, WORKPLACE, INC.

Mr. CARBONE. Okay. Thank you, Mr. Chairman. I appreciate this opportunity to be here.

Workplace, Inc., is a private not-for-profit in Connecticut, and we act as the WIA, you know, for the southwestern district of our state. We are also a generation two area for WIRED.

I am going to try to cover two or three items this morning that through my 11 years’ experience as president of the Workplace have really come to kind of resonate in my mind.

And I am also going to try to touch on WIRED and to establish how it is a partner as the world, as we go through a movement to take our system to become a world-class actual system for training and jobs.

Let me begin by kind of sharing what John said before, that I think there was a lot of wisdom and, you know, perception in the folks who were the makers of the Workforce Investment Act.

I think they foresaw the challenge and the trends that we would be facing as the operators of today’s job training system.

I think they tried to establish many, many kinds of numerous and innovative things that just made the old system different or the new system different from the old system.

I think they tried to bring it into the free market kind of a system with job training, and I think they tried to establish who would be the ultimate entity that would be responsible for the One-Stops.

They gave license to workforce investment boards to be bigger than ever if they wished, to really become the centerpiece of workforce development in their actual communities. But I think they erred in one spot. They didn't mandate this, by the way. They simply give you actual permission for it.

I think the error was not dealing with the local delivery system. Workforce boards are the operators, and when you look at performance, you know, kinds of standards and measurements, it is really the local delivery system that is charged with either doing everything possible—administering the Workforce Investment Act to the max or to the min—doing the most they can do or doing the little that they could do.

If you can think of a map of America, there are some 630-plus workforce investment boards. More than 100 of them have budgets of under \$1 million. You need to have critical mass.

If a workforce board is going to be the centerpiece of workforce development in any community, they have got to have size. They have got to have resources. They have got to have staff. They have got to be committed to innovation.

And they have got to become the voice, the conveners and the planning for workforce development for the entire community. They don't carry a big stick. They can't make people do what people don't want to do. They have to lead and they have to create a consensus.

I would recommend to you that as you consider the reauthorization questions that you look at setting some standards for what should be the size of workforce investment boards.

See, I don't think that any board should have a district of less than one million people. I think if we did it, we would very, very significantly reduce the number of boards. And probably every board would start with the formula funding of anywhere from \$3 million to \$4 million a year.

I think beyond that, you should set a minimum actual expense from those fundings that can be dedicated to ITAs. A previous speaker made mention of this. There are some districts that don't spend anything on ITAs.

That is the fruit of our labor. That is where people who need a specific training opportunity can actually go out and have one.

So I think fewer workforce boards means bigger boards and better boards. And I would hope that this committee would think about that.

I think the One-Stop system, which is really the doorway to the American workforce system, needs to be kind of developed so that it can adapt to all the changes that several speakers previous to me have made mention of.

It is a very different world today when it comes to job training. We see businesses investing more and more each year. It is part of a business becoming both, you know, competitive and trying to

establish dealing with their bottom line issues by having a smart workforce.

The system has to adjust. There are four new constituents that are coming into our system. They are immigrants. They are low-wage workers. They are youth, the folks who are kind of the victims of an issue with the achievement gaps. And they are the older workers who are going to be leaving.

The One-Stops have to be prepared and ready for it. They have to have actual kinds of credentials and other things that they can offer.

WIRED is a partner in the workforce system. As we tried to get these things occurring, WIRED can be the facilitator on a local level to make sure that boards and communities have a chance to come together as partners and think about the workforce system, not have anything that can kind of hamstring their ability to be innovative.

Part of my handouts today will show you that as a WIRED district, we have incorporated two counties in neighboring New York, Westchester and Putnam County, that have joined with the workplace in Connecticut, and we have put our thoughts together, and we have declared that we made each other better if we work together, because we have got similar issues.

That kind of critical mass is the way to go in the future. So I would hope you would consider these three matters as you discuss the future of the Workforce Investment Act.

And thank you very much, and I look forward to questions.

[The statement of Mr. Carbone follows:]

**Prepared Statement of Joseph M. Carbone, President & CEO, the
WorkPlace, Inc.**

Summary:

As WIA reauthorization is being considered, I offer my viewpoint that the local workforce delivery system is fundamentally flawed, primarily due to the lack of scale of many WIB's. WIRED is the vehicle I see that can correct this. Regional economies focused on Talent Development can deliver better outcomes and better return on investment than the many smaller local entities in place today. The WIRED model can help transform America's Workforce System into a true competitive edge for our workers, employers, and communities.

Key Points:

1. Developing Talent is a critical national priority, key to our ongoing competitiveness.
2. America's Workforce System needs to adapt to new economic and demographic realities. We need to invest in enhanced capacity of the local delivery system to address the changing needs of businesses and ongoing employability of our people.
3. The WIRED model provides an integrated approach built around regional economies. It's the kind of investment we need, and it can transform the workforce system if it's managed as an investment, not as "WIA extended."
4. Once transformed, the workforce system should operate as a public/private partnership, with the local delivery system responsible for moving people to a standard of readiness and businesses responsible for ongoing skill & knowledge investments.
5. As we reinvent the workforce system, we need to create entities that can grow the business, supplementing federal and state funding. WIB's need to have the scale and the standing to be proactive, to optimize the benefits to individuals, and to serve as valued resources to businesses.
6. Our experience with WIRED, though still developing, points to the potential for lasting impact through regionally-based investments which transform the workforce system.

Key Points Explained:

1. Developing Talent is a critical national priority, key to our ongoing competitiveness.

- In our region, one of the most respected corporate leaders, Michael Critelli, Executive Chairman of Pitney Bowes, recently told a business audience that workforce has risen to the top of business concerns, and that we have to “notch up” our efforts to assure a supply of skilled workers.

- From business organizations to policy makers to local communities, preparing people to compete in the new economy is receiving focus in the form of initiatives on educational achievement, work readiness, retention, and recruiting.

2. America’s Workforce System needs to adapt to new economic and demographic realities. We need to invest in enhanced capacity of the local delivery system to address the changing needs of businesses and ongoing employability of our people.

- Global—the flows of commerce and people are linked to the global economy; jobs are increasingly fluid, as businesses seek the best combination of skills and costs
- Technological—rapid change, focus on productivity, all workers need to keep pace

- Sustained Talent Shortage—just emerging now, may last 20-25 years
- Boomer Exit—major transition of experience, expertise, location, and numbers
- Shift of Advantage—from employers to employees, market-driven; self interest will require businesses to invest in human capital and connect to lifelong learning

- Rising Requirements—90% of the fastest growing jobs require post-secondary education. Business, education, and workforce entities will need to coordinate better and respond faster to meet the needs of both youth and adults.

- The local delivery system is charged with serving people and businesses in this rapidly changing environment.
- Yet many WIB’s are too small to deliver meaningful impact and lack the capacity to be effective advocates, resources, and innovators. More than 100 WIB’s have budgets of less than \$1 million (WIA funds—youth, adult and dislocated workers combined), lacking the scale to be cost-effective and relevant.

- America’s Workforce System is fundamentally flawed, and we are in danger of becoming irrelevant to our communities and of falling behind our global competitors.

3. The WIRED model provides an integrated approach built around regional economies. It’s the kind of investment we need, and it can transform the workforce system if it’s managed as an investment, not as “WIA extended.”

- WIRED redefines our partnerships and our geographic regions. It uses economic study to understand what the economic generators are. It engages a community in a journey to determine how to find the best possible providers.
- This transformation through the WIRED model will be good for communities and good for taxpayers.

- The WIRED investment gives communities an opportunity to do what businesses do—use investment dollars to become more competitive. This requires different measures and standards vs. those used to measure general operating funds.
- Transformation of the workforce system will be shortchanged if WIRED projects are measured only on operational performance measures.

- WIRED is a transition period, a force to shake up the system. The new system will be comprised of fewer, bigger and better WIB’s operating more consistently as defined in WIA.
- By consolidating funding streams, and leveraging the resources of multiple agencies, WIRED investments provide more local flexibility to implement strategic talent development plans.

4. Once transformed, the workforce system should operate as a public/private partnership, with the local delivery system responsible for moving people to a standard of readiness, and businesses responsible for ongoing skill & knowledge investments.

- Future WIB’s and One-Stop’s will work with employers to do better planning, to develop talent pipelines, to invest in incumbent worker training, and to reach out to nontraditional labor pools.
- The new workforce system will be positioned to play a pivotal role in ensuring lifelong employment readiness for people as requirements and conditions change, and in facilitating business investments in human capital and connections to lifelong learning.
- The “Tough Choices or Tough Times” report is a call to action, making a compelling case for transformation of the workforce and education system.

5. As we reinvent the workforce system, we need to create entities that can grow the business, supplementing federal and state funding. WIB’s need to have the scale and the standing to be proactive, to optimize the benefits to individuals, and to serve as valued resources to businesses.

- WIB's need to be operated more like businesses and to be more entrepreneurial in leveraging their resources. Whether through fee-for-service initiatives or seeking private funding, WIB's should constantly strive to generate the resources to serve more people.

- Larger WIB's can operate with lower overhead and dedicate more resources to training and direct services. Just as important, they can be a more proactive community partner, at the table and respected as a convener.

- WIB's also need to be the voice of workforce development, and they must earn respectability and credibility to do so.

6. Our experience with WIRED, though still developing, points to the potential for lasting impact through regionally-based investments which transform the workforce system.

- Our key steps included asking fundamental questions: What is the region? Who are the key stakeholders? Where is the economy going? What are the opportunities and threats facing us? How prepared is the current system to address these needs? How can the region's talent become a magnet for economic growth?

- When we concluded that our "region" should be expanded beyond Southwestern Connecticut to include neighboring Westchester County and Putnam County in New York, we chose to use our WIRED seed money as an investment in cross-border collaboration. WIRED enables us to bring higher-level leaders to the table and to engage in more strategic endeavors.

- We intend to use the WIRED process to transform our local workforce system. This means taking a more strategic view of the economy's talent needs on a regional basis. It means addressing all populations, not just the unemployed or underemployed. It means coordinating and scaling our workforce operations along regional lines. And it means investing for the future, making responsible investments in people earlier and at points which can make the difference between lifelong self-sufficiency and lifelong under-performance.

Close

Since my first introduction to America's Workforce System when I became President of The WorkPlace eleven years ago, I have come to believe that a national system, well-funded, with incentives to perform, and with a balance of short-term and long-term deliverables has tremendous opportunity to contribute economically and socially to a better society. My vision is for it to shift from safety net to competitive edge. Thank you very much for this opportunity to speak with you.

Chairman HINOJOSA. Now I call on Ms. Kathleen Randolph.

**STATEMENT OF KATHLEEN RANDOLPH, PRESIDENT,
PARTNERS FOR WORKFORCE SOLUTIONS, INC.**

Ms. RANDOLPH. Thank you. I am most pleased to be here.

As the committee considers reauthorization of the Workforce Investment Act and is discussing innovations in workforce development, certainly the things that are occurring in northeast Indiana and in the state of Indiana are worthy of consideration.

Over the last year, Indiana has innovated its workforce development system through three major initiatives. In July of 2006, it established a statewide workforce investment board, and it reorganized the state into 11 economic growth regions, down from 16.

It also created regional workforce boards that serve each region. These boards operate in much the same way as workforce investment boards, but they are really operating in an advisory capacity to the WIBs.

Historically, the WIBs in Indiana have had between 35 and 100 members. Our WIB in northeast had 45. This unwieldy number created a condition that was nearly impossible to get business accomplished.

Securing a quorum at any given meeting was an arduous proposition, just bogging down the board's ability to meet its responsibil-

ities for overseeing the system and strategically investing the public and private resources entrusted to it.

Plus, the composition of the old board included contract service providers, causing conflict of interest issues. Nearly one-third of our board had to recuse itself from discussion and vote on significant matters, which again jeopardized effective planning and decision making.

These challenges no longer exist. Our regional workforce boards are small and nimble. Our board has 16 high-profile leaders of business, economic development, community-based organizations, education and labor.

Their knowledge and their expertise is foundational to effective planning and oversight and investment. They operate with efficiency and they operate as a business.

The second Indiana innovation is the strategic skills initiative. It, in effect, forced our region to consider workforce training needs and subsequently to transform our programs and service delivery to a demand-driven process and to strategically focus our WIA dollars to areas of greatest need.

SSI drove our transformation by increasing our capacity to collect, analyze workforce and economic data, to monitor economic trends and identify workforce skills gaps, to work very closely with businesses and other key constituents throughout our region, and to develop viable solutions aimed at root causes of those regional issues.

After intense research and identification, northeast Indiana competed with all of the other regions for state funding to support our solutions.

We received \$1,765,000 plus we leveraged an additional \$500,000 in local match to support projects that will result in industry-recognized skill certifications that address shortages in our high-growth, high-wage jobs.

We created and founded a fast-track nursing program, for example. We recognized that our education service providers were addressing our nursing shortage, but we also came to understand that there is very low minority representation in the nursing profession.

So our SSI-funded project targeted minorities into a nursing program, established a special cohort for nursing training for 48 minority individuals who will graduate into full employment in hospitals, already placed.

We also established the Center of Excellence in Advanced Manufacturing, since the lifeblood of northeast Indiana is still manufacturing, with 26 percent of our base employment.

We know we are at risk in terms of the global economy for these companies, and they must transform to technology-driven production processes.

We established the Center of Excellence and within 18 months we will have trained and fully certified 110 individuals—45 percent of them are minorities—who are now moving right into positions within those advanced manufacturing companies.

Our regional workforce board is continuing to use that SSI demand-driven process now to look at how it allocates all of its resources. Our previous structure was cumbersome and unwieldy,

and when it came to WIA, our service providers were justly criticized for creaming for customers who would ensure meeting federal performance measures.

WIA and other resources were invested based largely on anecdotal evidence of need, rather than by true data analysis and engaging businesses in decision making.

The changes in our regional board structure, SSI and all of our processes have led to dramatic innovation in our system. A new model for system delivery in our WorkOnes will begin—or has begun, actually, 4 weeks ago.

We anticipate a 400 percent increase in the number of individuals who will be served in our system with WIA and a 65 percent decrease in the amount of money or cost per individual served. We are leveraging additional funds to support individuals, all the while improving our training programs.

So it is with that that I urge all of you to consider reauthorization and funding of the Workforce Investment Act. Thank you.

[The statement of Ms. Randolph follows:]

Prepared Statement of Kathleen Randolph, President, Partners for Workforce Solutions, Inc.

As Congress addresses reauthorization of the Workforce Investment Act and recommendations to improve the overall effectiveness of job training programs, innovations currently underway in the State of Indiana are worthy of consideration.

In July 2006, Indiana implemented a comprehensive restructuring of its workforce development system—it is now characterized by new, higher profile and more accountable Regional Workforce Boards that oversee all local workforce programs, and a new overall system designed to move Indiana to a demand driven workforce system that effectively serves employers and employees.

The new structure provides greater flexibility to the Regional Workforce Boards, making the Northeast Indiana region better able to address our unique, demand-driven issues. An important element of the new board structure is that the boards now range in size from seven to sixteen members. The Northeast Indiana Workforce Board is now composed of sixteen high profile leaders of business, economic development, education, labor, and community based organizations, each appointed by locally elected officials. And, these board members now reflect the region's high growth, high wage industries. Their knowledge and understanding of these industry sectors is fundamental to effective planning for workforce development in the region. In the past, Indiana's Boards ranged in size from 35 to 100 members—Northeast Indiana's board had 45 members. This unwieldy number created a condition that was nearly impossible to get business accomplished. Securing a quorum at any given meeting was an arduous proposition, thus bogging down the board's ability to meet its responsibility for overseeing the region's workforce system and strategically investing the public and private dollars entrusted to it. In addition, the board composition historically included contracted service providers, causing conflict of interest issues. Nearly a third of our board members had to recuse themselves from discussion and vote on significant matters, which again jeopardized effective planning and decision making.

Through its Strategic Skills Initiative (SSI) Indiana Department of Workforce Development, in effect, forced our region to consider its training needs and subsequently transform its programs and service delivery to a demand-driven process and to strategically focus our WIA dollars in areas of greatest need. The SSI initiative drove our region's transformation by enhancing our capacity to collect and analyze workforce and economic data, to identify workforce trends and skills gaps, to work closely with businesses and other key constituents throughout the region, and to develop viable solutions aimed at the root causes of regional issues. After an intensive research and planning phase, Northeast Indiana received \$1,768,000 in funds from the state (in addition to our WIA formula funds), as well as more than \$500,000 in local matching funds, to implement sustainable projects that will result in industry-recognized skills certifications that address shortages in our high growth, high wage jobs. Examples and of the SSI projects include:

- Fast Track Nursing Program—SSI investigation revealed a projected shortage of 220 RNs in the region's hospitals and indicated that minorities are under-rep-

resented in this profession. We expect the shortage to grow by 48 each year. The Fast Track Nursing program targets minorities to enter the nursing profession and is training a stand alone cohort of 48 students to obtain their RN degrees. Each student is employed by a hospital at a maximum of twenty hours per week, but receives full time benefits and works in an environment supportive of their studies. Upon completion of their RN degree, they move into nursing positions in their current place of employment.

- Center of Excellence in Advanced Manufacturing—Manufacturing is still the region's life blood, accounting for 26 percent of northeast Indiana's base employment. At risk due to global competition, these companies must transform to technology driven production processes. SSI established the Center of Excellence to train and certify 110 workers in leading edge high tech manufacturing processes. Certified workers further allow us to demonstrate to new or expanding companies that the skilled workforce they need exists in the region. These are just two examples of demand-driven strategies and investments of public funds having impact on the region's economy. Indiana Workforce Development and the Regional Workforce Board are continuing to use the demand driven SSI process for investing local formula dollars and to measure the investment's economic impact.

Northeast Indiana has fully embraced the state's new structure and expectations. The previous structure was cumbersome and unwieldy. WIB staff spent copious amounts of time managing board meetings and board members rather than accomplishing the employment and training goals of the Workforce Investment Act. The Board's Service Provider contractors heavily screened individuals before registering them to receive WIA services—our region was justly criticized for “creaming” for those who would ensure meeting federal performance metrics. WIA and other regional workforce resources were invested in projects and programs that were based largely on anecdotal evidence of need, rather than being driven by data analysis and truly engaging businesses in decision making. And, the complexity of our former system was confusing to our WIB board members, our education partners, and most certainly to our business partners. This confounded our businesses and made them reluctant to engage with the workforce system seeing it as “government” with many encumbrances.

In July, 2007, the Northeast Indiana Regional Workforce Board launched a new model for service delivery in its One-Stop (WorkOne) Career Centers. The model aims to reduce and, in many cases eliminate, duplication while at the same time increasing the service quality and the numbers of individuals served. The model is focused on enhancing Hoosiers' skills in demand driven occupations. Even though jobs go away—skills do not. Northeast Indiana's system is predicated on skills improvement—each person entering the WorkOne Career Centers now has the opportunity to know his skills, to enhance his skills and to get the best job possible with his skills. The new model of service delivery will dramatically increase the numbers served with WIA funds. The total number of individuals registered and served through WIA in 2006 was 2,201. Already, within the first four weeks of the new service delivery model, 1,095 were registered in WIA. Based on current preliminary expenditure rates, estimates indicate that the cost per participant in the new model (Program Year 2007) will be reduced by 65 percent compared to Program Year 2006.

Indiana's new structure, system and service delivery methodology have allowed Northeast Indiana to transform to a demand-driven system by gaining the confidence of individuals, businesses, local economic development officials, and education and training partners throughout the region. We've also gained significant alignment with economic development. If asked, many of the regional partners would attest to the Strategic Skills Initiative being the catalyst for this alignment. The Northeast Indiana Regional Economic Development Plan, for example, identified key growth industries targets for the region and made workforce recommendations. The Regional Workforce Board is now tying its resources to these targets; the Community College and Universities are developing curricula to address the training and education needs of business, extensive partnerships have been established between and among organizations, and most importantly Hoosiers are tooling or re-tooling their skills to meet the demands of high growth businesses—all in the promise of enhancing the economic vitality of Northeast Indiana.

The workforce innovations developed by the Indiana Department of Workforce Development and now underway in the region are and will continue to help Northeast Indiana regain its position as a great place to work, live and do business.

Chairman HINOJOSA. Thank you. Thank you for your statement.

And I identify with that, because in my area we started an allied health and nurse training center within our South Texas Community College system.

We started with five students, and today we have 3,000 in that college, in that—actually, the section for allied health and nursing. There is a total of 17,000 students now in the community college, but there is a great demand.

And you will be pleased to hear that 80 percent are minority students, many who had jobs. They were underemployed, making less than the national poverty level of \$15,000. Minimum wage produces about \$10,000, \$11,000 a year.

And we are producing large numbers of graduates with the associate degrees in nursing, and it is making a huge difference.

My first question is going to be for Ms. Butler.

You mentioned that the return on investment for your own particular rehabilitation was quite high. At the same time, you also spoke of long waiting lists for those clients seeking vocational rehabilitation services.

Your testimony indicated that the V.R. program may not be receiving the necessary services at the One-Stops. In addition, the V.R. concerns may not be adequately addressed by the current membership of the workforce investment boards.

How can we ensure that the One-Stops receive the necessary services and how we can improve that portion—correct that concern that you voiced?

Ms. BUTLER. That was just a great question, and I think that there are a lot of responses that I would love to submit that to you in writing.

I will say that I know that one of the return on investments—numbers from the Alabama vocational rehabilitation service—is one of the programs that I received services through—is \$20.69 for every dollar spent on my rehabilitation.

It doesn't take a banking expert to do the math there. That is an incredible return on an investment and an excellent way to spend taxpayers' dollars. So from that perspective, there is absolutely the means in continuing the funding of these vocational programs.

There are waiting lists, I know, in some states in excess of 9,000 employees that are not being served, because again, the capacity through the funding is stretched to the maximum.

And when we look at continuing to provide services to individuals with disabilities—we have talked about aging workers this morning, and again, our returning veterans, service men and women, that will be coming back.

You may know that there was a national memorandum of understanding signed by the vocational rehabilitation services as well as with the Veterans Administration.

This to me is a perfect example of collaborative, meaningful dialogue taking place to, again, ensure that our returning veterans are going to be transitioned effectively into America's workforce.

Chairman HINOJOSA. Ms. Butler, if you could give us your answers that you said would come in writing.

Ms. BUTLER. Absolutely.

Chairman HINOJOSA. I would appreciate having them within the next 2 weeks to make it a part of our record.

And know that we are experiencing—not experiencing, rather, but we have finished with the Veterans Administration on appropriations with the largest increase in funding for V.A. And certainly, this would be one opportunity for us to try to address that concern for the veterans that you pointed out.

And I now turn to Mr. Twomey.

We agree with you regarding the real growth in the U.S. labor market cohort and that much of that, a big percentage of it, is Hispanic. However, this community is over represented in the lowest wage jobs and reflect the highest high school dropout rates in the nation.

What ideas do the National Workforce Association have for using WIA to help overcome these problems?

Mr. TWOMEY. That is a great question, Mr. Chairman. They were very bright young people, but in that labor market, in that time, in the mid 1970s, it was easier to get into the labor market and move up the ladder.

I think the income disparity in this country now is really reflected on the education, on haves and have-nots. So we have our work cut out for us.

In my state, we are using \$35 million in state money for a separate summer youth employment program. Since 16-year-olds to 19-year-olds are only—only 38 percent of them are in the labor market, how do they know the changes in the workforce?

I think that that was an unfortunate federal policy decision when that happened to end that summer youth employment program.

The second thing is labor market information. Young people don't know, and their parents don't know, when they are in junior high school what growth jobs are out there and what sequence of courses you need to take in high school in order to get them.

So having massive kids unemployed, at the same time we have 35,000 national vacancies in automobile technicians and dealerships, ASE certified 35,000 vacancies across the country, where the average pay with overtime is \$80,000 a year. We can do better than that.

And with your leadership with this bill, we will.

Chairman HINOJOSA. Thank you.

My time has expired, and I will yield time to our ranking member, Congressman Keller.

Mr. KELLER. Well, thank you, Mr. Chairman.

And, Ms. Butler, let me start with you, if I can. I think your story is truly one of inspiration and success.

You mentioned that along the way on your path through law school and now as a corporate executive that you were assisted by various vocational rehabilitation services. You mentioned a computer, for example.

How would a young lady today who was going to law school in Alabama and ultimately wants to get in the corporate world know that these services exist and know where to go?

Ms. BUTLER. That is a great question. Well, if the individual works for Wachovia or comes to us through an internship program,

through, again, a national V.R. employment network, we ensure that those services are made available.

I think that is the duty of the network, is that it puts a V.R. professional, somebody that is certified, many of who have master's education level degrees in rehabilitation services. It gives them that direct contact in that state or city where they sit.

And so that certainly would be one way.

Mr. KELLER. What about the education example? If she just gets accepted to Cumberland Law School in Alabama and she is moving there from out of state, and she needs some help, do you go to your guidance counselor at school, or how do you figure that out, where to go?

Ms. BUTLER. There are disability services programs in many universities.

Mr. KELLER. Okay.

Ms. BUTLER. And those individuals have the relationships or should have the relationships established with vocational rehabilitation experts in their area.

Mr. KELLER. Okay. Thank you.

Ms. Randolph, let me ask you a question. I was taking notes, and I saw that in your area you had some 110 individuals who were trained and now ready to go into the job market for manufacturing jobs.

How did you go about working with the businesses to see what their needs were in terms of what they needed students trained, and if you trained them, would they hire them—that sort of thing?

Ms. RANDOLPH. We set up a regional consortium of advanced manufacturers and talked with them specifically about what the skills and capacities are that they needed, the technical skills.

And we also used that nationally recognized ACT tool called Work Keys. We did assessments of the individuals to make sure that they had the baseline knowledge, foundational knowledge, and then moved right into the training programs.

The training programs themselves were custom built by our community college system.

Mr. KELLER. All right. So give me an example of like what would be a major manufacturer that hires a lot of people out of this. What would they make?

Ms. RANDOLPH. We don't have large manufacturers in our area. We have lots of mid-sized to small manufacturers.

But a tool and die shop, for example, who is transforming into an advanced process, technology-based process—we have one company called Ottenweller who actually is a boutique manufacturer.

They worked with us to develop the skills training programs. We trained the individuals and they were guaranteed employment on successful completion of their certifications, moved right into employment in those companies.

Mr. KELLER. So let me give you a hypothetical example, and this may be—we will cover all the different ones. Let's say that you have a manufacturer of stereo systems, and they assemble various different parts.

Would you then go to that employer and say, "Tell me the widgets you need them trained on, tell the electric circuit boards, we

will get them trained, and then in return we hope that you hire a certain amount of people from that training program?"

Ms. RANDOLPH. Precisely.

Mr. KELLER. Okay. That seems to be a pretty good partnership between the public and private sector. And have you seen pretty good placement rates as a result of that?

Ms. RANDOLPH. Excellent placement rates. Through SSI our placement rates have catapulted. We have had 100 percent placement in all of our SSI projects.

Mr. KELLER. That is wonderful.

Mr. Twomey, I see that—I was taking notes from your comments, and you want us to augment and improve this act with a sense of urgency, is that right?

Mr. TWOMEY. That is correct.

Mr. KELLER. If you had a magic wand, knowing that we are not the appropriators but the authorizers here, and we could do the top two improvements to make this act better, what would you say those were?

Mr. TWOMEY. Well, I would say, one, as I said to the chairman, we need to do a better job with labor market information. It exists, but your previous question to Ms. Butler was how do people find it.

Kids and parents don't find it. And workers who lose their jobs and have to go to a complete new career need to know—we need to make labor market information localized and more visible.

Mr. KELLER. Like more T.V. commercials, that sort of thing?

Mr. TWOMEY. Well, I think for young people we are going to have to get them where they are. We are going to have to go more Web site and, you know, find other ways to go forward, not public service announcements at 4 o'clock in the morning.

Mr. KELLER. My time is up, but what is your second suggestion?

Mr. TWOMEY. Well, the second one would be, really, that we need to change the definition of what is training. You know, there has been a debate—you are not training enough people.

I have been in One-Stops all over this country. They are packed with people who worked on a computer every day, but maybe they worked in an auto parts store on proprietary software. Now they are getting 2-week brush-up in Microsoft Office.

Under the current law, that doesn't count as training. We need to count leverage training. People in One-Stops are referred and they are able to get Pell and further their education. That doesn't count.

I suspect that the numbers of people trained are probably five times what we are reporting, and we will need to be able to do that and work on better common performance.

Mr. KELLER. Thank you.

Mr. YARMUTH [presiding]. Thank you, Mr. Keller.

Mr. Scott?

Mr. SCOTT. Thank you. Thank you, Mr. Chairman.

I don't remember who it was, but somebody mentioned the training of returning veterans. Who mentioned that? Whoever mentioned veterans' problems—are veterans having problems getting their old jobs back?

Ms. BUTLER. Not at our company, no. I will say this, that the progress that we have made—we have been actually recognized nationally for our military leave policies and recently recognized by Military Spouse Magazine as well.

Mr. SCOTT. Well, that is your company, but generally, particularly the Guard and Reserves who get activated and come back, are they losing their jobs?

Ms. BUTLER. I am not able to answer that based on any research that I have done. I would be happy to get back with you and do some research on that if you would like.

Mr. SCOTT. Okay. Do we need to make any changes in the Americans with Disabilities Act to make sure that people with disabilities are not discriminated against, or is that bill working okay?

Ms. BUTLER. I think there is always opportunity for improvement, and I would be happy to share my comments around that in writing as well.

Mr. SCOTT. Okay.

Can anybody comment on youth employment, whether or not summer jobs and hiring teenagers is part of this picture?

Mr. Petit?

Mr. PETIT. If you don't mind, in my area, we used to have a summer youth employment and training program which was very good. It was intended to introduce kids as young as 16 to the working world. And in the past few years, that has not been available.

But it resulted in kids at an early age understanding the value of work and then when they got to the point of being able to go to work had the basic underpinnings of what it takes to be a good employee.

That is gone, and I would like to see a return to that.

Mr. SCOTT. Are there any studies to show that summer employment and employment activities reduce the dropout rate?

Mr. Twomey?

Mr. TWOMEY. Dr. Andy Sum at the Center for Labor Market Studies in Northeastern has done, in my opinion, the best work on this issue in the country, and I will be happy, Congressman, to follow up and get him to forward you some of it.

His studies are that that is an investment that continues to pay benefits for many, many years.

Mr. SCOTT. Thank you. That would be very helpful.

In terms of services that are available in training people for jobs, do you use career schools as part of the possible services?

Mr. Petit?

Mr. PETIT. Career schools—you mean like vocational training?

Mr. SCOTT. Right.

Mr. PETIT. Absolutely.

Mr. SCOTT. And how do you tell the good ones from the bad ones? Because there is some out there that don't give you value for the money, and others are as good as gold.

Mr. PETIT. WIA law requires that there be consumer information on the results, the outcomes, of these schools.

Mr. SCOTT. And the outcome is essentially placement rate?

Mr. PETIT. It is essentially a placement rate. However, there can be also included in that labor market—or that information, information about the quality of training.

Mr. SCOTT. There is a provision in the Workforce Investment Act that prohibits discrimination based on race, color, creed, national origin or sex. Is there any reason why we ought to change that? Anyone suggesting that we change that so that people would be able to discriminate?

Let the record reflect that nobody is suggesting that we change that.

Ms. Randolph, you are training 48 nurses. What are they doing now? And can you give us a little background about where they were and what kind of jobs they had and, based on your training, what kind of jobs they will have?

Ms. RANDOLPH. I am not sure the percentage, but a fair number of them were certified nurse assistants, CNAs. But they were disillusioned by that particular job, and so they were looking to get additional training.

What is, I think, the backbone of the success of this program is that we contacted our hospital systems, and because these individuals showed promise, they were hired right into the hospital system, and they were given a variety of jobs.

But they were only allowed to work 20 hours a week. However, they were given also full-time benefits. And the purpose was to make sure that they weren't spending too many hours on a job and not enough hours on studies.

Then when they complete their R.N. degree and receive the certification, they are moved right into a full-time nursing position within that hospital.

Mr. SCOTT. Can you just say a word about what their salary was before and what their salary would be after their training?

Ms. RANDOLPH. Yes. Actually, most of them were in the range of between \$8 and \$10 an hour before they started the program, and when they conclude their program they will move into positions that—the lowest is \$18.50 an hour.

Mr. YARMUTH. Thank you, Mr. Scott.

Mr. Ware, I believe you wanted to make a comment. Would you like to proceed?

Mr. WARE. Thank you, Mr. Chairman.

Representative Scott, you asked the question earlier about the credibility of vocational schools or career schools. I started a school with my members in 2002. It is a private sector non-profit school for heavy trades.

And we make an effort. We call every graduate that graduates. Over the last 5 years, we have put 7,500 people through classes. And we use somewhat of the common measures. I can tell you that of the last 1,000 people that we have trained, 100 percent have been placed.

They start at \$21 an hour, 75 percent retention rate after 90 days, 68 percent after 180 days. So we can, in a sense, verify the product that we are turning out.

Mr. YARMUTH. Thank you.

Mr. Souder?

Mr. SOUDER. Thank you.

I wanted to make a couple comments and finish with a few questions. One is that in my congressional district we, in fact, have many very large employers. G.M. has, I think, 2,300—the largest

pickup plant in the world. Michelin, Verizon, all employ more than 2,000.

But most of those jobs are union jobs, highly sought after, very tough for new people to enter. And also, major company policies let transfers come in and take those jobs from other states.

So most of the innovation in WIA is going to occur in the small- and mid-size. And then if an opening occurs in a bigger company, they are trained and can move up.

And understanding and giving the flexibility for states to adjust around their markets in that way—you are not necessarily going to train people who go straight into highly sought-after, high-paid jobs.

A second, and I think the biggest, challenge as we do this is the changes as we have gone from SEDA to JTPA to WIA have enabled us and the governors in particular who do this more flexibility in how to meet changing challenges of the workplace.

And to use that awful term “creaming.” The people who lose a job are able to move to another job. The people who have a lower-paying marginal job that could dip into the welfare system in the sense of not having enough health insurance or other types of things—getting them trained higher.

And we may have, combined with welfare to work, taken as many as 50 percent in an area where there are jobs up into the marketplace.

The question is how to deal with the harder ones who are kind of left behind in that at the same time you do the innovation that enables the market area to respond in a limited source of funds, because it is much more expensive to deal with the harder ones than the ones that you are retraining for the marketplace or adjusting.

And my questions here—and I will start with my home district first, with Ms. Randolph. And if you can’t all get in or want to add or do some checks, I think it would be very good for the record.

I am hearing in the area—and it is one of the reasons we are bringing in, like every place else, huge numbers of illegals to try to meet the labor demands—is many of the people can’t meet drug and alcohol screening—not a federal mandate. It is a local mandate for health and insurance reasons as well as job performance reasons.

Is there in the linkages of the workforce program any type of trigger that goes to drug and alcohol—and try to figure out how to get to the substance?

Because it can be—as many as two-thirds to 90 percent of the people being turned down at employers that I talked to can’t pass the basic screen or they don’t show up when they find out there is a screening, so many of them are dropping the screening, depending on their insurance.

The second question is that we are all trying to deal with language questions. I would be interested in any innovative programs in trying to deal with language questions.

Our area, like many others, not only has Hispanic, but we have all these refugee programs when they closed down the New Haven plant. I don’t know what you do with 400 people. I mean, it was like probably at least 20 languages at that plant.

Another is—Congressman Davis has been a leader in this, and I have worked with this. In Fort Wayne, we have a prison reentry program that—many of the hardest to employ also have a prison record.

How do you tackle that in the workforce development? And I would be interested in any comments from Ms. Randolph and anybody else who can comment during my time period.

Ms. RANDOLPH. Well, let me just make a comment about the prisoner reentry program. We have the Blue Jacket program, which I believe you already are very aware of.

What has occurred, because these individuals have felony records and are not able to get jobs because of policy in many companies, there are some innovative companies that are startups that are specifically employing them.

Then they have a good track record and a work history that they can present to a potential new employer. So that is one of the innovations that Blue Jacket, for example, has done.

We are working very closely with the prisoner reentry program and seeking placements for individuals who have that record and are finding that the most accept comes from those startup companies who actually hire by purpose the returning offender, giving them that second chance.

Mr. CARBONE. I think that one of the values of a One-Stop is that you would have all the services under one roof, at one location, that anyone who walks through that door may need in order to get to successful employment, be it people with disabilities or be it others that, you know, you mentioned with other forms of barriers to successful employment.

The services should be there at the One-Stop level. Sometimes there are lots of other barriers that folks have, not just not having skills or a career in sight, but lots of other barriers that have to be dealt with in order to properly prepare them and get them ready for the future.

Part of creating a base of companies that are friendly to folks who are part of the reentry program takes leadership on the part of the board to go out and drum up support, and even the political leaders of the community, to help us, and particularly with small- and mid-sized companies, to create this sort of friendly hiring atmosphere, so that we can refer folks who are part of the reentry program who have gone through our testing process, who have gone through all the sort of other agencies that can help to get them better prepared, and are now ready for employment.

Most communities, and I think mine, you know, to some extent as well—there is a limited number of companies that want to talk to you. There are lots of startup companies. There are lots of folks that employ folks that might be day laborers or things of that sort that will help and will do that.

But if you are interested in getting them jobs that are going to kind of nurture them for the years to come and integrate them into the job market, I think, again, I get back to that same point I made before.

If you have a larger board, and the board has more resources, and the board is kind of respected, if not revered, in the community, then I think you can get the level of cooperation from all of

the partners of that community to be successful, regardless of the barriers that a person may have.

Just to better respond for a second to your first point, I mentioned in my remarks that the One-Stops need change, that the constituencies of service as unemployment continues to diminish are going to change.

And it is going to mean that a lot of folks are going to need a lot more time, a lot more services, to be successful. And resources need to be dedicated accordingly.

But if the workforce board, again, has the community colleges, your state universities and the institutions that spend a lot more money than workforce boards do in job training—if we are focused on a community consensus, a plan, it can be totally full service.

So again, the leadership of the board—the larger board is part of doing this part of our work a lot better.

Mr. WARE. Mr. Chairman, I would like to comment on that, if I might?

Mr. YARMUTH. Sure, Mr. Ware.

Mr. WARE. Representative Souder, it is a great question, and I see in what I am doing that the employer really has to become more involved than he has in the past.

We have a 2.8 percent unemployment rate in Wyoming. That means that people that we are coming to or are coming to us to serve have suspended driver's licenses. I mean, we are really at the lowest level. They have alcohol problems, et cetera.

And we can serve them, get them trained and into position, so I think the employer, just because of the nature of the workforce shortage, is going to have to take on more responsibility than they have in the past.

And I give one example, Valerie Giddens, a single mom with three kids, age 46 years old, has never been self-sustaining in her life. We taught her how to drive a truck and become a Class A driver.

She made \$48,000 last year. She has insurance for herself and her kids. She has bought a car, and she is looking at buying a house. Great short story there.

It took 1.5 years of the employer working with her to get her to that point. And the employer made the investment in that person.

The other comment about language—you know, today, with all of our technology, there are a lot of new processes to learn the English language or the Spanish language much more quickly than just opening a book and turning pages. Thank you.

Mr. YARMUTH. Thank you.

Before I recognize Mr. Bishop, I would like to ask unanimous consent that three statements be submitted and included in the record: the testimony of Gary Earl, the president and CEO of Workforce Central Florida; the statement of the AFL-CIO; and the statement of the United States Conference of Mayors.

Without objection, so ordered.

[The information follows:]

Prepared Statement of Gary J. Earl, President, CEO, Workforce Central Florida

Chairman Hinojosa, Ranking Minority Member Keller, and distinguished members of this Subcommittee, I am Gary J. Earl, President and CEO of Workforce Cen-

tral Florida. Workforce Central Florida is the Regional Workforce Investment Board under the current Workforce Investment Act for the five County area surrounding Orlando, Florida. We cover the areas of Orange, Seminole, Osceola, Lake and Sumter Counties. We are a regional entity formed by combining the areas of two previous Private Industry Councils and adding additional counties from each of two other Councils, in order to achieve a regional economic area that resembles the kind of regional entity envisioned in much of recent discussion on the matter of what the right size region might be. Our geographic footprint covers the areas of five school districts, three community college districts, and at least seven economic development organizations, and each and every one of those is a valued partner to our enterprise. To give you some perspective, Workforce Central Florida's WIA Adult allocation was larger than that of nine states when we checked just a few months ago. At Workforce Central Florida, We believe that to compete in the global economy of the 21st Century, America, Florida, and our Region must maximize the productive potential of all segments of its population and its businesses.

As Background, I would like to share some of Florida's WIA history with you. Florida's response to the challenges and opportunities offered by the Workforce Investment Act, the amendments to the Wagner-Peyser Act, and the enactment of the Temporary Assistance for Needy Families Act were unique. Florida was an early implementation state in the initial phases of WIA, having anticipated much of what was working its way through Congress at the time as the new Workforce Investment Act. After a long process of public hearings, stakeholder focus groups, and so forth, in Florida's landmark Workforce Innovations Act of 2000, the State Legislature established the State Workforce Board as the policy and oversight body for all workforce development activity in Florida, the Agency for Workforce Innovation as its administrative arm, and the Regional Workforce Development Boards as the local planning and oversight entity responsible for programs operated at the local level. This followed several years of discussion and reorganization at the state and local levels, as we adapted to the changes in federal workforce legislation, the movement of welfare transition programs away from a social service design to one of re-employment.

As I am sure you know, the Workforce Investment Act of 1998 was built on five key principles: 1) streamlined services in a one-stop environment, 2) customer choice, 3) universal access to all customers, 4) strengthened accountability, and 5) private sector authority. In the Workforce Innovations Act of 2000 (FL), Florida adopted four more of its own: 1) self-sufficiency and self-reliance, 2) performance accountability, 3) privatization as a cornerstone of operations, and 4) local governance by the private sector leadership. Further, the Florida Senate Select Committee on Workforce Development identified several key issues facing the economy of Florida that had direct implications for the workforce Development system. They included, 1) disconnect between the workforce system and the state's economic development strategy, 2) insufficient number of potential employees with the technical or professional skills to meet the needs of Florida's employers, 3) insufficient number of potential employees with adequate literacy skills, work ethic, and good work habits to meet the needs of Florida's employers, 4) problems of welfare transition clients and other "working poor" Floridians, 5) employers' need for continual enhancement of employee skills, 6) small business workforce needs, 7) strategic, effective, and innovative use of workforce system resources, and, 8) multiple, overlapping administrative structures.

Florida's Legislature concluded, in the preamble to Florida's Workforce Innovations Act that, "Florida's [local business] communities have demonstrated in the Workforce * * * programs that they have the energy, capacity, and the will to tackle some of society's toughest challenges. The nexus between workforce challenges and workforce solutions is in the [local business] community and, to the greatest possible extent the authority to implement those solutions should reside there, as well." We believe these actions were directly attributable to the private sector leadership involved at both the state and regional board levels. In Florida, the oversight delegated to the private sector mandated in the Workforce Investment Act was extended to all labor market exchange and welfare transition programs as well.

Workforce Central Florida believes that Florida's Workforce Development System stands out as a model for the rest of the country. Very few states have their own laws on the subject of Workforce Development and only a hand full have laws as comprehensive as that of Florida. While functional consolidation of all programs related to activities in the publicly funded labor market exchange systems is still a topic of debate for the large portion of the country, Florida's Workforce Innovation Act of 2000 did that to the extent allowed by federal law.

The genius and the key to the success of Florida's system design over the years in hitting performance goals, successfully navigating welfare reform, responding to

disasters, and tackling special charges such as Florida Rebuilds (hurricane response) has been in the systems recognition of the private sector leadership at the local level as the “nexus” of workforce development activity. Who better to establish and maintain policy on labor market exchange than the local business leaders who make up the consumer base of the services provided by the system? The state law clearly established the state level responsibilities as policy and enablement, and anticipated all consolidated activities to be overseen at the local level by the several regional Workforce Investment Boards.

Workforce Central Florida recently celebrated its tenth anniversary. I would like to share with you some of our accomplishments over that period. In the last ten years, Workforce Central Florida has:

- Assisted over 38,676 employers recruit and hire,
- Assisted over 38,676 employers recruit and hire,
- Helped nearly 900,000 residents looking for work,
- Provided over \$14M in training scholarships to upgrade the skills of Central Florida residents,
- Awarded 44 college scholarships to youth,
- Helped to reduce welfare roles by 80%, saving approximately \$35M/year in welfare expenditures,
- Partnered with other agencies to help bring another \$8.5M in grants to our local area,
- Reduced infrastructure from over 1 dozen offices to 5 one-stop career centers; redirecting funds saved into other services,
- Placed over 320,000 job seekers into jobs,
- Helped over 9000 at risk youth stay in school,
- Received over 55 local, state and national awards of excellence,
- Hosted over 1000 HR professionals and CEOs at our 3 workforce summits,
- Provided outplacement services to area employers for over 32,000 individuals they had to lay off.
- Partnered with school districts to provide ESOL to hundreds of individuals who do not speak English, and
- Directed over \$100,000,000 to area organizations through contracts for services.

During that ten year period, there were a number of events that we consider significant milestones. I will list a few of them:

- 1996: New board seated in newly-configured 5 county region
- 1997: WAGES (welfare reform) launched Service delivery in One-Stop began
- 1998: Teen pregnancy prevention kicked off
- 1st web site unveiled
- 1999: Local WAGES Board and CFJEP merged; WCF is new name
- 1st regional labor market study conducted
- 2000: Search for unrestricted resources becomes a priority of Board
- One-Stop served over 65,000
- 2001: Workforce Watch e-newsletter began
- Partnered with chambers to train businesses regarding services
- President Bush visited our one-stop center after 9-1-1.
- 2002: Launch of Employed Worker Training as priority of Board
- Board adopted policy that the employer is our customer
- 2003: 1st regional workforce summit held—275 attend
- Board designated targeted industries, directing resources to those industries in the area compatible with area’s economic development strategies
- 2004: Inaugural State of Workforce survey released
- Mobile Express begins service
- NEG response is implemented after hurricanes
- 2005: State and national recognition received for business and healthcare models
- Katrina came ashore; staff was sent to Mississippi
- Won high performing region designation
- Orange County Mayor’s Job Fair held for Katrina victims in area

I relate these historical facts to make a central point. Workforce Central Florida is a success story because the policies followed over that time period were generated by an overwhelmingly private sector led Board of Directors at the local level. I say overwhelmingly because we have maintained a super majority across that period, not just the required simple majority. Furthermore, we have maintained within our own bylaws a definitional requirement for a quorum that requires not just a majority of active Board members to be present to conduct business, but an additional requirement that a majority of those present must be private sector representatives. That is our corporate culture. If we are to truly ensure that the “investment” in workforce investment is to be an investment in our communities’ comprehensive eco-

conomic development strategies, then all expenditures and practices at the local region level must be overseen and managed by the local regional Boards. In my view, this would necessarily extend even to expenditures made under any form of Individual Training Accounts, or any of the other several labels that have been suggested for the same kind of activity. Without such local oversight, such expenditures have no more accountability than FEMA credit cards and can hardly be called “investments”. I would recommend to you without reservation, that as you deliberate on improving our nation’s workforce development system, that you consider similar requirements regarding the private sector leadership at both the local and state levels.

I would also like to take this opportunity to suggest a number of other recommendations which I would, on behalf of my Board and colleagues ask that you consider. As we look for ways to improve services to our primary customers the employers we need to continue to be able to identify and design program and service mixes that best fit the needs of the local Workforce Boards business community. We must go beyond “continue” to “triage and blend” the traditional State managed workforce programs with and accompanying traditional local workforce programs. One size rarely fits all therefore we recommend exploring ways to customize, mix and blend services for the local business communities. Therefore, we would ask that you: Allow Local Regional Workforce Boards the authority to operate Incumbent Worker Training (IWT). Include IWT as another arrow in the local workforce quiver of services, continue to explore eliminating the 50% match requirement for customized training, provide that services for business should include targeted skill development for customized skill needs, allow local Workforce Boards the authority to add performance criteria for local training provider’s eligibility, continue the prohibition of listing On-the-Job Training providers (OJT) and customized training providers from State Training Providers List, and we request that scarce Youth formula dollars not be used to fund new youth programs like the National Youth Challenge Grant and other future youth programs. In fact, in recent years, the Department (USDOL) has engaged in a good bit of discretionary grant-making in areas other than youth, as well. Efforts to engage Faith-Based and Community-Based Organizations are noteworthy; however, these activities have been largely conducted with little or no notice to or coordination with designated authorities at the state and local level. In the case of some of the WIRED grantees, entities (which did not exist prior to the grant) were formed specifically for that purpose without any consultation and agreement by local elected officials; creating questionable and unclear situations regarding accountability. Some large national grants were given to companies offering wages so low that such companies would not be considered for funding assistance by local authorities at the local level. Discretionary activities of the Department should be coordinated with local and state authorities, in order to ensure that such activities enhance the economic strategies of local areas.

Adequately funded One-Stop Infrastructure is critical to maximizing the availability of training and retraining services, as well as support services, for America’s employers and workers. Although the Workforce Investment Act mandates specific partners within the One-Stops, partners are not required to pay their fair share and partners often choose not to participate when they are pressed to pay. Transportation is an issue in most of our regions, making it difficult for customers to travel to the various partners’ offices. The rising costs of infrastructure, physical and electronic, are placing a strain on the local workforce boards and their partners. More partners with a mandate to share costs are needed to shoulder the infrastructure burden. With declining funding and only limited financial support from partners, many workforce boards have found it necessary to close One-Stops. We would ask that you create an infrastructure funding mechanism whereby States are required to determine and appropriate contributions to the One-Stop infrastructure from WIA mandated partners, without federally imposed caps on such contributions and/or establish a separate, new authorization for One-Stop infrastructure funding that brings together all partners with the needed resources to support a comprehensive workforce system.

Regarding accountability, we would note that in our private sector businesses, we expect to be held accountable for employee, customer service, and bottom line performance. The public workforce development system and its’ local programs must also be held accountable, both fiscally and programmatically. We support evaluation measures that make sense for legislative purposes, as well as managerially meaningful for local Boards. “Accrued expenditures” must be included in any meaningful measurement system, as has been recommended by the GAO, for several years now. We support efforts to target performance standards under WIA that will help build a comprehensive, outcome oriented national public workforce system, and we would hope that there is to be room for locally developed measures, as well. We would rec-

commend caution with implementation of any measures that may cause unintended consequences, such as a tendency to serve individuals who are most job-ready.

Finally, and perhaps most importantly, regarding GOVERNANCE, we believe that legislation must ensure the continuation of strong, locally-based, private sector business-led decision making process of the current workforce investment system, the formation of workforce regions from the local area up, not the top down, as this is fundamental to a region's legitimacy at the local level, and the appointment of local boards by local elected officials.

In the Workforce Investment Act, Congress struck a very delicate balance between the authorities and responsibilities given to the federal, state and local levels in the system. As an example, the Act clearly gave the responsibility of certification of one-stop centers to the local Workforce Investment Boards. It also left the oversight of the Wagner-Peyser functions at the state level. Care needs to be taken that the notion that the proper roles of the federal and state levels are to enable the local WIBs, set direction and policy appropriate to that level, and assure accountability, and that operational decision making occurs at the local WIB level. The states should establish the overall framework for service delivery in consultation with the local areas. The final determination on service delivery mix should be made at the local area, closest to the customer, not micro managed by the state. There is a distinct difference between setting standards for certification and conducting the actual certification within those standards or guidelines. To assist in the clarity of the legislation, we recommend the following items:

Retain the requirements that Chief Elected Officials and Local WIB members be included on the State Board (retained from current law). Local WIB members on the State Board provide a frontline view that many of the appointed business seats and mandatory partner seats may not have.

Focus the role of State boards on providing guidance to partner programs on their appropriate roles and contributions to the One Stop infrastructure. State boards need to be given tools to fully engage partner programs such as the Vets and Vocational Rehabilitation programs in the infrastructure of the One-Stop Centers. Many Centers do not have co-location of these programs and even if they do they are often not structurally a part of the One-Stop team.

Ensure that regional planning is conducted only after first consulting with local boards and local elected officials; and regional plans must incorporate the plans of each of the local areas within the region. Regional plans should add value to and not be developed at the expense of the local area's needs. While regional planning is necessary for labor market and economic development information there are still unique challenges to the local regions.

Streamline the membership requirements of local Board membership without diluting the private sector representation. There are too many mandated partners that do not bring strategic direction or policy governance to the State and Local Board memberships. Board size and its effect on a Board's ability to function is a serious issue, particularly where the area covered by a given Board is large, entails heavy time and travel demands on the volunteers, and as a result, makes meetings difficult. The requirements for "representatives" should be minimized wherever possible, but only in the context of and in agreement with current requirements of the Act itself. Boards need to continue to be driven by the private sector membership and eliminating requirements for multiple seats for one-stop partners would enhance business leadership. Perhaps a minimum requirement for representation on the State Board of Regional Workforce Investment Boards' membership would enhance coordination between the two. Specifically, at the local level the reduction of requirement to have a representative of each of the One-Stop Partners on the local board would help to reduce the size of boards to a manageable level and would remove contractors from sitting at the board table (as many do across the nation). Local Board membership should be Business led with a strong (if not super) majority and removing those who are representatives of Unemployment Compensation or Trade Adjustment Act and other operational partners would foster the environment of a demand-driven, pro-active workforce system.

I would add to these comments only one more in conclusion. It is imperative that we "get it right", and therefore, proper deliberation is necessary. However, it is, in my view, also (and perhaps more) important that we get it sooner rather than later. We need reauthorization now so we can move forward in ensuring our communities' competitiveness as expeditiously as possible. Mr. Chairman, Mr. Keller, and Members, I want to thank you for the opportunity to comment.

**Prepared Statement of American Federation of Labor-Congress of
Industrial Organizations (AFL-CIO)**

Overview

More than ever, securing the future for working families depends on having access to training and education, and then access to jobs that pay well and have good benefits. Responding to the economic challenges facing millions of unemployed, low-wage and disadvantaged workers, and the need to retain and create decent jobs, is a daunting and urgent task for our nation's workforce development system—but it must be the primary task.

Globalization, outsourcing, technological change and mass layoffs have created unprecedented turbulence in the labor market where workers are increasingly faced with jobs that pay less and provide fewer benefits. Changing jobs should not result in financial disaster for families. The United States must do more to help workers manage these transitions and the economic threats faced by working families. These include specific labor market, education and training services that will better match job seekers and employers, help U.S. workers access training for good jobs and provide employers with skilled workers.

A Historical Perspective

In the depths of the Great Depression, over 70 years ago, the federal government established an economic security system to aid in economic recovery, provide help to unemployed workers and assure stability in the labor market.

The Congress and the Roosevelt administration put into place a federal-state system of public employment offices that were to be universally available to employers and workers without charge or any conditions. This was followed by the creation of the Unemployment Insurance program whose benefits were to be paid through the public employment offices. The relationship between the Employment Service and Unemployment Insurance has prevailed ever since.

Since that time state Employment Security agency functions have included Unemployment Insurance and Employment Service functions including labor exchange; labor market research and information, and the administration of worker adjustment programs such as the Trade Adjustment Assistance program. In the post-World War II period the state Employment Security system was asked to take on additional responsibilities—providing special help to veterans and certifying foreign workers by demonstrating that the admission of foreign workers would not harm U.S. workers.

Throughout the intervening years the workforce system has evolved to respond to the various economic, social and political changes affecting our nation. Starting in 1960s the federal government sought to involve itself in worker training by creating direct federal categorical grants programs as part of the "War on Poverty." During that period the institutional responsibility to provide training services to the disadvantaged and unemployed was given to local governments, non-profits and community agencies. In the 1970s workforce training programs became highly decentralized and federal decision making was transferred to state and local governments who were charged with designing, developing and implementing workforce training.

The Comprehensive Employment and Training Act of 1973 (CETA) created local advisory boards and later Private Industry Councils to help oversee local programs. The Job Training Partnership Act of 1983 (JTPA) increased employer control over local training programs for disadvantaged and dislocated workers.

As time went on federal job training programs began to compete for, and displace, the resources of the state employment security system and the process has continued to this day.

Reauthorizing The Workforce Investment Act

The Workforce Investment Act is the next iteration of the evolving workforce system that began in the 1960s and it is an outgrowth of the locally based structures established in as part of the anti-poverty programs. As a result, governance is localized and dominated by employers, delivery is often privatized and job training effectiveness varies widely. One of the reasons why workforce training programs always have to struggle for attention in the appropriations process is that they can not produce evidence of effective training. This will continue to be problematic as the system struggles for political and financial support.

As we reconsider workforce training within the context of the Workforce Investment Act we see a system where most of the attention and resources are focused on governance and "work-first" policies at the expense of training. While employer dominance has increased, the voice of organized labor and community organizations has been increasingly marginalized. The competition for resources coupled with the

emphasis on “work-first” strategies and core services delivered through a one-stop infrastructure has created extraordinary tension between state and locally based system.

This struggle to keep a statewide focus on programs including Vocational Rehabilitation, Unemployment Insurance, Employment Service, and Trade Adjustment Assistance is challenged by a workforce training system that is dominated by local workforce boards. The inability to reach consensus on WIA reauthorization over the last five years is symptomatic of the inability of both sides to resolve the tensions between state and local delivery systems and between the interests of employers and the interest of workers.

We believe there are valuable roles for all parties in the workforce system. At the center of the system must be a robust employment security program that is able to provide labor exchange, labor market information, counseling, case management and referral to job training and job placement. We are not proposing that the employment security system serve as a mechanism for providing training; however we believe that system must serve as the primary entry point into the system. The employment security system is not a replacement for local training programs—rather these programs should work in coordination with the labor exchange structure

During the five years that we have been debating the reauthorization of the Workforce Investment Act we have seen the Bush Administration and the Labor Department try again and again to block grant Wagner-Peyser Employment Service and WIA programs. The AFL-CIO has consistently opposed these initiatives, including our strenuous opposition to proposed regulations published last December that would have essentially created a state option to block grant these programs.

We believe that organized labor has been marginalized—our participation on WIA boards has been minimized, our input in the design and development of training was eliminated in 1998 and we have been engaged in a struggle to regain a strong voice in this system.

A Stable, Sustainable System

Our nation needs a renewed social compact between government, employers and workers that creates a stable and sustainable employment security system. This system would:

- Provide unemployment benefits that replace the majority of lost wages and cover more of the unemployed. It would extend unemployment benefits well beyond the 26 weeks so that workers have sufficient time to look for better paying jobs and get retraining.
- Expand the public delivery system to support full implementation of labor exchange, Unemployment Insurance and training services staffed by trained professionals
- Provide a guarantee of education and quality training for unemployed workers as well as those seeking to upgrade skills that ensure economic self-sufficiency. This requires a system that supports labor-management partnerships in industry sectors that links training to good jobs.

As economic hardship and uncertainty plague millions of workers, it is particularly important that the Congress exert strong leadership to ensure that our nation’s workforce system helps workers rebuild their lives, their families and their communities.

Just as working people and their unions fought for the good jobs we have today, unions will continue to seek a strong voice in the education, training and economic development systems in our states and in our communities.

We believe that to work effectively, this system must be universally available, publicly administered and fully funded. As the voice of workers in the system unions can help transform WIA into an instrument for developing high-wage, high-skill jobs, instead of a revolving door of low-wage, low-skill jobs.

The labor movement is committed to strengthening the nation’s workforce development and job training infrastructure. We will continue to oppose any effort to privatize our public delivery systems, and will continue to support a central role for the State Employment Service in providing labor exchange service and a federally supported Unemployment Insurance system as key components of a comprehensive workforce development system. The AFL-CIO will continue to advocate for funding levels sufficient to meet the reemployment and retraining needs of all American workers.

We will support coordination with and involvement of proven providers—our nation’s registered apprenticeship programs, community colleges, and other post-secondary institutions as well as community-based organizations—in delivering high-quality education and training.

We believe that workers' skill and career development needs must be at the forefront of our nation's workforce development system. Public workforce programs must build family-sustaining jobs that connect poor, unemployed and underemployed workers to good jobs and career ladders, and that support high-road companies that compete on the basis of skill and innovation.

Specific Recommendations

1. Strengthen the Wagner-Peyser System

Wagner-Peyser Programs are fundamental to the U.S. labor market and play a crucial role in the Unemployment Insurance program.

A comprehensive and well structured employment and training system requires a strong robust public labor exchange. Private sector intermediaries like temporary agencies are not concerned with helping individuals facing barriers to employment or helping them move upward in the labor market. Only a public institution, like the Employment Service can take on this responsibility.

State Employment Service (ES) grants through the Wagner-Peyser Act provide funds for a range of services to millions of workers looking for jobs and millions of employers looking for workers. The Wagner-Peyser Employment Service is financed from the UI Trust Fund because the public employment service is used to ensure that UI claimants meet the program's legal requirement to look for work, which is a core element in determining UI benefit eligibility, and to provide job matching services for claimants. The Social Security Act explicitly authorizes appropriations from the UI Trust Fund for public employment offices under the Wagner-Peyser Act for this reason.

More recently the 1998 Workforce Investment Act reaffirmed the close connection of Wagner-Peyser employment services to the unemployment insurance program by amending Section (3) of Wagner-Peyser to require that the Secretary "ensure, for individuals otherwise eligible to receive unemployment compensation, the provision of reemployment services and other activities in which the individuals are required to participate to receive the compensation."

Long term resource declines for the Wagner-Peyser program have seriously degraded its capacity as a national/state labor exchange. For example, The United States ranks last in spending on public employment services as a percentage of GDP in an OECD survey of developed countries.¹ In addition, the shift to UI call centers and Internet claims taking has substantially weakened the connection between the two programs. There has been a steady decline in real terms for Wagner-Peyser funding. To match the 1985 appropriation for Wagner-Peyser, the Administration would have to request \$1.4 billion, or twice as much as the current appropriation for FY 2007.²

It is more efficient and seamless for the same state system that provides UI benefits to provide such services, as assessments, public job search assistance and referral to other appropriate services, as soon as a worker becomes unemployed as possible. Keeping these functions with the same state agency that provides the benefits is more efficient and effective because it allows for early intervention and assistance.

A statewide public labor exchange system is a valuable component to a broader workforce development system.

In addition to its role in the UI system, the Wagner-Peyser system also is charged with making available universal labor exchange services. Specifically, the Wagner-Peyser Act requires the Labor Department to "maintain[ing] a system for clearing labor between the States".

With job turnover and mobility much greater than in previous decades, a strong and uniform system that can operate on a statewide and interstate basis is necessary now more than ever. This is true not only from the standpoint of the job seeker but also from the standpoint of maintaining a high level of economic productivity. It would be difficult if not impossible to achieve this with a collection of private or local entities. Passing down dollars and driving policy through multiple layers of and among multiple providers makes it difficult to develop uniform policies and practices as called for under Sec. 3 of the Wagner-Peyser Act.

In addition to the legal requirements in Wagner Peyser, the public state labor exchange can provide the following benefits:

¹Lippodt, Douglas and Melvin Brody, "Public Provision of Employment Services in Selected OECD Countries: The Job Brokerage Function. In Labor Exchange Policy in the United States, Balducchi, Eberts and O'Leary.

²Devereux, Greg. American Federation of State County and Municipal Employees (AFSCME) "Testimony before the Subcommittee on Human Resources of the House Ways and Means Committee." May 4, 2006

- The development and use of labor market information (e.g. information on state, regional, interstate and local economies) on a uniform and systematic basis is more efficiently and equitably accomplished on a statewide, if not national, basis instead of by a multiplicity of local areas. This function can provide useful support to local one-stops as well as a variety of private intermediaries.

- A statewide information network for jobs and jobseekers (either as a public job bank or linkages with private ones or a combination of both) avoids costly duplication of information systems by local areas. In addition, the free self-help services which are available to both employers and jobseekers in local one-stop centers depend on the infrastructure that state agencies have developed. Privatizing this function could convert these self-help operations into profit centers for private companies to begin charging both employers and job seekers.

- Statewide information systems can become a central component of state, regional, and local economic development strategies and can help inform the design of effective training programs focused on emerging industries and good jobs.

- Trained Wagner-Peyser staff can help job seekers who cannot use advanced information tools and to refer them to more specialized services. Evidence shows that ES services are of particular value for low skilled minority workers.³

- A statewide structure provides flexibility that local labor exchange entities do not have, including the ability to shift staff to different parts of a state during emergencies, which Virginia did after 9/11, and the ability to work on a regional and interstate basis. This flexibility also has allowed Ohio to fill in gaps where resources are scarce or not available, including supplementing veteran services and TAA support around the state when needed. Ohio state staff is trained in ES, UI, TAA, labor market information and outreach services to employers, a flexible workforce that allows the state to provide more universal labor exchange services that can respond to emerging local needs.

- The public state operated labor exchange structure is especially important in rural states and rural parts of states, where local and private placement companies are weak or non-existent. Private companies tend to prefer operating in urban areas where opportunities to make money are greater. Employees in public agencies seek to serve all jobseekers consistently and evenly.

Maintaining a public labor exchange subject to merit based personnel standards, instead of using private contractors creates accountability, equity and the ability to achieve statewide or federal policy objectives

- Merit-based (or civil service) system requirements were applied to the Wagner-Peyser Act shortly after enactment. They are designed to promote high quality service delivery by ensuring that hiring and promotions are based on competence, and not affected by nepotism, political connections and favoritism unrelated to job qualifications. These standards also ensure impartial and unbiased delivery of service, and not affected by favoritism or prejudice. As such they are very different from the personnel policies of private contractors whose primary obligation may be to maximize profit for stockholders or who can hire and fire at will without any of the restraints of merit standards.

- Public administration provides important due process protection for individuals who are receiving government benefits such as UI, who might be subject to discrimination, and who expect the privacy of confidential information. Consistently state employees point out that they must serve any and everyone while private contractors can, and do, pick and choose to whom they give the most attention.

- A state/national public structure can help facilitate the implementation of public policies. For example, with adequate staff, a public labor exchange can be a useful tool for identifying and working with employers with skill shortages, including those requesting immigrant labor, guiding qualified jobseekers to them, and promoting training in these occupations.

RECOMMENDATION

- Require states to use Wagner-Peyser funds for statewide public labor exchange and labor market information.

- Require that states use merit-based personnel systems to implement Wagner-Peyser programs.

- Increase Wagner-Peyser funding for the State Employment Security programs to a level that is sufficient to carry out its labor exchange, labor market research and information and related programs.

³Holzer, Harry. "Labor Exchange Policy in the U.S." W. E. Upjohn Institute, 2004.

2. Address Infrastructure Funding

The use of WIA resources to focus on service integration, create new one-stop facilities and bureaucracies, without any limitation, has contributed substantially to the decline in training. This is despite the fact that many WIA partner programs already contribute operating funds to one-stop operations.

A number of infrastructure proposals would start the commingling of funds from non-WIA programs. In doing so, they transform the original one-stop idea of a better-coordinated workforce system into a mechanism for reducing resources for and block granting these programs in the future.

RECOMMENDATION

- Current law should be retained, or a separate WIA funding stream should be created, for one-stop operations.

3. Rebalance the Interests of Employers and Workers: Increase Labor Participation and Connect Training to Good Jobs

A. INCREASE LABOR PARTICIPATION

Organized labor brings a vitally important perspective to workforce and economic development. This involvement is rooted in labor's fundamental mission to create, sustain and expand opportunities for good jobs and foster strong communities in which working families have a voice.

Expanded organized labor participation will help to ensure that funds are used to identify skill needs, develop relevant training curricula, provide quality training and career pathways that lead to good jobs and economic self-sufficiency. Unions also encourage employers to invest more in training and education. Joint training programs in the auto, steel, communications and health care sector have significantly increased opportunities for career development for workers and their families.

Unions who represent workers having skills in which training is proposed should be fully consulted in the design and implementation of training so that organized labor's unique knowledge of the local labor market and industry skill needs will assure that WIA programs are of high quality and proven results.

The AFL-CIO Working for America Institute has been working with a number of unions to establish high road partnerships with companies, community organizations and the WIA system to provide workers with education and training, opportunities for advancement and a commitment to build their communities based on skill, innovation and an equitably share prosperity.

RECOMMENDATION

- Require that unions who represent workers having skills in which training is proposed should be fully consulted in the design and implementation of training.
- Increase labor representation on state and local workforce investment boards so that a minimum of 15% of state and local board membership comes from organized labor.

B. EXPAND TRAINING AND CONNECT TRAINING TO GOOD JOBS

A principal criticism of WIA has been the substantial decline in actual training and the use of WIA for labor exchange services as a result of the decline in Wagner-Peyser funding. Specifically WIA reauthorization should ensure that Wagner Peyser funds are used for labor exchange which will free up WIA funds for training.

In regard to funding decisions, priority consideration should be given to training programs of demonstrated effectiveness in helping workers gain economic self-sufficiency, including joint labor-management training programs.

The Congress should look to efforts in Great Britain where employment and training programs involve key partnerships between the Department for Education and Skills and British Trades Union Congress. The British Government has established a Union Learning Fund that provides support to Union Learning Representatives who are on the frontline in workplace education and training providing outreach and assistance to workers in accessing the workforce system. These partnerships help workers develop new skills and careers and increases productivity.

Union-involved education and training programs help to promote employer's economic success and reflect a commitment to broad workforce development. Union-sponsored education and training seek to create worker-centered learning programs that build both a broad base of worker's knowledge as well as specific fundamental occupational and technical skills that underlie a range of jobs, in contrast to the often narrow training offered by employers. Union programs connect worker train-

ing, work organization and work processes in ways that help workers and employers increase productivity and spread the benefits of increased earnings equitably.

Unions can work particularly effectively with employers on a sectoral basis addressing not only the workforce training needs, but modernization and market development as well. Additionally, unions can help set sector-based skill standards, assessment and certification systems so that workers will have portable and marketable skills.

RECOMMENDATION:

- Training should be industry focused on available high-growth, high-demand, high-wage occupations in qualified industries through the one-stop delivery WIA training programs should be coordinated with community colleges, employers and unions businesses and labor organizations, and the one-stop system to meet the training needs of qualified industries for new entrants, dislocated as well as incumbent workers

- At a minimum, 50% of adult and dislocated worker WIA allotments should be used for training.

- Priority consideration for funding should be given to supporting sector skill alliances established through labor-management partnerships that create high-wage, high-growth training and placement opportunities.

4. Increase Funding

The AFL-CIO continues to be extremely concerned about the under-funding of workforce training and employment security programs. At a time when unemployment and poverty rates are still at unacceptable levels, it does not make sense to cut programs that help workers get back on their feet. The Administration's cuts have had significant and deleterious effect on the workforce system's ability to provide services to unemployed workers, those who are leaving public assistance and those who are low income.

Comparative statistics from the Organization for Economic Cooperation and Development (OECD) set the total federal expenditures for job training in 2000 at .04 percent of GDP. This level places the United States in the bottom of OECD member nations in terms of government spending on job training.⁴

RECOMMENDATION

- Increase funding for the WIA adult, dislocated worker and youth programs to a level that will ensure disadvantaged and dislocated adults and at-risk youth receive the necessary adjustment and training help they need.

5. Maintain and Expand Labor Standards and Worker Protections

WIA labor standards and worker protections are an important foundation of protection for participants and regular employees and they should be preserved. It is important to expand these standards to include assurances that employers who receive WIA subsidies abide by "responsible contractor" principles.

Employers who benefit from WIA resources should pay their workers fair wages and benefits. These employers must also obey all labor laws, provide training and job retention programs and remain neutral if their workers try to organize a union. Employers who violate labor, environmental, employment, health and safety or civil rights laws are not entitled to receive OJT, customized training or other public subsidies.

RECOMMENDATION

- Expand WIA labor standards to require that any employer who benefits from WIA resources, including employers who receive on-the-job training and customized training subsidies, abide by responsible contractor policies.

6. Improve Services to Dislocated Workers

It is essential that the funding stream for dislocated workers be adequately funded. States must involve organized labor organizations in their rapid response programs and should support the creation of labor-management mechanisms to help workers connect with federal and state resources. Layoff aversion strategies such as employee buyouts should be fully considered.

The definition of dislocated workers should be broad enough to serve workers who may still be unemployed or underemployed some time after their dislocation. In ad-

⁴ O'Leary, Christopher, Straits, Robert and Stephen Wandner. U.S. Job Training: Types, Participants and History. In Job Training Policy in the United States. W.E. Upjohn Institute. 2004.

dition, skills upgrade programs that will prepare dislocated workers for the new demands of their existing industries should be allowed, rather than a strict interpretation of the “unlikely to return to their previous occupation or industry” standard.

Consideration should be given to formula changes that would better allocate funds to areas of high dislocation and to prevent dramatic swings in funding that jeopardize program continuity.

RECOMMENDATION

- Implement improvements to the dislocated worker program that will facilitate early intervention and layoff aversion, expand Rapid Response, engage labor and management and address the needs of those facing layoff as well as those experiencing layoff and provide increased funding and funding stability to the program.

7. Link Performance Goals to Good Jobs

WIA funds should not be used to subsidize training and placement in temporary, part-time work. WIA reauthorization must include a clear commitment to economic self-sufficiency.

RECOMMENDATION

- WIA performance standards should be expanded to include post-placement earnings gains, job retention as well as health care and pension benefits.

8. Do Not Expand Waivers

Current WIA waivers should not be expanded. In fact Congress should examine the effectiveness of the WIA waivers and work-flex authority granted by the department of Labor. Particularly the Congress should determine whether the WIA waivers and work-flex authority have increased training quality and improved performance.

Additionally WIA funds should not be used to support capped individual accounts that incentivize workers into taking lower paying jobs and reduce the amount of support for quality training

RECOMMENDATION

- Current WIA waivers should not be expanded, nor should the Administration or Congress seek broad waiver authority for other federal programs.
- Individual Training Accounts should not be an allowable activity for youth programs and WIA funds cannot be used for capped Personal Reemployment Accounts, Career Advancement Accounts or other individual accounts.

Conclusion

As economic hardship and uncertainty plague millions of workers, it is particularly important that the Congress exert strong leadership to ensure that our nation's workforce system helps workers rebuild their lives, their families and their communities. Our nation's employment and training system has an important role to play in addressing the challenges of economic insecurity.

However it is only part of the solution. Increasing the minimum wage, responding to the challenges of trade and immigration and reversing the decline of unionization are all important determinants of economic security.

Just as working people and their unions fought for the good jobs we have today, unions will continue to seek a strong voice in the education, training and economic development systems in our states and in our communities.

It is time for the Congress to take bold action to assure that every worker has a right to employment security and every worker has a right to be retrained for a new job and to be fully supported by a strong government safety net.

Prepared Statement of the United States Conference of Mayors

Chairman Miller and members of the Committee, The United States Conference of Mayors appreciates the opportunity to submit testimony on the Reauthorization of the Workforce Investment Act of 1998.

The United States Conference of Mayors is the official nonpartisan organization of cities with populations of 30,000 or more. There are 1,139 such cities in the country today. Each city is represented in the Conference by its chief elected official, the mayor.

The enactment of legislation reauthorizing the Workforce Investment Act is of major importance to mayors at this critical time in our nation's economy. Global competitiveness, long-term economic security and the achievement of the American

dream for all Americans depend primarily on a highly skilled, highly productive, and flexible workforce. The future prosperity of the United States and its cities will depend upon educating all Americans to higher and ever-changing standards. One way to achieve this is through a strong federally-funded, locally-driven workforce system.

Mayors believe that it is imperative that all low-wage and structurally employed workers have the chance to acquire these new highly-valued skills; receive needed supports while they are upgrading skills and changing careers; and have access to high quality help to find good jobs that lead to self-sufficiency and will enable them to support their families. Mayors also believe that we must find ways to bring business, workers, researchers, economic developers, entrepreneurs, K-16 and other education and training institutions, and government together at the local level to identify and develop their strengths and capacity for innovation.

Mayors and other chief local elected officials understand first hand what needs to be done. The place where every U.S. citizen meets the government is at the local level. Leaders at the local level are held accountable by their residents. Mayors and local elected officials are first to know of an economic downturn or upturn because of the number of residents who tell them their concerns about or pride in having and keeping a job. The economic health of a community and its citizens—especially its workers—is the top priority for every mayor and other local elected official.

In 1998, when Congress articulated its vision for the central operations of the workforce system it funds through the Workforce Investment Act, the legislation was crafted in close collaboration with practitioners and public interest groups. Since then, that vision has been implemented and built upon by mayors and chief elected officials, in partnership with the local workforce investment boards they appoint.

Among the successes that have emerged from your investment over the last several years are a robust One-Stop system to directly connect local employers with the local employee base; a youth development system that assists directly in helping young people make the successful transition to the workforce; and innovations that have resulted in the leveraging of millions of dollars to align workforce development with economic development and education activities. From the every day needs of residents, to the relocation of tens of thousands of refugees in the weeks and months following the 2005 hurricanes, the local workforce system has been there to help connect people to jobs using a broad range of tools and strategies.

As you consider WIA reauthorization this year, the Conference of Mayors recommends the following to continue the evolution of the nation's core workforce development system, with a specific focus on governance and service delivery structures currently authorized in Title I of WIA. We have listed them in order of priority:

Governance and Local Area Designation—The public workforce system is charged with achieving two distinct objectives—assisting people in finding employment and training them to upgrade their skills in order to find employment.

An ideal workforce system is aligned to labor markets. Hiring transactions are both local and regional. To be effective, the workforce system must be positioned to work at those levels and led by those who have the greatest interest in its success.

A local board led by business, appointed by the mayor and/or the chief elected official in the area, is in the best position to create a strategy and implement it based on the needs of the local/regional economy. Local workforce development systems and strategies must be shaped around the local/regional economies and must be responsive to the key needs of employers. Simply put, without healthy cities and local economies, regions cannot thrive. In the absence of thriving regions, the nation cannot compete.

A reauthorization bill should ensure a continued strong, locally based business-led workforce investment system; ensure the appointment of local boards by mayors and other local elected officials; and protect the designation of high-performing workforce areas to best address the comprehensive education, workforce, economic and competitiveness needs of the country.

Moreover, the bill should clarify the essential, pivotal role that local boards play as conveners of key stakeholders for development and alignment of local/regional workforce and economic strategies; and as brokers of training and related services, resulting in a highly skilled workforce.

Youth—The Conference of Mayors is committed to promoting the well-being and positive development of the nation's youth. Mayors know that early work experience provides educational and enrichment opportunities leading to academic improvement for millions of disadvantaged youth, and helps youth develop life skills and values that prepare them for the challenges of adolescence and the responsibilities of adulthood.

By 2010, the largest segment of the nation's labor force will be teens and young adults as 41 million new workers enter the workforce to replace the 76 million retiring workers. Yet, the labor market for the nation's teens has deteriorated considerably over the past several years, and the overall teen employment rate in the past three years (2004-2006) was the lowest in the past 60 years.

According to the Center for Labor Market Studies at Northeastern University, the 2007 summer jobs outlook for the nation's teens appears to be worse than last year despite an improving national job market for older adults. Also, according to the Center's research, last summer only 7.11 million teens worked on average during the months of June-August; and the number of employed teens would have been 8.63 million, or 1.52 million higher, if the 2000 summer teen employment rate had prevailed and 9.5 million, or 2.4 million higher if the summer 1989 employment rate had prevailed.

In the past decades, there has been strong bi-partisan support for a summer jobs program for teens by the nation's mayors. Therefore, the Conference urges the Committee to restore its long term commitment to a strong summer jobs program, by continuing to include year round youth activities in WIA reauthorization and ensuring that a separate summer jobs program is part of WIA reauthorization.

In addition, The Conference of Mayors continues to support the development of national programs that are designed to provide both in-school and out-of-school youth, particularly youth in high poverty communities, with increased opportunities to achieve success in the workforce. The Conference strongly supports funding of these programs, such as YouthBuild, but not at the expense of the formula program.

Training—While skill and labor shortages threaten economic growth in the long-term, the current economic condition masks the challenge before us. Even as the economy is demanding a more educated workforce, several extraordinary forces are at play that will require new tools to address. Baby boomers are retiring, and new workers do not have post-secondary degrees at sufficient levels to replace even those who are retiring. And vast numbers of new potential workers are immigrating to America, but many lack the formal education necessary to support the demand for a more knowledge-based workforce.

At the same time, America's workforce system must respond to both recently laid off workers who need new jobs and often retooled skills, and to businesses who need skilled workers.

Adequate resources for training are necessary to meet employers' needs to attain and sustain economic strength. The WIA reauthorization bill should continue to authorize training for low wage workers for jobs that provide self-sufficiency; simplify training reporting requirements; provide for local input on certification of training providers; strongly encourage expanded access to training, and give credit for the leveraging of resources, other than WIA, for training.

The Conference of Mayors strongly supports inclusion of language that encourages the leveraging of resources for training, and urges the Committee to identify further incentives and rewards for state and local workforce investment systems that are successful in the leveraging of additional resources, beyond those provided through the WIA system, for training and other WIA services.

Finally, the Conference of Mayors recommends that the Committee consider relaxation of the sequence of services language in WIA, clarifying that intensive and training services may be provided as determined appropriate, without major interventions or delays. The Conference of Mayors strongly supports including provisions that provide authority to local workforce areas to provide training to low wage workers that leads to self-sufficiency, as defined locally. This authority is essential to allow for continued intensive and training services for the working poor for jobs that provide skill and wage progression.

Expenditures and Administrative Cost Limits—Carryover was an intentional spending strategy built into WIA as a planned management tool to assure proper and consistent operation of the workforce system. Since the WIA system must respond to economic events such as unanticipated plant closings, mass layoffs, or disaster relief, some funds must be held in reserve to enable immediate response.

The system also provides training for jobseekers that spans more than a single Program Year—at the point in time when carryover is determined (June 30 of each program year), many workers are midway through training, which appears as "carryover" even though those funds are already legally obligated.

The Conference of Mayors supports a requirement to reflect that when determining the reallocation and reallocation of unspent funding in WIA reauthorization, such determinations would be based on 30 percent of unspent "accrued expenditures" or "obligations" as required in current law. In addition, the Conference of Mayors believes that the new spending requirements should not be imposed retro-

actively, but should take effect the first Program Year after the date of enactment of the reauthorization legislation.

The Conference of Mayors also strongly urges the Committee to maintain the current function-based definition (from current DOL regulations for WIA) and maintain the 10 percent cap on administrative costs. This is very important to every local area, with broad implications for the workforce investment system. The Conference worked closely with DOL and the Inspector General's office at DOL in developing the current regulations shortly after passage of the original Act. The Conference believes that the definition of administrative costs must be included in statute, rather than defined through administrative or regulatory means.

Business Services, Alignment with Economic Development, Encouragement for Innovation—A strong workforce system interfaces effectively with its critical partners—including economic development and educational entities, employers and business groups, employee groups, and community and faith-based organizations. This means it must be organized within a construct similar to those entities, and be poised to work closely with them in order to leverage resources effectively.

Mayors would like to see a bill that encourages innovation and development of knowledge-based economies through alignment of workforce development, economic development, adult and postsecondary education; implementation of innovative services and strategies for meeting the needs of business; and encouragement for the leveraging and flexible use of private sector resources for meeting these goals.

One-Stop Infrastructure Funding—Securing an adequately funded One-Stop infrastructure is of paramount importance to maximizing the availability of adequate training and other important services to American workers. The Conference of Mayors supports consideration of a separate line item for such funding, with language protecting the Adult and Dislocated Worker funding levels, ensuring that infrastructure is not funded at the expense of formula funds.

Performance Standards—Workforce development efforts must demonstrate accountability for results—for objective outcomes that can be tracked, measured and evaluated. To truly be accountable for results, workforce development system efforts must develop appropriate measures for the outcomes we seek. Then, we must develop a data tracking and reporting system that allows transparency—regardless of whether the news is good or bad—with respect to the meeting of those outcomes.

The Conference of Mayors supports the simplification of performance standards under WIA, and the development of cross-program performance measures that will help to build a comprehensive, outcome-oriented workforce investment system across this nation.

The Conference of Mayors is concerned over the use of “efficiency” as a measure or reporting requirement, as this could inadvertently result in serving only those who are most job-ready, and to a decrease in more costly services, including training, for individuals with the most serious barriers to employment.

The Conference supports the retention of customer satisfaction as a required measure. Such measures are needed to ensure that the workforce system serves both of its primary customers well—jobseekers and businesses.

The Conference urges retention of skills attainment (i.e., employer-recognized credentials) as a measure to drive the system toward the provision of training identified as necessary by employers, and supports requiring that a regression model be used by States and localities to develop performance standards. This correlates the disparities of very low-income individuals being served with the cost of being served.

Finally, The Conference of Mayors supports the strengthening of language pertaining to the negotiation between states and local areas on the establishment of local performance standards, to ensure that this is truly a negotiation process in which local conditions are fully taken into account.

In closing, The U.S. Conference of Mayors thanks the Committee for the opportunity to represent the interests of mayors and their cities on the importance of training our future workforce. In a dynamic world, America's competitiveness depends on a world-class workforce with the knowledge, skills and abilities necessary to be nimble in an ever-changing economy. The nation's mayors understand that, as leaders of urban centers at the heart of the nation's 361 metropolitan areas, they have a critical and unique responsibility to insure the future workforce is ready, willing and able to support our global leadership in the 21st century.

Mr. YARMUTH. Mr. Bishop?

Mr. BISHOP. Thank you very much, Mr. Chairman.

Mr. Ware, in your testimony, you suggest that WIA should drop the distinction between out-of-school youth and in-school youth in

terms of funding, and you talk about how clearly high schools must be reformed.

One of the things that we are concerned about both in this committee and in the larger Education Committee is the alarmingly high dropout rate in certain of our schools.

And so my question is to what extent can WIA funds either currently—are they currently being used or could they be used to assist in this high school reform effort?

We have had testimony before this committee really that sort of the retention strategies that one would use in high school are very similar to the retention strategies one would use in higher education.

And at the risk of over-generalizing, the extent to which students can see their efforts being related to their goals contributes to retention.

So to what extent can WIA funds be used to assist in this process?

Mr. WARE. Mr. Chairman, Representative Bishop, I will make two comments, one that is coming off the NGA testimony, and one more personal as I deal with the issues in my state as chairman of the state workforce investment board.

The way that it has been set up now, to my understanding, again, it is more siloed between where the monies can go. As we look at a 30 percent, you know, dropout rate in high school here in these recent years, that becomes blurred as to who is in school and who is not in school.

The short answer is to have the flexibility for the governors and the different workforce boards to be able to move those monies to benefit those people.

My second point is more of a personal point, and that is we only act from our heart. We don't act from our head. And our youth, in a 30 percent dropout rate, is voting with their feet that the school system as it is right now isn't meeting their needs.

And that needs to be looked at. And I know in particular Chairman Hinojosa is very strong on high school reform. Boy, if I had that answer, you know, I would be a millionaire to that.

Mr. BISHOP. Can you or anyone on the panel foresee partnerships—Mr. Carbone—foresee partnerships that are supported in part by WIA funding and support by local school boards and in part by perhaps Perkins vocational and technical education funds, so that you are all—because you used the term that I was thinking of, this sort of siloed use of resources and siloed assessment of problems.

Is there some synergy here that we could realize that could be facilitated by how we do the reauthorization?

Mr. CARBONE. I think there is, and I think the issue here is that the dollars for youth that are appropriated from states to workforce investment boards—you almost have to dedicate it to out-of-school kids.

I mean, at the very least, at least kids that might be potential dropouts have their local school boards to kind of watch over them and try to help them to kind of avoid making that big, big mistake.

But even more important is, I think the local workforce boards have to help these kids who are at this potential for dropping out

understand the cost of dropping out. We are doing it in several parts of my district.

We have got one school district in Bridgeport that has one of the highest school dropout rates in the nation.

And one of the things we are doing is to try to help these kids to understand there is a huge gap between kids who complete high school and kids who don't, in terms of earnings right out of high school, when they drop out or throughout a lifetime, the rate of unemployment—trying to help them understand how they are depriving themselves of opportunity if they make this mess and drop out of school.

But again, I think it is a community problem. I think the school districts and all the agencies of the community schools and so on need to work together and use all resources.

And I think there is no group that is more important in terms of getting resources than these kids who have dropped out of school, or these kids—and the school districts know who they are—who are clearly potentials for dropping out of school.

Mr. BISHOP. Thank you, Mr. Chairman.

And thank the panel.

Ms. Butler, did you want to comment on that?

Ms. BUTLER. I did. We have had several comments about the One-Stops in terms of a full service approach. And I think it is important to point out the difference, I think, the paradigm of the WIA One-Stop versus—and quite frankly, the accessibility issue has to be put out there.

I mean, it has been my experience that the One-Stops are not accessible. And you know, perhaps in some places they are, but in areas that—the alternative formats and the information around the training programs that we have talked about today—those kinds of issues are not available.

And so what happens is these individuals are coming in with disabilities and being referred to the vocational rehabilitation programs who then are serving these individuals.

So I think there is a real struggle here in terms of the infrastructure funding that goes from the V.R. program into these One-Stops when, in fact, that money could be sent back to the V.R. program where, again, that consumer is going to get the services that they need.

So I would encourage the committee to look at the accessibility issues at the One-Stops.

Mr. BISHOP. Thanks, Mr. Chairman.

Mr. YARMUTH. Thank you, Mr. Bishop.

Mr. Davis?

Mr. DAVIS OF ILLINOIS. Thank you very much, Mr. Chairman.

And, Mr. Ware, I was just thinking that if I could ever be in an environment where the unemployment rate was 2.8 percent that it would be like manna from heaven.

But my questions—Mr. Twomey, you mentioned labor markets' needs and how do we communicate those more effectively. What are you finding to be the areas, for example, where there are real opportunities for the types of individuals in many instances that we are talking about who need the assistance of a work board?

Mr. TWOMEY. Well, I returned last week. I was out of the country in Argentina on vacation for 2 weeks. I came back.

I was a little jet lagged, but I went to speak to a school superintendent and about 20 people, his senior team, and this particular school district is in upstate New York.

And they are really—they read “The World is Flat” and got religion on it and got to the point where within 6 months they had a community meeting attended by 550 people to say, “What do we do to prepare our kids for this global economy?”

And one of the first things they did is this coming September they will now begin offering Mandarin Chinese as an elective in the school.

But he asked me to go and talk about what is changing in the labor market, because what we normally do in school right now is—the guidance counselors are overworked. They have big case-loads.

They spend all their time trying to get colleges to come in, get kids to apply—gets to be January, get the kids’ parents to file their tax returns so they can fill out the financial aid form.

We don’t do labor market information there. We have to find a vehicle to do that. The types of jobs that are unfilled—the president of the Central Labor Council in Saratoga Springs, New York, told me he gets calls every day from at least nine companies desperate for people that can understand computerized heating ventilation air conditioning control systems. They are computerized solid-state electronics.

The guy said, “It is not duct work. These are \$90,000-a-year jobs. We can’t fill them.” So we have this mismatch.

And I think that one of the really good things that happened under WIA is that we have had very much success in concentrating limited training money on sectoral growth areas, high wage and building and career ladders to move people up, get them more skills and help them move forward.

Mr. DAVIS OF ILLINOIS. So technology is a primary area where there are opportunities?

Mr. TWOMEY. It is a primary area. It would be more effective if two things happened—one, if there were a regression model so you could take more risk.

Mr. Souder talked about ex-offenders reentry program. Obviously, if somebody is coming out of substance abuse or is being released from the prison system, they are probably not going to succeed at the same rate as someone without those barriers.

We should adjust so people would be able to take more risk, serve that population.

The second is just—

Mr. DAVIS OF ILLINOIS. Let me—because my time is going to run, and I have got some other questions that I want to pursue.

Ms. Randolph, you mentioned as you were addressing Representative Souder’s question the difficulty of placing individuals or assisting individuals who might have criminal backgrounds.

What do you find to be the primary reason that employers give for not being willing to hire these individuals?

Ms. RANDOLPH. Well, I believe that one of the largest reasons is a security issue in terms of—particularly if it is a service industry, life sciences. There is always a concern there.

But what I find more interesting is employers who tell us that the recidivism rate for offenders is about 70 percent, and that they feel as though if they hire this individual, the individual is going to drop off the radar screen and—

Mr. DAVIS OF ILLINOIS. Of course, our experiences suggest that if the individual has a job, then the recidivism rate—

Ms. RANDOLPH. It reduces the recidivism—

Mr. DAVIS OF ILLINOIS [continuing]. Goes way down.

Ms. RANDOLPH. Right.

Mr. DAVIS OF ILLINOIS. Yes.

Ms. RANDOLPH. It does, but it is not in their minds. They are risk-averse.

Mr. DAVIS OF ILLINOIS. And this might be for anyone. Are there things that we can really do that will seriously assist this population group? I mean, what needs to change in a real way?

Mr. PETIT. In the last 3 years I have worked for a company called Piner Human Services on a part-time basis, and we work with people releasing back from the prison system into the society.

One of the things that we have discovered is that, yes, the recidivism rate is quite high—70 percent is probably correct. With education, the recidivism rate reverses.

I think that one of the problems when people are released from prisons is that they go back to their same old friends, their same old neighborhoods and so on, and the associations cause them to just go back into some of the same old habits.

When you go to school, you change associations. You change habits. And you are associated with more positive people. This is an important thing. And the recidivism rate is quite dramatically impacted by that.

The other thing I would like to just touch on is the comment about labor market and economic analysis. In Washington state, the Wagner-Peyser system supports labor market and economic analysis to the degree that we are—very high-quality information comes out of our system that helps all levels, from high school and all others, to make decisions that make sense.

So I really support the idea of strong labor market and economic analysis.

Mr. DAVIS OF ILLINOIS. Mr. Chairman, I know that my time has ended.

But let me just ask, if I could, is there anything that can be done or included in this reauthorization that might positively impact this situation that we are talking about?

Because the reality is that we are not really talking about 10 people or 20 people. Some states, of course, don't have much of a problem. But we probably are talking about 5 million or 6 million people in this country who have that problem and that need.

And in some communities, especially the large inner-city areas of the country, it is enormous. So is there anything that any of you see?

Mr. WARE. Mr. Chairman, Mr. Davis, I actually recruited at a maximum security prison for these energy jobs, and we get a few

people to come through. And I agree with the numbers that you have.

My short answer is maybe in this WIA reauthorization we need to have some money set aside for a pilot program on a state or national basis, because those numbers are large and there really, in my opinion, are no clear answers as to how to get those people really back to work.

Mr. DAVIS OF ILLINOIS. Thank you very much.

And, Mr. Chairman, thank you for your indulgence.

Mr. YARMUTH. Thank you, Mr. Davis.

Before I recognize myself, I would like to ask unanimous consent that the statement of the National Center on Education and the Economy be included in the record.

Without objection, so ordered.

[The information follows:]

Prepared Statement of Ray Uhalde, Director, Workforce Development Strategies Group, National Center on Education and the Economy

Introduction

Mr. Chairman, Members of the Subcommittee, I am pleased to submit testimony to the Subcommittee on Higher Education, Lifelong Learning, and Competitiveness in support of reauthorization of the Workforce Investment Act (WIA). I am Ray Uhalde, Director of the Workforce Development Strategies Group at the National Center on Education and the Economy (NCEE). Our organization conducts research, benchmarks best practice, and provides advice and technical assistance to policy-makers, states, localities, and other stakeholders on building comprehensive workforce development systems that meet the needs of America's workers, jobseekers, and employers. In recent years our work has increasingly focused on helping states and regions to align their workforce, education, economic and community development activities and assets to promote high growth, high wage, and high employment economies that benefit all their citizenry.

Two years ago, NCEE formed a bipartisan New Commission on the Skills of the American Workforce. Tough Choices or Tough Times, the recent report of the New Commission, proposes a framework for a major reorganization of the states' education and training systems for children and adults. NCEE's Workforce Development Strategies Group provided core staff support for the New Commission and developed the adult workforce recommendations, including guaranteed adult education to new standards, universal personal learning accounts, and regional economic growth authorities responsible for the alignment of workforce and economic development, adult and technical education activities to support unified regional growth strategies. The New Commission believes that reforms of this scope and magnitude ultimately will be necessary if the standard of living for most Americans is to be maintained in a rapidly changing and very competitive global economy.

But the urgent and immediate priority before this Committee is, in my opinion, to enact a modest reauthorization of the Workforce Investment Act this year. Reauthorization of WIA would demonstrate a bipartisan reaffirmation by the Congress and the President of the vital importance of the public workforce system for U.S. economic growth and opportunity. Without reauthorization, the WIA system is needlessly weakened and its funding will continue to decline, as is evidenced by the nearly \$700 million reduction in WIA's appropriations over the past five years, and the \$335 million rescission of WIA funds that was included in the House Labor-HHS-Education FY 2008 Appropriations bill passed last week. If last week's rescission were to be enacted, the WIA system would experience real reductions in service to low-income youth and adults, dislocated and incumbent workers. Funding that could have been used to pay for the training of over 130,000 youth and adults would be lost to the system forever. This at a time when the skills of the American workforce have never been more important to both individual and U.S. economic prosperity.

Both the House and Senate-passed reauthorization bills that were passed last Congress redefined expectations for WIA system expenditures—the concern cited as justification for the rescission contained in this year's House appropriations bill. Reauthorization legislation would address this issue fairly by shifting any (statutorily defined) excess unexpended resources to states with acceptable spending levels.

Moreover, reauthorization would reinstate Congressional confidence in and support for the programs authorized under WIA that are so vital to U.S. competitiveness, economic equity, and to sustaining and growing the middle class.

The balance of my testimony offers a brief review of the progress we have seen in state and local workforce systems across the country in carrying out the Congress' intent for the major reforms established in the Workforce Investment Act. My testimony concludes with a few recommendations for improvements to the WIA statute as a result of our ongoing field work and proposals from our Tough Choices report.

WIA: the Intent, the Progress, and the Challenges

This Committee is well aware that in 1998, when the Workforce Investment Act was developed, the new law was intended to enhance the productivity and competitiveness of the nation and the quality of its workforce in response to challenges brought on by demographic and technological changes, international trade, and economic restructuring—many of the challenges confronting us today. The Act represented the first major reform of the nation's job training system in over 15 years. With its enactment, states and local communities were challenged to think expansively and to design and implement a customer-focused, comprehensive delivery system that provides workers with services and training to get and keep good jobs—and employers with skilled workers. The intent was to fundamentally change the way workforce development services were provided across the U.S. through:

- Streamlining services. Multiple employment and training programs and services integrated at the “street level” through the One Stop career center delivery system so that the system as a whole is coherent and accessible for individuals and businesses alike;
- Empowering individuals. Development of a voucher-like mechanism (Individual Training Accounts (ITAs)) for accessing training, providing adults with choice in the selection of training based on up-to-date labor market information and data on performance of education and training institutions;
- Universal access. Any individual who wants to advance his or her career have access to the One Stop system and to core employment-related information and job search services. Wagner-Peyser Act services delivered as core services within the One Stop system;
- Increased accountability. A strengthened performance measurement system, requiring continuous improvement and holding State and local workforce systems accountable for employment-related measures, including customer satisfaction;
- Strong role for local boards and the private sector. High level, business-led state and local workforce investment boards (WIBs), acting as “boards of directors”, responsible (in partnership with state and local officials, respectively) for strategic planning, policy development, and oversight of workforce investment systems. Establishment of a market-driven system, meeting the business and economic development needs of states and local workforce areas—recognizing two equally important customers—jobseekers and employers;
- State and local flexibility. Increased State and local flexibility and authority to design and implement comprehensive workforce investment systems tailored to meet the needs of local and regional labor markets; and
- Improved youth programs. Linked more closely to local labor market needs and community youth programs and services, and with strong connections between academic and occupational learning.

These key reform principles guided the implementation of the Act and have generally stood the test of time. As one would expect with a system of ownership devolved to 50 states and over 600 local areas, there is a considerable range in the quality of programs and degree of reform initiated across a country as large and diverse as the United States. Some states and localities have been slow to fully embrace the opportunities for reform envisioned in WIA; their progress has been retarded by real and sometimes self-inflicted obstacles such as inadequate funding, conflicting statutory requirements, turf battles, cultural blinders, and in some cases old-line bureaucracies that are reluctant to change how they do business. In many cases, these programs are simply “managing the grant”; often quite competently, but with limited vision and ability to help power economic growth and opportunity for vulnerable workers in their communities. However, this is only part of the story. Many states and local areas have seized the reins and made tremendous strides; and there are numerous exemplary programs throughout the country providing high quality services to jobseekers and employers by using WIA as a platform for successfully linking workforce development, economic development and postsecondary education. Progress on some of these key reform principles is discussed below.

One-Stop System. The WIA system, in partnership with State Job Service agencies, currently provides a wide range of vital services to over 15 million U.S. jobseekers and employers through its One-Stop delivery system including:

- Labor market information, job search assistance, guidance and counseling to help jobseekers find the right jobs, and employers find the right employees;
- Transition assistance to dislocated workers;
- Support services for individuals pursuing employment and training;
- Assistance for low-wage workers in search of career growth opportunities in jobs that lead to self-sufficiency; and
- Access to training for individuals in need of skills that will enable them to find employment and progress in their careers.

Frankly Mr. Chairman, One Stop Career Centers are the most visible evidence of reform the workforce investment system has achieved, and the transformation from the old “unemployment offices” to customer-centric, high-tech, high-class career centers is, in most places around the country, stunning. My colleagues and I have visited hundreds of One Stop centers over the years. The quality of service in centers in Baltimore, Boston, Canton, Charleston, Dallas, Houston, Kansas City, Lansing, Salt Lake City, and San Diego, for example, would rival any private sector customer service operation. Workforce investment boards often adopt creative strategies to give both job seekers and business customers special, market-sensitive attention. The Northern Virginia WIB (and its partners), for example, established a Center for Business Planning and Development as an integral part of its Falls Church career center to support emerging entrepreneurs and existing small businesses in the region. New York City’s Business Solutions Centers are another example of the business side of One Stop centers. The Philadelphia WIB established a special purpose One Stop focused on the health care workforce as a component of its broader life sciences sector initiative.

In these and many other communities and states, top level leadership took advantage of the Workforce Investment Act to streamline the delivery of workforce services. WIA took what was previously a targeted collection of programs (focused primarily on economically disadvantaged individuals and dislocated workers) and established an employment and training system for all jobseekers and employers. WIA removed some restrictive eligibility requirements, making all individuals regardless of income or employment status eligible for “core” or front-end services through the One-Stop delivery system. By loosening the eligibility requirements of the past, Congress intended that the WIA system become more relevant for high skill/high wage employers, as well as more easily aligned with business needs and economic development efforts. These changes have provided significant flexibility for the workforce investment system, helping it to implement innovative strategies for meeting the needs of employers and working with economic development stakeholders. Employers are now recognized as important customers of the system, and in many states and localities their skill demands drive the delivery system. This, in turn, should result in better employment and earnings outcomes for job seekers and trainees.

However, serious concerns have emerged in some areas. This expansion of responsibilities coupled with reduced funding for Wagner-Peyser employment services and WIA’s supplementation of core services like counseling and career guidance has resulted in a reduction in WIA-funded training—and in some areas a reduction in services for low-skilled individuals with multiple barriers to employment. There is no question that with such an expanded array of services, particularly when resources are diminishing, all system partners—state and local, public and private—must work together, providing seamless services.

Training. With 15 million individuals served annually through the One-Stop system, there is no question of the need for such an expanded system. However, when Congress made the decision to expand the responsibilities of the workforce system, it envisioned commensurate increases in funding. Unfortunately, that has not happened. As mentioned above, there has been a steady decline in WIA funding over the past five years, and the era of tight budgets is expected to continue in the foreseeable future.

Even with the decline in funding and the apparent decline of WIA spending on training, the U.S. General Accounting Office (GAO) found in a recent study, that the WIA system spent over 40 percent of its funding in FY 2003 on training, and this estimate did not take into account funds used to pay for computer lab workshops in software applications, basic keyboarding, computer skills training, and even certain adult basic education classes offered through the One Stop system. Nor did it appear to take into account training arranged by the One Stop system but not paid for with WIA funds, which is believed to be significant.

While many localities still devote a significant portion of their WIA dollars to training, and many have sought to replace dwindling resources for training with

non-WIA funding, there is no question that the WIA system's training services are seriously underfunded. When combined with the fact that the adult education system in this country is only serving 3 million of the over 40 million individuals in need of adult basic education, literacy, and English language education in the U.S., again due to a serious lack of funding, it becomes even more apparent that the workforce investment system must become expert at raising and leveraging resources, public and private.

Moreover, communities must become even more adept at bringing partners together to identify the strengths, challenges, resources and needs of their regions, enabling the collaborative building of regional, knowledge-based innovation economies.

Ensuring Regional Competitiveness through Local Innovation, Business Relevance, and Alignment of Workforce and Economic Development.

The Council on Competitiveness, a forum of American business, university, and labor leaders collaborating for economic prosperity, identified innovation as the single most important factor in determining America's success through the 21st century. The Council urged the coming together of talent, investment, and infrastructure to foster new innovation "hot spots" in regions across the U.S. than can sustain jobs and wage growth. The U.S. Department of Labor has built on the Council's work with its ambitious and promising WIRED initiative.

This call for innovation, creativity, and the alignment of education, training, and economic development to power regional economic strategies was an integral part of the Tough Choices or Tough Times report and recommendations mentioned above. Why would an essentially education report make recommendations on regional growth strategies? For three reasons. First, we know that education and job training do not create their own demand. While high skills through higher quality education and training are clearly a necessary part of a national strategy, they are not sufficient for America to maintain a high and growing standard of living for all its citizenry. Just as scissors are most effective with two blades, we need education and training policies and practices on the supply side of the labor market that are driven by growth policies and practices on the demand side that encourage and reward more and better use of educated and skilled labor. Second, while they are essential, we have also learned that business-led workforce boards alone are an insufficient mechanism for affecting a market-driven approach to workforce development. Approaches like sectoral initiatives and industry partnerships are a more demand-driven, market-sensitive method of carrying out the business of workforce development. And third, we have learned that regional strategies are critical to overall economic growth and prosperity, in part because industry agglomerations do not respect political geography. Regions are where supply chains, complementary industries, networks of investors, university-based and other research efforts, and skilled workers join forces to achieve the critical mass necessary to stimulate economic activity and innovation. So while global supply chains and international competition present a national challenge, it is at the regional level where an important part of future U.S. competitive success will be determined.

A growing number of local workforce investment boards are already working to bring these key ingredients for innovation together at the local and regional levels. The best WIBs are leading efforts in their communities, convening partners, brokering services, leveraging resources, identifying and following through on necessary actions to develop their regional knowledge-based, economies. Often overlooked, this brokering and convening function is a critical element for any regional economic growth strategy. However, this level of leadership does not yet exist in all areas of the country.

The statute also required that all states and local areas receiving WIA funds engage in strategic planning, taking into account the labor market and economic development needs of their regions. And a number of provisions are intended to result in alignment with economic development including:

- Economic development representation on all state and local WIBs;
- A requirement that local boards coordinate workforce investment activities with economic development strategies and develop employer linkages;
- A requirement that local boards provide "connecting, brokering, and coaching" to promote participation of employers in the workforce system and ensure the effective provision of services for employers;
- Clarification that states may use WIA funds to devise and oversee strategies for: layoff aversion, incumbent worker training, and linkages with economic development activities at the Federal, State, and local levels, including business retention and recruitment activities.

Since WIA's enactment, the workforce system has continued to improve its services for businesses. In a survey of local WIBs conducted by the National Association of

Workforce Boards in recent years, of those local areas responding, more than 80 percent reported engaging in sectoral strategies to meet the needs of employers; 48 percent have organized separate business service centers; and more than 55 percent reported raising outside funds to support their business service offerings. While caution should be exercised when viewing the survey, as those reporting back may be more likely to engage in these more progressive activities, the U.S. General Accounting Office also found significant improvements in recognition and utilization of the workforce system on the part of employers.

Local workforce boards are increasingly building their systems around innovative initiatives designed for the regional delivery of training, and for linking with economic development and education. The important role of local boards in leading these efforts should be appropriately recognized in any reauthorization.

Some of the workforce strategies showing great promise in recent years include:

- Sectoral initiatives that focus in depth on the workforce needs of many employers in a specific industry;
- Cluster-based approaches that promote the economic development of hubs of related business activity by improving the competitiveness of one or several specific industry sectors within the cluster through a broad range of activities, of which workforce training may be only one component;
- Career ladder approaches to training that provide upward mobility opportunities for low-skilled, low-wage workers;
- Utilization of specialized intermediaries (labor market organizers and partnerships, including joint labor-management training programs, that help workforce systems to plan, convene, broker, and organize the various critical components of labor market services in ways that successfully connect the needs of jobseekers and employers);
- Implementation of incumbent worker training to avert layoffs, increase productivity, and increase regional competitiveness; and
- Other strategies that result in the leveraging of resources, and the building of regional economies that benefit a wide range of workers and employers, as well as strengthen regional tax bases.

The U.S. workforce investment system must learn and build upon the promising practices established in these and other successful initiatives, as well as look for new ways to contribute to the competitiveness of the workers and employers in the regions they serve. Several private philanthropies have been instrumental in seeding and promoting several of these innovations in workforce policy and practice.

Some excellent examples of local areas that have taken an aggressive approach to serving the needs of business, in addition to those you are hearing from today, include:

- The Delaware Valley Healthcare Council in Pennsylvania, where the Philadelphia Workforce Investment Board (PWIB) and Southeast Pennsylvania's four other WIBs convened representatives of the region's life sciences industry to identify opportunities to redirect workers who were anticipated to be dislocated as a result of September 11 into life science careers;
- The city of Boston that has uniquely parlayed its strong economic resurgence—directing fees charged to developers building within city limits into a new funding stream in support of workforce development and job training.
- The San Diego Workforce Partnership which joined in collaboration with the San Diego and Imperial Counties Community Colleges Association to establish the Workforce Alliance Project—designed to foster a stronger dialogue between industry and education and to focus on the ongoing challenge of educating and training San Diegans to fill the high-demand, high-wage occupations that are shaping their region's diverse economy;
- Jacksonville, Florida, who you heard from at your prior hearing, where their WIB worked with the regional economic development authority to develop an incumbent worker training strategy that aligned their targeted industries (including biotechnology, aerospace, manufacturing, health services, and distribution) to provide just-in-time, customized training that improved worker skills and productivity and helped to stabilize the workforce. WorkSource paid on average 35 percent and the employer paid the other 65 percent of the costs for training;
- The North Central, Northwest, and West Central Pennsylvania Workforce Investment Boards that joined with the Northwest Industrial Resource Center that joined with their regional economic development and manufacturing extension programs to form the Manufacturing Education and Economic Network (MEEN) Industry Partnership, designed to expand manufacturing in that rural region of PA; and
- McAllen, Texas, where the McAllen Economic Development Corporation (MEDC), working with the local community college, the Lower Rio Grande workforce investment board, and other partners have engaged in a multi-year economic strat-

egy to transform the Lower Rio Grande region to a diversified economy that capitalizes on its geographic position and its designation as a foreign trade zone to create jobs—where overall, the strategy has been responsible for helping to attract more than 500 employers and nearly 100,000 jobs to the region, along with billions of dollars in private investment, and where companies recruited to Reynosa are estimated to have a \$3 billion annual aggregate impact on the McAllen economy.

With such an expanded array of responsibilities and missions, at the same time as federal resources are dwindling, there is no question that the U.S. workforce investment system has been challenged. Many insightful states and localities have thrived as the result of the expanded authority vested under the WIA statute. Others have struggled to change the culture of their programs—still figuring out how to serve jobseekers (including those hardest-to-serve) and employers equally and effectively. It has become increasingly apparent that partnering and leveraging other resources for training and workforce services will be essential in the future if the workforce investment system is to survive and provide the kinds of services and outcomes needed for U.S., state and regional competitiveness.

State Coordination, Regional Alignment, and Leadership. There has been a lot of debate and controversy over the respective roles of states and local workforce systems as reauthorization of WIA has been considered. In truth, there are very important roles for both states and local areas/regions in the implementation of effective workforce development systems.

At the state and local levels, system integration, coordination, regional alignment, and innovation varies. Some states such as Texas, Florida, Michigan, Utah and others have enacted state laws that mandate the integration or provision of a wide array of workforce services through the One-Stop system, beyond that required by WIA. State leadership in the area of system integration and functional alignment of multiple programs has resulted in comprehensive service delivery through the One-Stops in several states; increased resource sharing; the leveraging of limited resources; the elimination of wasteful duplication; and cohesive governance arrangements. Such integrated service delivery also appears to encourage employer utilization of the system due to reduced bureaucracy and more flexible funding.

Increasingly, states and local areas are recognizing the need to align workforce development with regional economic development efforts. The WIA statute encourages regional planning and service delivery by providing Governors the authority to require local areas to join together around true labor market or economic development regions, regardless of local area designations, in planning and service delivery efforts. The law even authorizes states to require shared regional performance measures. The degree to which this authority has been used however varies. While few states are requiring such regional cooperation, an increasing number are using an incentive approach to encourage regional collaboration.

States currently have at their disposal a significant portion of WIA funding with which to encourage innovation, system integration, regional alignment, and other positive behaviors. The degree to which states have taken advantage of this very attractive “carrot” approach to moving the system forward again varies significantly. States like Illinois, Michigan, Oklahoma and Pennsylvania are using their state-held monies to foster alignment with economic development priorities; invest in regional initiatives designed around sector strategies; and encourage innovative approaches to serving their hardest to serve populations.

State examples of innovative uses of its state-held resources include:

- Oregon, where the Governor established the Employer Workforce Training Fund (EWTF) supporting regional projects at over 100 companies that have resulted in training for more than 5,500 workers, and the establishment of local Workforce Response Teams (WRTs), proactive resource teams that provide a single point of contact, set regional priorities for the use of funding, and control and award grants to businesses;

- Michigan, where the state has used its state-held money, matched with philanthropic and private sector funds, to encourage the development of Michigan’s Regional Skills Alliances (MiRSAs), bringing regional, industry-based partnerships among employers, education institutions, training providers, economic development organizations, and the public workforce system together to plan for and solve their regions’ workforce challenges in innovative ways;

- Illinois, where the state has used state-held monies to implement its Critical Skills Shortage Initiative (CSSI), an aggressive strategy to connect economic development and workforce development to meet the needs of Illinois’ employers for skilled workers on a regional basis;

- Pennsylvania, where the Governor has provided funds, ranging from \$5000 to \$150,000 to strengthen existing partnerships and seed fund development of new partnerships in the Commonwealth’s nine targeted Industry Clusters; and

- New York, where the State leveraged its workforce and education systems with technology investments to create several career ladder initiatives in key industry sectors including biotechnology and nanotechnology.

Overall, the U.S. workforce investment system continues to meet its statutory performance goals of raising the employment, retention, earnings and skill levels of its participants, but its reach and impact on individuals, businesses and communities has been limited most importantly by a severe and growing shortfall of federal resources compared to the Act's ambitious mission and purposes.

Recommendations for Reauthorization

As you consider reauthorization of WIA this year, we urge you to begin by looking at both the House-passed and the Senate-passed bills from last year. Had a bipartisan conference agreement been reached on the two bills, and had that agreement been enacted, we believe that the workforce investment system would be in a far stronger position at this juncture.

Following are a few suggestions that we urge you to consider as you develop a WIA reauthorization bill for this Congress.

Aligning Workforce and Economic Development.

Local Boards. Reauthorization should maintain the authority of business-led local workforce investment boards, clarifying their responsibility and allowable use of funds for:

- Convening industry partners and system stakeholders;
- Brokering partnerships, aligning missions, and developing alliances; and
- Leveraging resources

Regional Alignment/Innovation. Reauthorization should promote innovation and the development of unified regional economic strategies by requiring that a portion of state-held funds be used for incentives and the provision of technical assistance to local areas for:

- Regional alignment of workforce development, economic development, adult and postsecondary education efforts (around true labor markets);
- Implementation of innovative services and strategies for meeting the needs of regional employers and workers (e.g., sector and industry cluster strategies, career ladder initiatives, utilization of workforce intermediaries, incumbent worker training);
- Identification and implementation of strategies for leveraging flexible, alternative funding sources to support regional workforce development activities.

Expanding Training Opportunities.

Reauthorization should promote expanded training opportunities by:

- Retaining language in WIA that allows for training of low-wage workers that leads to jobs providing self-sufficiency.
- Giving credit (through performance measures or other means) for the outcomes of individuals who access training through One Stop Centers, even if such training is paid for with resources other than WIA, as long as they receive other One Stop services.
- Encouraging states and local areas to address the needs of low skilled workers through career ladder or other progressive training methods, particularly in sector or industry-cluster based initiatives that support economic growth.
- Relaxing the requirements for current WIA-authorized Individual Training Accounts where a sectoral or industry-cluster-based initiative warrants "bundling" such accounts to benefit a group of workers.

Integrating Systems and Streamlining Services.

Reauthorization should further encourage integrated service delivery of all appropriate workforce-related programs through the One-Stop delivery system.

- Relax requirements around the sequence of core, intensive, and training services to provide greater flexibility to move customers through the various components of the system according to their needs.
- Authorize up to 100 percent transferability at the local level between adult and dislocated worker funding.
- Require co-location of One Stop Centers and Employment Services offices.
- Retain a separate, distinct youth funding stream, for both in-school and out-of-school youth.

Strengthening Performance and Financial Accountability.

PERFORMANCE ACCOUNTABILITY

- Adopt integrated performance measures similar to outcome measures recommended in “Integrated Performance Information for Workforce Development: A Blueprint for States” developed by Washington State’s Workforce Training and Education Coordinating Board in collaboration with the National Governors Association and a working group including Florida, Michigan, Montana, Oregon and Texas.
- Provide support for states and local areas to modernize current data systems to cost-effectively collect and report performance information.
- Begin measurement with registration for core services, allowing for interventions brokered through the One Stop Center, whether or not paid by WIA funds.
- Require use of a regression model to address concerns about serving the hardest-to-serve populations.

FINANCIAL ACCOUNTABILITY

- Fairly hold States and local areas accountable for system expenditures based upon accrued expenditures and allow a maximum carryover of 30 percent of funds available.
- Codifying the function-based definition of administrative costs that is currently provided in the U.S. Department of Labor regulations, similar to that used by business, and applying the administrative cost limits to contracts for One Stop operations.

Adult Education Expansion.

Though 30 million Americans 16 years old and over are out of school and without a high school credential, there are only enough federal and state funds made available to serve about 3 million adults.

- Reauthorization should consider amending Title II of WIA (Adult Education and Literacy) so that the federal government would provide free secondary education services to all adults who had completed the 9th grade—an estimated 18 million individuals—to enable them to pass state qualifying or high school equivalency examinations.
- State and local resources would be focused on getting adults who lack a 9th grade level of education and fluency in English up to the point where they could take advantage of the federal program.

This is a recommendation of the New Commission on the Skills of the American Workforce. When their report entitled, *Tough Choices or Tough Times* was released, Chairman Miller responded with a statement by saying:

“The Commission’s report offers some recommendations—from providing a world class education to 3- and 4-year old students * * * to offering free adult literacy classes for American workers—that deserve serious consideration by the Congress next year as we seek to preserve America’s global economic leadership and to strengthen America’s middle class.”

My colleagues and I request that the Committee give this recommendation the serious consideration the Chairman called for. It is imperative that we as a nation make it possible for every American worker to attain this basic education standard.

Not all eligible adults, of course, would take advantage of these education opportunities. But for the millions who would, this important amendment would enable those workers to attain a high school credential, continue their postsecondary education and technical training, and acquire further credentials and skills that will give them a new lease on life, and make the economy as a whole more productive.

Adult education often is overlooked as a tool for economic growth because it has been isolated from people responsible for regional economic growth and development. Consequently we undervalue and underinvest in adult education services, and this limits the prosperity of millions of adult workers, companies, and communities as a whole. I urge the Committee to change this result by amending WIA to include at least initial steps that put into practice the Commission’s proposal.

Conclusion

The Workforce Development Strategies Group at NCEE strongly supports enactment of WIA reauthorization this year. Therefore we urge you to move legislation as early as possible this Congress. We thank you for your hard work and dedication to these issues and look forward to continuing to work with you on this vital legislation.

Mr. YARMUTH. Mr. Twomey, you talked in your statement about the proposal for rescission of \$335 million that was made in the Appropriations Committee, and you talked about the impact in dollar terms on your district.

In terms of the level of services that that would reduce, could you give us an idea of the impact of that type of rescission? I think you mentioned \$20-something million in total funding. How many people are we talking about?

Mr. TWOMEY. Well, first of all, that amendment that was offered by Mr. Walsh. Mr. Walsh is a really good member, and from the perspective of the National Workforce Association we think the bill as passed is a very good bill, with the one glaring exception of this rescission.

I believe that Mr. Walsh took on face value—they needed desperately an offset for a fine program, IDEA, and if there is unspent money, there is unspent money. This is not unspent money.

The scope of this—that \$28 million in New York state this year will translate into 88,223 fewer participants in the workforce system. These are numbers from our state department of labor. The research and statistics people are top-notch.

I can't imagine that Mr. Walsh himself knew that there would be a reduction to WIBs in his district of almost \$2.1 million, and 8,741 less people would be served. So I mean, the magnitude is huge. And again, it is just because this ongoing dispute about how you count it.

Let me just say this. When you pay your tuition, it doesn't count till you pay it, even though the people are in there and you set it aside for 2 years.

Mr. YARMUTH. On that question, I think the theory was that there were these excess carry-overs and that therefore it was money not being spent.

It is my understanding that the Department of Labor has the power to reallocate funds that are carried over in any particular area to others. Are you aware of any situation in which that has occurred?

Mr. TWOMEY. In my oral testimony earlier, I said that in the last 7 years New York State had \$1.5 billion-plus—

Mr. YARMUTH. Right.

Mr. TWOMEY [continuing]. And in that time, we did get reallocated funds. The total reallocated funds we received over that 7-year period was, I think, \$42,000.

Mr. YARMUTH. Can anyone else share their experiences who is involved in this, where there were excess funds or you were the beneficiary of any allocated excessive funds? No.

One of the things that—back in April we had a forum in my district in Louisville, Kentucky on job development, and it was based on the Kentuckiana Works, which is our One-Stop shop and effort there.

One of the issues that came up during that session—we had a lot of stakeholders at the meeting, probably 40 or 50 different people—was that there seemed to be a resistance to including organized labor in any of these activities.

And, for instance, the carpenters union in my district had built a multimillion-dollar training facility, and they were kind of miffed

that they were never called in to participate in some of these activities, because they had both the capacity and some of the networks to provide training and job opportunities for people.

Is that a situation that you have found—and anyone can address this—in your areas and whether you think that this is a problem and something that we ought to encourage change in?

Mr. CARBONE. That is not the way it is in my area. We have two labor reps on my board of directors at the workplace.

And at the Connecticut Employment Training Commission, which is the state WIB in Connecticut, the chairperson of the state AFL-CIO is a member, and a very active member.

We actually have relationships with unions that do apprenticeship programs in defense companies and other companies in our region. They play an important role in helping us to formulate policy.

So in terms of Connecticut—I can't speak for the rest of the nation—I don't see that. As a matter of fact, our two reps—one comes from AFL-CIO and the other is an appointment of one of the mayors.

And we have found them to be a resource and of great assistance in every one of our projects.

Mr. YARMUTH. Thank you.

Yes, Mr. Petit?

Mr. PETIT. Thank you. In our area, the secretary-treasurer of the Spokane Regional Labor Council sits on the Workforce Development Council.

But one of the things that is kind of remarkable about our system is that those labor representative from employment security, or very system that receives these funds, are blocked from appearing on these boards because of a perceived conflict of interest.

I view that as a kind of wrong thinking, because we have the expertise to be able to help direct the activity, and so I would like to see some kind of additional emphasis placed on including AFSCME particularly in those boards.

Mr. YARMUTH. Thank you very much, Mr. Petit.

That concludes the questioning, and I want to thank all the witnesses. It has been very instructive and useful.

Members will have 14 days to submit any documentation for the record.

And with that, I thank everyone and the meeting is adjourned.

[The prepared statement of Mr. Altmire follows:]

**Prepared Statement of Hon. Jason Altmire, a Representative in Congress
From the State of Pennsylvania**

Thank you, Mr. Chairman, for holding this hearing on how we can improve the workforce development system through the reauthorization of the Workforce Investment Act.

I am anxious to hear recommendations from today's witnesses about how the Workforce Investment Act can be improved. As I mentioned in my statement at our first hearing on the Workforce Investment Act, one issue I am particularly interested in is how we can modify the Workforce Investment Act to better serve the underemployed. I was pleased to see that several of today's witnesses addressed this issue in their written testimony and look forward to hearing them more fully speak to this issue.

Thank you again, Mr. Chairman, for holding this hearing and for your leadership on this issue. I yield back the balance of my time.

[Additional submissions by Mr. Hinojosa follow:]

Prepared Statement of the National Association of Counties (NACo)

Chairman Hinojosa and members of the Subcommittee, the National Association of Counties welcomes the opportunity to submit testimony on the Workforce Investment Act: Ideas to Improve the Workforce Development System.

The National Association of Counties (NACo) is the only national organization representing county governments. NACo membership totals over 2,200 counties comprising over 80 percent of the nation's population. County officials across this country recognize the importance and take seriously the accountability for overseeing implementation of the Workforce Investment Act at the local level.

The Workforce Investment Act (WIA) is the only federally sponsored program that is designed to address the broad range of worker needs through a one-stop delivery system. The Workforce Investment Act provides every worker with an entry point from which to access a wide range of services from welfare to work to employment services to assessment and training services.

Reauthorization of WIA legislation has been a work in progress for several years. While both chambers of Congress approved legislation in past congressional sessions no final agreement was ever reached before adjournment. In the interim, local elected officials and workforce boards have continued operating and developing workforce initiatives funded via congressional appropriations. In the absence of WIA reauthorization, congressional funding for such important workforce programs has decreased over time, and credible workforce system data collection has languished. Furthermore, attempts to dismantle the congressional intent as a locally based, business-led workforce system have occurred via state WIA plan updates and waivers requests.

NACo urges Congress to pass and finalize WIA reauthorization legislation as soon as possible, to preserve the basic framework as a locally based, business-led workforce investment system, and to improve upon key issues such as funding, performance data/standards, and training to further enhance the workforce system. Such improvements will also assist with the ongoing efforts of local areas in moving the system to the next level of workforce development initiatives, such as industry clusters and sector initiatives recognizing the importance of economic development in strengthening workforce development. It is vital that WIA be reauthorized to maintain this nation's competitive edge and to ensure a skilled workforce for jobseekers and businesses alike.

This nation's workforce system is beginning and should continue to focus on the two primary customers: the jobseekers and employers. Through One-Stops jobseekers receive assessments and skills upgrading, and/or training at local community colleges, education agencies and at community-based organizations through individual training accounts. Employers are also utilizing the workforce development system to post job openings, obtain referrals of people who may be eligible for the jobs, and even interview potential candidates. They are also providing input into the public-private partnership about the kinds of skills that they need in their workplaces. This matching service between employers and employees is critical to the success of the workforce development system. As WIA continues to manifest itself as an economic development program, employers should be more engaged in development of a comprehensive workforce system.

County elected officials believe the Workforce Investment Act system has worked well in providing core and intensive services to America's workers, as well as training opportunities. There is still room for improvement, particularly in the training arena. There are simple ways to increase the numbers of workers receiving training and/or actual better account for those already receiving training in WIA reauthorization.

By design, workforce investment boards or WIBs have unprecedented autonomy to develop and implement local initiatives, yet there is a high degree of accountability to county commissioners for managing finances and performance. Many of the local workforce boards across the U.S., working in conjunction with their county commissioners and other elected officials, have begun to move beyond the development and oversight of the one-stop system. They are moving toward systemic strategic workforce issues, including incumbent workers, industry clusters, local primary and post-secondary education, transportation systems, quality of life, regional marketing, housing, underemployment, self-sufficiency and sustainable wages, literacy and life-long learning systems. Below are recommendations to further improve upon WIA legislation.

Local Authority

The local public-private partnership as established under the Workforce Investment Act should be maintained. Decisions about how the partnership should be implemented at the local level should be left to local elected officials and local workforce boards in consultation with states. The federal-state-local relationship established by the Workforce Investment Act should be maintained to ensure that appropriate planning and implementation authority and accountability continues. WIA legislation should clarify the role that local boards play as conveners of key stakeholders for the development of workforce and economic development linkages and strategies, and brokers of training and related services leading to a highly skilled workforce.

Appointment authority for the local workforce investment boards should remain with chief local elected officials. The relative number or percentage of private sector representatives on the local workforce investment boards should be increased and the relative number or percentage of public sector representatives, especially the mandatory partners, should be reduced substantially. Representatives from these public agencies may be asked to participate in meetings when issues relevant to them arise; however, the decision-making authority on the local workforce investment boards should rest with the private sector. The structure and characteristics of the most successful boards include very strong and independent private sector majority.

Represented by large and small private sector employers, state officials, economic development agencies, organized labor, community action agencies, and youth agencies, these boards operate in partnership with county commissioners and have the ability to deliver grass roots solutions to many issues.

NACo believes that the public-private partnership is represented by the partnership that is forged between the local chief elected official and his or her local workforce investment boards. Decisions made by these two entities represent the public-private partnership at work.

Local one-stop centers should remain under the guidance and jurisdiction of local chief elected officials and local workforce investment boards, as provided for in current law. These one-stop centers should be accountable to the local chief elected official for all monies spent to prevent the misuse of public funds.

Local workforce investment area plans should be developed jointly by the local chief elected official and the local workforce investment board within broad policy and programmatic guidelines developed by the governor and the state workforce investment boards. Local workforce investment areas and states should be granted broad waiver authority to creatively respond to the employment, economic development and welfare issues confronting states and localities. Requests for waivers should be developed jointly by local elected officials and workforce investment boards, should be limited to the delivery of program services and the allocation of funds to different activities and must receive the approval of governors before they can be enacted.

Program Funding

One significant issue is sufficient funding for WIA programs, which has decreased significantly without reauthorization. Most recently, the House Appropriations Committee approved a \$335 million rescission for WIA funds for 2007. Such cuts are incomprehensible, considering the importance of a highly educated and skilled workforce to this nation. In recent years, there has been increasing pressure on the workforce system to continue to do more with less. One-Stop systems across this country are struggling now to just to maintain basic services to its customers. Workforce boards (WIBs) are managing the funds responsibly, obligating and spending allotments within the context of the three-year planning and expenditure cycle for which the Act provides.

WIA reauthorization should include increased funding for formula programs and a separate line item for One-Stop infrastructure costs. Funding for infrastructure costs should not come at the expense of or from cuts to formula funding.

If no increased funding is included for WIA or One-Stop infrastructure, mandatory partners should be required to contribute money to the system. These funds should be allotted to or collected by the states and distributed to local areas based upon formulae used to distribute program funds.

NACo also supports alignment of resources at the local level for greater flexibility. Funds for adult, youth and dislocated workers should be consolidated into a single block grant at the local level so that local areas may determine the kinds of populations to serve based upon need. This is especially important for rural areas that receive limited WIA resources and prefer to consolidate funds to best serve all populations in need.

Administrative Costs

Another potentially significant issue is Administrative Costs definition. NACo supports maintaining the current function based definition in the current regulations for WIA as well as the 10 percent cap on administrative costs. The current definition should be added to the WIA statute, to avoid potential modifications via administrative or other regulatory means.

Performance Data / Simplified Measures

Accurate performance data collection and simplified performance measures are also important to improving upon the success of the workforce system. To date there is no reliable record of how many individuals have been trained, placed in jobs, the rate of earnings for these individuals or retention levels. The existing measures are not reflective of the quality of services that are available to job seekers and employers. Many local areas are tracking detailed performance data such as training with leverage money, which is not reflected in national statistics. Therefore, performance measures should be simplified and universal for state and local areas, include credit or bonus for leveraged training and include a regression model as incentive to serve and track data for populations with significant barriers to education and employment opportunities.

Training

While significant numbers of training is occurring as supported by the U.S. General Accountability Office reports, more could be done to increase and accurately count as well as increase training opportunities. NACo supports increased training opportunities for jobseekers that lead to self sufficiency. One change that could assist in more training opportunities is the relaxation of the sequence of services requirement. Individuals should have immediate access to core, intensive and/or training services. Requirements that mandate individuals receive core and intensive services first has delayed progression to training for many customers. NACo supports granting local One-Stop centers greater flexibility with regard to the provision of services and utilization of training funds.

Significant training is being done in local areas with leveraged funding from the private sector, foundation or educational institutions. Local areas should be able to receive credit or bonus towards training requirements/participation rates in WIA for such training. An emphasis should also be placed on incumbent worker training by allowing workforce boards to spend up to ten percent of their Dislocated Workers and Adults formula funds, so that individuals whose skills are becoming antiquated may obtain the appropriate training to remain competitive in the job market.

Youth

The Workforce system should continue to serve in and out of school youth ages 14-21, including youth aging out of foster care. Youth programs for in and out of school youth should continue to be developed by local workforce investment boards acting in consort with their local chief elected officials. Funds for these programs should continue to be allocated to local areas. They should be used in part to address the needs of students making the transition from school to work and to assist those students no longer in school develop the skills they need to enter the world of work.

Innovation

The workforce investment system is developing into a continuum beginning with primary education through post secondary education and training, retraining and placement of the aged workforce and points in between. The workforce system is promoting industries that lead to local and regional economic growth and jobs that provide sustainable employment.

By design, successful workforce investment boards have unprecedented autonomy to develop and implement local initiatives. Still, there is a high degree of accountability by county officials for managing finances and performance. Local WIBs across the country have created infrastructures that are quite capable of implementing a broad array of initiatives. County officials and their appointed workforce boards across the nation work diligently and tirelessly to integrate and coordinate resources from multiple funding streams to fully develop Congress's notion of a "one-stop" workforce delivery system.

Strong public-private sector partnerships have resulted in innovative programs, increased precision and efficiency in the use of workforce resources and a broader understanding of the core issues that must be addressed to maintain of economic competitiveness. Examples of issues and topics being addressed by workforce boards include: industry clusters, local primary and post-secondary education, incumbent workforce focus, transportation systems, quality of life, regional marketing, housing,

underemployment, self-sufficiency and sustainable wages, literacy and life-long learning systems. To fully accomplish these tasks, systems are and need to be developed to encourage broader relationships between WIBs, and other state and federal organizations along with the U.S. Department of Labor.

To enhance and promote further innovation in the workforce system, WIA reauthorization legislation should include monetary incentives for local workforce boards that achieve such model results through innovative practices related to strategic planning, industry clusters and sector initiatives, partnership linkages with economic development as well as working on regional basis strategically and comprehensively across education, workforce, and economic development to address employment needs of these regions.

For the past three years NACo's Labor and Employment Steering Committee has sponsored a Workforce Development—"Best Practices" Symposium highlighting the innovation of local workforce boards to share information and "best practices" with other locally elected officials and workforce board staff. Attendees learn about innovative practices that they can then incorporate into their local workforce boards and areas. Such symposiums have been informative and well received by locally elected officials and workforce development staff.

In conclusion, NACo believes that workforce development programs represent an important tool for federal, state and local governments to ensuring a competitive workforce today and in the future. The nation's workforce system is well positioned to better address the needs of jobseekers and businesses alike by incorporating the improvements highlighted above in WIA reauthorization legislation.

Prepared Statement of the National Organization for Competency Assurance (NOCA)

About the National Organization for Competency Assurance (NOCA)

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

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

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

NOCA's mission is to promote excellence in competency assurance for individuals in all occupations and professions. No other organization has the presence in or commits the resources to the field of certification. NOCA is proud of its position as the international leader in competency assurance for certification programs, as well as its role in promoting excellence in competency assurance for practitioners in all occupations and professions.

What is Certification?

The certification of professional and occupational skill-sets affirms a knowledge and experience base for practitioners in a particular field, their employers, and the public at large. Certification represents a declaration of a particular individual's

professional competence. In some professions certification is a requirement for employment or practice. In all instances, certification enhances the employability and career advancement of the individual practitioner or employee.

Many organizations in today's competitive and challenging economy have recognized their workforce as their most valuable asset. Likewise, individuals, whether employed or self-employed, know that now more than ever before they must acquire and maintain more comprehensive skill-sets to ensure their own attractiveness and ability in the workplace.¹

The benefits of certification include:

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

Data is available that underscores the value of certification in numerous occupations. Research conducted by the American Board of Nursing Specialties (ABNS) (a NOCA member) "document[s] a high level of agreement among certified nurses, non-certified nurses and nurse managers that certification is greatly valued among nurses."² Respondents to the ABNS survey revealed that some of the incentives their employers offer to promote and recognize nursing certifications include the reimbursement of exam fees, a listing of their credential on nametags and/or business cards, and receiving reimbursement for continuing education.³ Other surveys indicate that certification results in higher wages for credentialed employees, as well as bonuses.⁴

Occupational certification is in most instances an affordable retraining option for many dislocated workers. A voluntary survey conducted by NOCA in 2004 indicated the average cost of certification tests is \$350.⁵

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

Many certification exams are so rigorous that states adopt the certification exam for a certain occupation as the state licensure exam. For example, to become a Licensed Professional Counselor in 49 states, a test candidate must achieve a passing score on the National Counselor Examination (NCE), administered by the National Board for Certified Counselors.⁶ Passage of the NCE earns the candidate the National Certified Counselor (NCC) credential and the Licensed Professional Counselor designation to engage in the practice of counseling in most states. Some other examples include the state of California requiring alcohol and drug counselors to be certified by an NCCA accredited organization; the state of Massachusetts requiring senior financial planners to be certified by a nationally recognized accrediting body; and the state of Missouri requiring mid-wives to be certified by an NCCA accredited organization.

The Importance of Accreditation

Accreditation provides third party oversight of a conformity assessment system. NCCA accreditation provides a mechanism for certification organizations to demonstrate to the profession it represents and the general public it serves that its credentialing program has been reviewed by a panel of impartial experts who have determined that the certification program has met the stringent standards of NCCA. NCCA accreditation provides certification programs and many NOCA members with a way to answer the question, "who reviewed your certification program?" a question often posed by members of an occupation, employers, and sometimes, the courts.

An important part of the accreditation process is a review of a certification body's enforcement mechanism. Most certification programs have imposed a disciplinary system that requires certificants to adhere to a Code of Ethics for a profession. Violations of the Code may be reported by the public and reviewed by the credentialing body. If necessary, suspensions or revocations of the credential may take place. These self-enforcing mechanisms provide a further layer of protection to consumers as well as a layer of accountability in a profession.

NOCA's Recommendations for Workforce Investment Act (WIA) Reauthorization

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

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

In fact, career counselors who staff One-Stop Centers are certified as Global Career Development Facilitators by the National Board for Certified Counselors, a NOCA member and the largest certification program for the counseling profession. These career development professionals receive specialized training for working in career development fields. The Career Development Facilitators certification establishes minimum competency requirements to serve the dislocated worker and requires adherence to a professional Code of Ethics.

We note the development of the CareerOneStop⁷ website by the Department of Labor. This user-friendly website allows job seekers to easily search for certification options in a number of different fields and professions. NOCA recommends that Congress continue to encourage the expansion of this valuable tool by providing adequate resources to allow DOL to raise awareness about the site to workers as well as career development professionals.

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

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

ASE-certified automotive technician. According to the National Automotive Technicians Education Foundation, automotive technicians receiving the ASE certification can earn \$60,000 or more per year. Positions such as automobile technician, autobody technician, truck technician, and parts specialist are in high demand across the nation.

Medical transcriptionist. According to the American Association of Medical Transcription, the volume of dictation requiring transcription continues to grow; however, the availability of qualified medical transcriptionists has not grown at the same rate. This is an excellent career, offering a competitive annual salary. BLS statistics indicate the mean annual wage in 2006 for a medical transcriptionist is \$30,660.⁸

These are just a small sampling of the occupations available to dislocated workers, new workforce entrants, and others seeking employment and living wages, who may choose not to go on to pursue a 2 or 4 year degree.

The certification industry is also recognizing the changing face of the American workforce. While the United States has always been a nation of immigrants, U.S. Census figures indicate that the number of persons who speak a language other than English at home increased from 31.8 million in 1990 to 47 million in 2000.⁹ In addition, while some immigrants enter the United States with high quality training and education, others lack advanced skills and will need to obtain training in order to advance in the workforce. Some persons are also entering the workforce after becoming disabled or after long periods of unemployment.

Certification bodies are adapting swiftly to meet the needs of America's changing workforce. For example, many certification boards are administering their coursework and examinations in languages other than English. Credentialing examinations for numerous occupations are now administered on a global scale. A 2006 survey of NOCA member organizations revealed that over 50% of respondents administer their exams in countries other than the United States and that 37% of respondents translate their exams into languages other than English.¹⁰

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

NOCA also notes that the Office of Management and Budget announced last year that it had instructed the Standard Occupational Classification Revision Policy Commission (SOCRPC) to begin the review and revision of the Standard Occupational Classification (SOC), last updated in 2000, towards revision for 2010.¹¹ In its proposal, SOCRPC recommends eliminating from the factors evidencing an occupation the existence of a national credentialing program. Yet a credentialing program serving a specific competency or set of competencies can confirm the existence of an emerging or maturing occupation, in many instances far ahead of the SOC. While NOCA is aware that the SOC revision process is a separate regulatory process not related to WIA reauthorization, NOCA respectfully requests that the Subcommittee review the decision by the SOCRPC to remove certification from the SOC.¹²

Conclusion

Improving the prospects for reemployment and career opportunities of displaced workers, as well as immigrant workers, represents the core of the Workforce Investment Act. Most employers in today's competitive and challenging economy have recognized that their workforce is their most valuable asset. Likewise, individuals, whether employed or self-employed, know that now more than ever before they must acquire and maintain more comprehensive skill-sets to ensure their own marketability and competence in the workplace. Certification represents an excellent pathway to employment opportunities for workers in all areas in the economy. It also serves as an important assurance for employers and the general public that individuals have attained the necessary skill sets to provide the services or carry out the scope of their employment. We hope that the Subcommittee will recognize the important role that certification has to play in the Workforce Investment system.

Respectfully Submitted,

JAMES KENDZEL, *Executive Director*,
National Organization for Competency Assurance (NOCA).

APPENDIX—NOCA ORGANIZATIONAL MEMBERS

NOCA's Organizational Members consist of the following associations, certifying organizations, customer groups, and government agencies:

AACE International
Academy of Ambulatory Foot and Ankle Surgery
Academy for Certification of Vision Rehabilitation and Education Professionals
Academy of Lactation Policy and Practice
Accrediting Bureau of Health Education Schools
Aerobics and Fitness Association of America
Alliance of Information and Referral Systems
American Academy of Health Care Providers in the Addictive Disorders
American Academy of Nurse Practitioners
American Academy of Micropigmentation
American Academy of Pain Management
American Academy of Wound Management
American Association for Medical Transcription
American Association for Respiratory Care
American Association of Clinical Coders and Auditors
American Association of Colleges of Nursing
American Association of Critical-Care Nurses Certification Corporation
American Association of Medical Assistants
American Association of Medical Audit Specialists
American Association of Physician Specialists
American Association of Poison Control Centers
American Board for Certification in Orthotics and Prosthetics, Inc.
American Board for Certification of Teacher Excellence, Inc.
American Board for Occupational Health Nurses
American Board of Cardiovascular Perfusion
American Board of General Dentistry
American Board of Industrial Hygiene
American Board of Lower Extremity Surgery
American Board of Multiple Specialties in Podiatry
American Board of Nursing Specialties
American Board of Opticianry

American Board of Pain Medicine
 American Board of Registration of Electroencephalographic and Evoked Potential Technologists, Inc.
 American Board of Surgical Assistants
 American Board of Transplant Coordinators
 American Board of Veterinary Practitioners
 American Certification Agency for Healthcare Professionals
 American Chiropractic Board of Radiology
 American Chiropractic Board of Sports Physicians
 American Chiropractic Neurology Board
 American Chiropractic Registry of Radiologic Technologists
 American Clinical Board of Nutrition
 American College of Sports Medicine
 American College of Veterinary Ophthalmologists
 American Construction Inspectors Association
 American Council on Exercise
 American Fitness Professionals and Associates
 American Health Information Management Association
 American Hospital Association Certification Center
 American Institute of Certified Public Accountants
 American Indoor Air Quality Council
 American Manual Medicine Association
 American Medical Massage Association
 American Medical Technologists
 American Midwifery Certification Board
 American Nurses Credentialing Center Commission on Certification
 American Occupational Therapy Association
 American Optometric Association Commission on Paraoptometric Certification
 American Organization for Bodywork Therapies of Asia
 American Physical Therapy Association
 American Registry for Diagnostic Medical Sonographers
 American Registry of Magnetic Resonance Imaging Technologists
 The American Registry of Radiologic Technologists
 American Society for Bariatric Surgery
 American Society for Clinical Pathology
 American Society of Anesthesia Technologists and Technicians
 American Society of Military Comptrollers
 American Speech-Language-Hearing Association
 American Staffing Association
 American Veterinary Chiropractic Association, Inc.
 American Veterinary Medical Association
 APICS-The Association for Operations Management
 Aquatic Exercise Association, Inc.
 Architectural Woodwork Institute
 Art Therapy Credentials Board
 ASIS International
 Association for Death Education and Counseling
 Association for Investment Management and Research
 Association of Christian Alcohol and Drug Counselors
 Association of Government Accountants
 Association of Regulatory Boards of Optometry
 Association of Surgical Technologists, Inc.
 Association of Water Technologies, Inc.
 Axiom Resource Management, Inc.
 Behavior Analyst Certification Board
 Biofeedback Certification Institute of America
 Board for Certification in Clinical Anaplastology
 Board for Certification of Addiction Specialists
 Board for Certification in Pedorthics
 Board for Orthotist/Prosthetist Certification
 Board of Canadian Registered Safety Professionals
 Board of Certification for Emergency Nursing
 Board of Certification in Professional Ergonomics
 Board of Certification of Medical Illustrators
 Board of Certified Safety Professionals
 Board of Environmental, Health & Safety Auditor Certifications
 Board of Pharmaceutical Specialties
 Board of Registered Polysomnographic Technologists

Breining Institute
 California Association for Alcohol and Drug Educators
 California Association of Alcoholism and Drug Abuse Counselors (CAADAC) and the
 California Certification Board of Alcohol and Drug Counselors (CCBADC)
 California Association of Drinking Driver Treatment Programs
 California Certifying Board for Medical Assistants
 California-Nevada Section, American Water Works Association
 California Water Environment Association
 Canadian Alliance of Physiotherapy Regulators
 Canadian Board for Respiratory Care, Inc.
 Canadian Chiropractic Examining Board
 Canadian Council of Professional Engineers
 Canadian Nurses Association
 Center for Credentialing and Education
 Certification Board for Music Therapists
 Certification Board for Radiology Practitioner Assistants
 Certification Board for Sterile Processing and Distribution
 Certification Board for Infection Control and Epidemiology
 Certification of Disability Management Specialists Commission
 Certified Financial Planner Board of Standards, Inc.
 Certified Fund Raising Executive International
 Certified General Accountants Association of Canada
 Certified Mine Safety Professional Certification Board
 Certifying Board for Dietary Managers
 Chartered Realty Investor Society
 College and Association of Registered Nurses of Alberta
 College of Massage Therapists of Ontario
 College of Medical Laboratory Technologists of Ontario
 College of Medical Radiation Technologists of Ontario
 College of Occupational Therapists of Ontario
 College of Pharmacists of British Columbia
 College of Physiotherapists of Ontario
 College of Respiratory Therapists of Ontario
 Commission for Case Manager Certification
 Commission for Certification in Geriatric Pharmacy
 Commission on Dietetic Registration of the American Dietetic Association
 Commission on Graduates of Foreign Nursing Schools
 Commission on Rehabilitation Counselor Certification
 Competency and Credentialing Institute
 Convergys
 The Cooper Institute
 Council of Landscape Architectural Registration Boards
 Council on Certification of Health, Environmental, and Safety Technologists
 Council on Certification of Nurse Anesthetists
 Council on Licensure, Enforcement and Regulation
 Council on Professional Standards for Kinesiotherapy
 Crane Operator Certification Authority
 CFA Institute
 CSI Global Education
 Dental Assisting National Board
 Department of Environment and Labor Province of Nova Scotia
 Entertainment Technician Certification Program (ETCP-ESTA)
 Esthetic Skin Institute
 Examination Board of Professional Home Inspectors
 Financial Planning Standards Board
 Financial Planners Standards Council
 Financial Planning Association of Australia
 Florida Certification Board
 Fundacao Luis Eduardo Magalhaes
 Hand Therapy Certification Commission, Inc.
 The Healing Oasis Wellness Center
 Healthcare Compliance Certification Board
 Healthcare Financial Management Association
 Healthcare Information and Management Systems Society
 Healthcare Quality Certification Board
 Human Resource Certification Institute
 Illinois Department of Financial & Professional Regulation
 Infocomm International

International Medical University of Natural Education (IMUNE)
 Indian Alcoholism Commission of California
 Infusion Nurses Certification Corporation
 Institute for Safety and Health Management
 Institute of Certified Construction Financial Professionals
 Institute of Certified Management Accountants
 Institute of Hazardous Materials Management
 Institute for Supply Management
 International Accounts Payable Professionals, Inc.
 International Air Filtration Certifiers Association
 International Alliance for Fitness Professionals
 International Association for Colon Hydrotherapy
 International Association of Eating Disorders Professionals Association
 International Association of Forensic Nurses
 International Association of Healthcare Central Service Materiel Management
 International Board of Lactation Consultant Examiners
 International Code Council
 International Executive Housekeepers Association, Inc.
 International Fitness Association
 International Lactation Consultant Association
 International Pilates Certification
 International Society for Clinical Densitometry
 International Society of Arboriculture
 International Society for Performance Improvement
 Irrigation Association
 ISA, The Instrumentation, Systems, and Automation Society
 Joint Commission on Allied Health Personnel in Ophthalmology
 Kassian Dyck & Associates
 Knowledge Assessment Calculator (formerly American Payroll Association)
 Lamaze International
 Liaison Council on Certification for the Surgical Technologist
 Marketing Research Association
 Medical Massage National Certification Board
 Michigan Institute for Health Enhancement
 NAA Education Institute
 NAADAC-The Association for Addiction Professionals
 National Academy of Sports Medicine
 National Alliance Wound Care
 National Assistant at Surgery Council
 National Association of Medical Staff Services
 National Association for Health Professionals
 National Association of Boards of Pharmacy
 National Association of Certified Valuation Analysts
 National Association of College Stores
 National Association of Federal Credit Unions
 National Association of Forensic Counselors
 National Association of Legal Assistants
 National Association of Mortgage Brokers
 National Association of Social Workers
 National Association of State Contractors Licensing Agencies
 National Asthma Educator Certification Board, Inc.
 National Athletic Trainer's Association Board of Certification
 National Board for Certification in Hearing Instrument Sciences
 National Board for Certification of Hospice and Palliative Nurses
 National Board for Certification of Orthopaedic Technologists
 National Board for Certification in Occupational Therapy
 National Board for Certification of Orthopedic Physician Assistants
 National Board for Certified Counselors
 National Board for Professional Teaching Standards
 National Board for Respiratory Care
 National Board of Certification for Community Association Managers, Inc.
 National Board of Chiropractic Examiners
 National Board of Examiners in Optometry
 National Board of Nutrition Support
 National Board of Orthodontics, U.S.
 National Board of Surgical Specialists
 National Business Aviation Association
 National Center for Competency Testing

National Certification Board for Diabetes Educators
 National Certification Board for Therapeutic Massage and Body Work
 National Certification Commission for Acupuncture and Oriental Medicine
 National Certification Corporation for the Obstetric, Gynecologic, and Neonatal
 Nursing Specialties
 The National Commission for Health Education Credentialing
 National Commission for Certification of Continuing Medical Education Professionals
 National Commission for the Certification of Crane Operators
 National Concrete Masonry Association
 National Contact Lens Examiners
 National Council for Interior Design Qualification
 National Council for Therapeutic Recreation Certification, Inc.
 National Council of Architectural Registration Boards
 National Council of Examiners for Engineering and Surveying
 National Council of State Boards of Nursing, Inc.
 National Council on Strength and Fitness
 National Credentialing Agency for Laboratory Personnel
 National Dental Hygiene Certification Board
 National Enrichment Teachers Association
 National Examining Board of Ocularists
 National Exercise Trainers Association (NETA)
 National Exercise and Sports Trainers Association (NESTA)
 National Federation of Professional Trainers
 National Ground Water Association
 National Healthcareer Association
 National Institute for Automotive Service Excellence
 National Institute for Certification in Engineering Technologies
 National Institute for Metalworking Skills
 National Kitchen and Bath Association
 National League for Nursing
 National Occupational Competency Testing Institute
 National Paramedical for Technician and Assistants
 National Recreation and Parks Association
 National Registry of Emergency Medical Technicians
 National Registry of Food Safety Professionals
 National Strength and Conditioning Association (NSCA) Certification Commission
 Natural Therapies Certification Board
 Nephrology Nursing Certification Commission
 North American Board of Certified Energy Practitioners
 North American Registry of Midwives
 North Carolina Substance Abuse Practice Board
 The Nuclear Medicine Technology Certification Board
 Oncology Nursing Certification Corporation
 Ontario College of Pharmacists
 Ontario College of Social Workers and Social Service Workers
 Ophthalmic Photographers' Society, Inc. Board of Certification
 Pediatric Nursing Certification Board
 Petrofac Training International
 Pharmacy Examining Board of Canada
 Pharmacy Technician Certification Board
 Pilates Method Alliance, Inc.
 Professional Golfers' Association of America
 Professional Healthcare Institute of America
 Professional Landcare Network
 Professional Photographers of America
 Psychiatric Rehabilitation Certification Program
 Radiology Coding Certification Board
 Registry of Interpreters for the Deaf, Inc.
 Rehabilitation Engineering and Assistive Technology Society of North America
 Rocky Mountain Masonry Institute
 School Nutrition Association
 Society of Actuaries
 Society of American Foresters
 Society of Cable Telecommunications Engineers
 Society of Certified Senior Advisors
 The Society of the Plastics Industry
 Society of Tribologists and Lubrication Engineers

Software Engineering Institute
 Southern California Crane and Hoisting Certification Program
 Transportation Professional Certification Board, Inc.
 UCSD-Center for Criminality Addiction Research, Training, and Application
 (CCARTA)
 Universal Public Purchasing Certification Council
 U.S. Green Building Council
 Veterinary Hospital Managers Association
 The Wedding Planning Institute
 Wound, Ostomy, and Continence Nurses Certification Board

ENDNOTES

¹ See also Su Bacon, "Setting Strategy: Earning professional credentials has many benefits for businesses." *Kansas City Star* (Jul. 2, 2007), available at <http://www.kansascity.com/business/story/174730.html>.

² Value of Certification Executive Summary. American Board of Nursing Specialties (May 2006), 4. Available at <http://www.nursingcertification.org/pdf/executive-summary.pdf>.

³ *Ibid.*

⁴ Poll Indicates Certified Workers Earn More, press release, Sept. 5, 2003. Available at: <http://www.noca.org/portals/0/Poll%20results.doc>. See also CertMag's 2006 Salary Survey. Available at <http://www.certmag.com/articles/templates/CM-gen-Article-template.asp?articleid=2479&zoneid=223>.

⁵ Average Certification Exam Fee Tops \$350, press release, May 20, 2004. Available at: <http://www.noca.org/portals/0/exam%20fee-header.pdf>.

⁶ The National Board for Certified Counselors (NBCC) is a member organization of NOCA and is also accredited by the National Commission for Certifying Agencies (NCCA).

⁷ <http://www.careeronestop.org/>

⁸ See <http://www.bls.gov/oes/current/oes319094.htm>.

⁹ See Hyon B. Shin with Rosalind Bruno, "Language Use and English-Speaking Ability: 2000." U.S. Census Bureau (Oct. 2003). Available at: <http://www.census.gov/prod/2003pubs/c2kbr-29.pdf>.

¹⁰ NOCA International Staff Summary Report. National Organization for Competency Assurance (Oct. 20, 2006). Not available online.

¹¹ See *Federal Register*, Vol. 71, No. 94, 16 May 2006, at 28536

¹² NOCA submitted a letter to the SOCRPC protesting this change. NOCA's comment letter is available at <http://www.noca.org/portals/0/SOCRPC-Response-Letter.pdf>.

Prepared Statement of Susan Rees, Director of National Programs and Policy, Wider Opportunities for Women

Wider Opportunities for Women is pleased that the subcommittee is considering ways to improve the Workforce Investment Act which has been pending reauthorization for over five years. WOW works nationally and in its home community of Washington, DC, to achieve economic independence and equality of opportunity for women and girls. Since 1964, WOW has trained more than 10,000 women for well-paid work in programs emphasizing literacy, technical and nontraditional skills, welfare-to-work and transition and career development goals.

The recommendations discussed here are based on WOW's experience with more than 2,000 nonprofit organizations and Workforce Investment Boards in 36 states that are part of our Family Economic Self-Sufficiency Project (FESS). The Self-Sufficiency Standard¹ uses publicly available data from federal, state and private sources to calculate on the cost of living for working families of different sizes and ages of children, including food, health care and local and market rates for child care, housing and transportation. Today, the Self-Sufficiency Standard has been developed and is utilized in 35 states and the District of Columbia. It has been drawn on by states and national organizations and think tanks² in their efforts to establish a relevant and credible measure for policy development and program decisions.

In 2003, WOW surveyed workforce boards across the nation to identify best practices in the use of Self-Sufficiency Standards in connection with workforce development.³ We conducted in-depth case studies that show how Self-Sufficiency Standards are implemented to:

- set high earnings goals for WIA participants,
- counsel WIA customers about better paying career paths and potential work supports,
- employ effective sector strategies,
- negotiate on-the-job training and customized training contracts leading to self-sufficient jobs,
- assess outcomes through data collection and benchmarking, and
- respond to community demographics.

A prime example of maximum use of the Self-Sufficiency Standard has been by the Workforce Development Council of Seattle-King County, Wash, which uses a combination of these strategies. This year Seattle-King County reported that, of 415 customers who had zero household earned income upon registration for WIA, 296, or 71 percent, exited at 100 percent or above the Self Sufficiency Standard. In King County, the standard is \$40,249 for a family of two adults, a preschooler and a teenager. For an adult and two school aged children, it is \$29,571.

It is from evidence such as this, as well as WOW's particular expertise in promoting gender equity in federal workforce programs, that we make the recommendations discussed below. Some were at least partially addressed in the WIA reauthorization bill (S. 1021, engrossed and passed as H.R. 27 in 2006).

- Enable states and local WIBs to use WIA funds to calculate and update Self-Sufficiency Standards.

Increasing WIA participants' self-sufficiency should be made a prominent purpose of the Workforce Investment Act, and the calculation and updating of standards should be a permissible use of funds. Legislation should define self-sufficiency as the minimum income needs of families, by family size, the number and ages of children in the family and sub-state geographical considerations such as localized costs of basic necessities as health and child care, housing and transportation.

While Self-Sufficiency Standards exist in a majority of states, many were calculated with non-WIA funds and most need to be updated. A survey by WOW and the National Association of Workforce Boards in 2006 found that more than one-third of local boards that responded reported using Self-Sufficiency Standards in various ways. One of the most common is to integrate the standard in an on-line Self-Sufficiency Calculator that enables One-Stop caseworkers, customers and the public to determine what a self-sufficient income is for a particular family. Several of the calculators also allow the user to view occupations that can lead to that income level, identify sources of education and training for those skills, and see for which public benefits they appear eligible to enable them to bridge the gap between an entry level job and economic security for their families. Self-sufficiency calculators are available in 9 states.⁴

- Enable customers to take advantage of core, intensive or job training services in any order, or at the same time, by eliminating any language that can be construed to require a "sequence of services" from core, to intensive, to training.

The decline of participation in job training has been well-noted since WIA replaced JTPA. Instead of directing participants to services defined in the "negative," i.e. an inability to get a job without more extensive training, WOW believes the decision should be based on the individual's informed choice after career counseling and an assessment of his or her skill requirements and competencies as well as the kind of training and services that will enable him or her to attain a job at self-sufficient wages. Such an approach will be of benefit not only to unemployed workers but also to incumbent workers and employers facing skill shortages.

- Expand referral to and delivery of supportive services to help all hard-to-serve populations with barriers to employment, including welfare recipients, survivors of domestic violence, displaced homemakers, individuals seeking nontraditional training for their gender, single parents, and recent immigrants with limited English proficiency and ex-offenders.

Most members of hard-to-serve populations, almost by definition, need special accommodation or specific work supports in order to fully take advantage of educational and training services offered through WIA. Nevertheless, WIASRD data show the number receiving supportive services has declined from 24.2 percent of adult participants in 2000 to 19.1 percent in program year 2004-05. In 2004-05, only 21.2 percent of women, 17.1 percent of persons with a disability, and 15.5 percent of persons with a disability that was substantial were recorded as receiving supportive services.

Many education and training providers with particular capacities to work with hard-to-serve populations, such as the ability to deliver child care or accommodate the nontraditional schedules of working mothers, are discouraged from participating in the workforce development system because of cash flow risks associated with the need to fill a certain number of slots at all times with holders of Individual Training Accounts. Reauthorizing legislation should clarify that providers of on-the-job training, customized training or incumbent worker training may be cited to receive funds by the state through contracts as well as through ITA's.

Reauthorizing legislation should encourage One-Stops to adopt a consumer-friendly approach to serving hard-to-serve populations, and all customers, who may be incapable or uncomfortable using computerized or text-based services. At a minimum, One-Stops should offer each customer an initial, language-appropriate, in-person orientation to the information and services available through the center. Because what

is measured is what is implemented, performance measures should include outcomes for recipients of core services only and be reported by special population category.

Reauthorizing legislation should specifically include as hard-to-serve older workers (say over age 55), individuals within two years of their TANF time limits, displaced homemakers and persons seeking employment in nontraditional occupations, including computer science and technology, as hard-to-serve populations whose employment and training needs must be addressed in local plans.

Older workers, not historically thought of as a WIA target population have been significantly underrepresented in the customer base despite the growth of this population, their increasing need and desire to continue working and the emerging recognition of employers that they will need to accommodate older workers if they are to fill their skilled workforce needs.

Another obstacle for older workers' participation in workforce development is the incentive within WIA to achieve higher earnings for system graduates. While we believe older workers, like everyone in the system, should be helped to achieve self-sufficiency wages, older workers who have income from a pension, Social Security and/or private retirement accounts, may be best helped by working part-time or in a less demanding job that supplies the gap-filling income they need. Adjustments for older workers with income from such sources would mitigate this disincentive.

- Require state WIBs to address in the state plan the strategy that will be used to ensure that the workforce development system is structured to ensure gender parity in all forms of skills training.

Women and girls make up a majority of participants in WIA programs—57 percent of adult programs; 52 percent of dislocated worker programs; and 53.2 percent of youth programs. Nevertheless, the training they receive is largely concentrated in lower paying service and clerical fields. Compared to men, with the probable exception of allied health professions, women receive very little training in higher paying, traditionally male-dominated occupations. For example, WIASRD records for April 2004 to March 2005 show 57.6 percent of males but only 8.8 percent of women in training for the category “installation, repair, production, transportation and material moving.”

WIA, thus, tends to perpetuate at least one cause of women's wage gap—occupational clustering. In a 2005 study, Jobs for the Future identified the six occupational categories with the highest earnings and growth potential open to workers with a two-year degree or less. Of the six, four are heavily male dominated.⁵ For example, women are only 33.2 percent of computer support specialists, who earn a median of \$43,660 annually, and 2.6 percent of electricians, \$45,200. (Conversely, male trainees could be shown through career counseling that in they could receive training for the high-demand field of nursing, where 93.4 percent of LPN's are women and whose average annual wage is \$35,580.⁶

States and local workforce boards should be encouraged to provide technical assistance and information to One-Stop staff to on counsel job seekers about high-wage/high demand jobs and nontraditional jobs for their gender that can lead to self-sufficiency employment. Workforce boards in Fresno, Cal., and Lancaster, Penn, for example, have used self-sufficiency standards to guide their selection of target occupations and job training providers, adopting policies that restrict training funds to skills in high demand locally that pay self-sufficient wages.

The Lancaster County Workforce Investment Board has focused its training on seven industry sectors—health care, biotechnology, agriculture and food processing, construction, communications, metals and metal fabricating and automotive 00 that are considered “gold collar” jobs requiring high skills and offering self-sufficient wages.

Seattle-King County, as mentioned above, uses a Self-Sufficiency Calculator not only for career counseling to help a customer select from among occupations that will lead to self-sufficiency, but also to track individual performance by plugging into the WIB's on-line database wages upon exit. The council has found such a measure more meaningful than average wage gain or median wage upon exit.

The WIA system can and must be re-structured to meet the demand for skilled workers in our nation's workforce, and at the same time serve job seekers who face barriers in gaining access to employment that can bring them economic security. Wider Opportunities for Women looks forward to working with the committee as it improves our public workforce development system.

ENDNOTES

¹ The Self-Sufficiency Standard was developed by Dr. Diana Pearce of the University of Washington who at the time was Director of the Women and Poverty project at WOW

²For instance, the National Center on Children and Poverty has drawn on the Self-Sufficiency Standard in the development of its matrix presented today.

³Reality Check: Promoting Self-Sufficiency in the Public Workforce System, <http://www.wowonline.org/wow/>.

⁴California, Indiana, Illinois, New York, Pennsylvania, Washington, Wyoming, the District of Columbia and Colorado (in progress). See Appendix I for the website sites.

⁵Susan R. Crandall and PhD, Surabhi Jain, "New Directions in Workforce Development: Do They Lead to Gains for Women?" *New England Journal of Public Policy*, spring 2007, p. 86, Crittenton Women's Union www.liveworkthrive.org.

⁶Bureau of Labor Statistics, Household Survey Data for 2005.

Prepared Statement of the National Network for Women's Employment

Dear Chairmen Miller and Hinojosa and Ranking Members McKeon and Keller: On behalf of Women Work! The National Network for Women's Employment, thank you for the opportunity to offer recommendations as you renew efforts to complete the reauthorization of the Workforce Investment Act (WIA).

Women Work! is the nation's largest network of employment and training support programs for unemployed and underemployed women. Located within diverse institutions that include community colleges, YWCAs, Community Action Programs, faith-based organizations, and community-based organizations, Women Work! programs serve more than 300,000 women in economic and employment transition each year. Since 1978, our network has assisted more than 10 million women to successfully gain the skills they need to succeed in the workforce.

Despite progress over the last few decades, women in the United States remain segregated in some of the lowest paying jobs in our country.¹ Nearly 15 million women in the U.S. earn less than \$25,000 a year despite working in full-time, year-round jobs.² Largely as a result, one out of every 14 working women and one out of every five working single mothers are poor.³

In PY 2004, nearly two-thirds of all adult WIA exiters were women.⁴ As the nation's workforce development system, the Workforce Investment Act can and should play an important role in advancing women into high-wage work that allows them to support their families. Yet, for many unemployed and underemployed women, WIA has not met this commitment.

Women Work! believes that significant reforms are needed to ensure that the workforce investment system can meet the needs of women who face barriers on the road to economic security. We urge the Committee to strongly consider the following recommendations to improve the effectiveness of WIA at advancing economic opportunities for women:

- Make moving low-income women, men and their families toward self-sufficiency a priority for the workforce investment system.
- Better address women's barriers to employment by: 1.) promoting increased collaboration with organizations with expertise in serving unemployed and underemployed women; and 2.) by equipping One-Stop Centers to address the unique needs of hard-to-serve women.
- Structure the workforce investment system to actively provide opportunities for women to train for non-traditional occupations and other high-skill, high-wage jobs.
- Fulfill WIA's commitment to helping displaced homemakers re-enter the workforce.
- Ensure that all job seekers have access to child care, transportation and other support services.

Thank you again for the opportunity to provide input and your commitment to improve the skills of our nation's workforce.

Women Work! Recommendations

1.) Make moving low-income women, men and their families toward self-sufficiency a priority for the workforce investment system.

When WIA replaced the Job Training Partnership Act (JTPA) in 1998, it mandated a dramatic shift in the way that job training services are delivered in the United States. Under WIA, federal workforce funds are no longer exclusively targeted toward serving low-income adults. Instead the workforce investment system is to provide universal access to employment and training services. At the same time, federal funding for job training and employment services has declined. As a result, the system is expected to "be all things to all people", without the necessary resources to do so. In many cases, the women and men who most need skills training in order to achieve self-sufficiency have suffered the consequences.

Single parents—the majority of whom are women and earn less than \$20,000 a year⁵—have especially lost out under WIA. Under JTPA in 1998, 43.7 percent of adults receiving training were single parents. In the first year that WIA data was

collected, this share fell by almost 10 percentage points, to 34.5 percent. In 2003, only 24.6 percent of adults receiving training under WIA were single parents.⁶

Women Work! recommends the following changes to WIA to ensure a focus on moving low-income women, men, and their families toward self-sufficiency:

- Eliminate the “sequence of services” requirement.

Rationale: When Congress authorized WIA, it stipulated that different types of services (core, intensive, training) should be provided to clients in a particular sequence, with the expectation that clients would be eligible for the next, higher-cost form of service only if they had failed to secure employment after receiving the lower-cost services. Individuals must first receive core services to be eligible for intensive services, and must receive both core and intensive services to be eligible for training services.

Many States and local areas have interpreted WIA’s “sequence of service” requirement rigidly, creating additional barriers to employment and training for women who struggle to navigate through the requirements. One Women Work! member working at a community college in the Midwest described her frustration with the way eligibility requirements were implemented in her community: “The One Stop makes our participants jump through too many hoops. It is almost as if they don’t want to provide funding for participants to attend school. They seem to make it very difficult for the participants to receive services.”⁷

Local WIA systems should be able to offer core, intensive, or training services in a manner that best suits job seekers’ needs. For many unemployed and underemployed women—especially those with multiple barriers to employment—a comprehensive assessment of aptitude, interest and family income needs is the first step toward employment and training services that lead to economic self-sufficiency.

- Collect data on all WIA participants and require that WIA performance measurement be adjusted for economic and demographic characteristics and for known barriers to employment of the participants served.

Rationale: WIA, unlike its predecessor JTPA, does not require that performance measures for a local area be adjusted for economic and demographic characteristics and for known barriers to employment of the participants served.

In addition, States and local areas are not required to report on all participants—only those who receive intensive and/or training services. In 2004, GAO found that in one case only 5.5 percent of the individuals who walked into the One-Stop were actually registered for WIA and tracked for performance outcomes.⁸

As a result of both of these factors, “cream skimming” participants has become a practice widely reported throughout the system. Caseworkers enroll participants who are most likely to achieve desired outcomes (those who would have done very well without the benefit of the program), rather than those most in need of skill upgrades and other employment services in order to obtain work with self-sufficiency wages.

To ensure that the workforce development system is serving those who need extra help, as well as those who do not, data should be collected on every participant. In addition, performance measurement should be adjusted for economic and demographic characteristics and known barriers to employment of the participants served.

- Make the statutory priority for low-income job seekers meaningful by: 1.) eliminating the stipulation that priority be given only when funds are limited, and 2.) requiring States to include a process that the state will use to ensure that local areas implement the priority system for services in the State plan.

Rationale: While WIA established statutory priority that funds be spent on intensive and training services for recipients of public assistance and other low-income individuals when “funds allocated to a local * * * are limited”, the law is not clear on how this prioritization must be implemented. Further, the significant drop in services to low-income adults suggests that in many places, the priority may not be being implemented at all. (Under the last year of JTPA, 30.7 percent of adults served received public assistance and 96 percent were low income; in 2003 only 13.7 percent of adults served under WIA received public assistance and only 68.4 percent served were low income.⁹)

States should develop a process for monitoring local areas to ensure that they comply with this provision and should describe this process in the State plan. In addition, the stipulation that priority only be given when funds are limited should be deleted.

- 2.) Better address women’s barriers to employment by: 1.) promoting increased collaboration with organizations with expertise in serving unemployed and underemployed women; and 2.) by equipping One-Stop Centers to address the unique needs of hard-to-serve women.

Many women who require new skills to get and keep good-paying jobs experience unique and often complex barriers to training and employment. Research demonstrates that reducing these barriers is critical to improving employment and retention rates for women in economic transition.¹⁰ If the workforce investment system is to succeed in increasing the employment, retention and earnings of all job seekers, the system must be able to address the needs of single parents, single pregnant women, displaced homemakers and other women with barriers to employment. An important piece of this solution will be more effectively utilizing the thousands of local programs across the country with expertise in supporting women as they enter, re-enter and advance in work.

Women Work! recommends the following changes to WIA to better address women's barriers to employment:

- Require State and local plans to describe how community-based organizations, services and agencies who work with women with barriers to employment will be utilized to more effectively serve these populations—including providing intensive and training services.

Rationale: Throughout the United States, thousands of local programs already possess decades of experience in meeting the needs of single parents, displaced homemakers and other women with barriers to employment. The workforce investment system can best serve unemployed and underemployed women by utilizing the expertise of these local organizations.

- Require that local board membership include representatives with expertise in serving women with barriers to employment, including single parents, displaced homemakers and women training for nontraditional employment.

Rationale: Local boards play a substantial role in determining policies for service delivery. Representatives with expertise in serving single parents (including single pregnant women), displaced homemakers and women training for nontraditional employment should be included on the local WIB to ensure that the unique employment and training needs of these populations are being addressed.

- Allow training to be provided through Individual Training Accounts (ITAs) or contract training.

Rationale: Current law unnecessarily discourages the use of contract training by allowing it only as an exception to ITAs. However many highly effective, specialized programs for single parents, displaced homemakers and other hard-to-serve populations cannot assume the cash-flow risks associated with voucher payment. As a result, many women with barriers to employment cannot access employment and training programs that would best suit their needs.

In order to ensure that States and local areas have maximum flexibility to address barriers to employment and provide the most appropriate type of training to program participants, WIA law should be amended to allow for training to be provided through ITAs or contract training, whenever necessary. Contract training should not be an exception.

WIA law should also ensure that there is a fair and open process for awarding contracts.

- Require that core services be offered in a format that is user-friendly and understandable to all One-Stop center customers.

Rationale: Many women with multiple barriers to employment—for example, a displaced homemaker attempting to re-enter the workforce with little to no computer skills—are unable to take advantage of highly-automated, self-service One-Stop centers. At a minimum, centers should offer each customer an immediate and language-appropriate in-person group orientation to the information and services available at the Center.

- Require States to use statewide funds to provide technical assistance to One-Stop operators on serving single parents, single pregnant women, displaced homemakers, individuals training for nontraditional employment and other hard-to-serve populations.

Rationale: In a national survey of women's service providers, over 60 percent of respondents reported that One-Stop service delivery to women in economic transition was poor or only fair. A likely reason is that One-Stop personnel lack the expertise and training necessary to effectively serve women with barriers to employment. Mandating the provision of technical assistance will help to ensure that the workforce investment system is more responsive to the needs of these populations.

- Require local plans to describe how services will be provided to single parents, single pregnant women, displaced homemakers, individuals training for nontraditional employment and other hard-to-serve populations, including the provision of outreach, intake, assessments, service delivery and the training of One-Stop staff.

Rationale: Local areas must be able to provide a range of outreach, intake, assessment and other services to ensure that women with barriers to employment are successful in increasing skills, obtaining employment and achieving self-sufficiency.

3.) Structure the workforce investment system to actively provide opportunities for women to train for non-traditional occupations and other high-skill, high-wage jobs.

Increasing women's access to nontraditional jobs—which typically offer wages that are 20 to 30 percent higher than jobs in which women traditionally predominate¹¹—is a compelling strategy for raising women's incomes and advancing family economic self-sufficiency. Across the United States, women remain segregated in low-wage service sector occupations with limited benefits and opportunities for advancement, while positions in the skilled trades and technology sector are left unfilled. The Workforce Investment Act (WIA) should work to bridge this gap.

To date, however, WIA has not made significant efforts to actively inform women about opportunities in nontraditional jobs or to provide women with assistance in pursuing these opportunities. According to data submitted in PY 2004, only 2.9 percent of women adult exiters were employed in nontraditional jobs in the quarter after exit.¹² This is a significant missed opportunity that can and should be corrected in reauthorization.

Women Work! recommends the following changes to WIA to actively provide opportunities for women to train for non-traditional occupations:

- Require States to use statewide funds to implement programs that increase the number of individuals training for and placed in nontraditional employment.

Rationale: Current law allows States to use statewide funds for implementing programs to increase the number of individuals training for and placed in non-traditional employment (§134(a)(B)(3)(vi)(II)). However, few States are taking advantage of this opportunity. A 2002 GAO study on the workforce investment system revealed that only one State, Vermont, spent over 10 percent of these funds on implementing training programs for nontraditional employment.¹³ States should be required to implement these programs.

- Require that States use statewide funds for developing and evaluating the effectiveness of strategies to ensure that employment and training activities carried out under WIA are placing men and women in jobs, education and training that lead to comparable pay.

Rationale: On average, wages for female exiters of WIA programs lag behind wages for male exiters by about \$1,000 per quarter. For example, during PY2004 male exiters earned on average \$5,842 in the fifth quarter after exit, while female exiters earned on average \$4,766 in the fifth quarter after exit.¹⁴

While these discrepancies may not be caused by the workforce investment system itself (indeed the pre-program gender wage difference is slightly higher than the difference after exit), the system can and should take a proactive approach toward increasing women exiters' earnings. States should do so by working to ensure that employment and training activities are placing men and women in jobs, education and training that lead to comparable pay.

States should describe these strategies in their State plans and should be required to evaluate and include information on these strategies in their periodic State evaluation reports.

- Require that employment statistics information provided at One-Stop centers include information about non-traditional occupations for women.

Rationale: Female job seekers are often unaware that nontraditional jobs for women pay significantly better and offer more opportunities for advancement. The current law requirement that One-Stop centers provide employment statistics as part of core services (§134(d)(2)(E)) should be expanded to require that One-Stop centers provide information about high wage, high skill jobs that are nontraditional for women. This should include information relating to earnings, skill requirements and career ladders for such occupations.

4.) Fulfill WIA's commitment to helping displaced homemakers re-enter the workforce.

Displaced homemakers—women seeking to re-enter the workforce after time out caring for family members—continue to slip through the cracks of the workforce development system. In 1998, Congress eliminated funding set-asides for displaced homemakers in the Perkins Vocational and Technical Education Act, intending that these populations would be served through the new workforce investment system. However, this has not been the case.

According to Census data, there are over 7.3 million women in the United States whose primary job has been homemaking, but who have lost their main source of income through divorce, separation, or widowhood.¹⁵ Yet, over two-thirds of local boards using dislocated worker funds report serving fewer than 25 displaced home-

makers annually.¹⁶ In PY2003, displaced homemakers comprised only 1.5 percent of the dislocated worker population provided with intensive or training services under WIA.¹⁷

Women Work! recommends the following changes to WIA to fulfill its commitment to helping displaced homemakers re-enter the workforce:

(See also recommendations for women with barriers to employment under section 3 of this document.)

- Require States to use statewide funds to implement innovative programs for displaced homemakers.

Rationale: In order to improve services for women re-entering the workforce, current law allows for the statewide development of innovative programs for displaced homemakers (§134(a)(B)(3)(vi)(I)). However, few States are utilizing this opportunity. In 2002, the GAO found that only one state—Virginia—was using more than 10 percent of its set-aside funds to serve displaced homemakers.¹⁸ States should be required to implement these programs.

- Ensure that One-Stop centers can provide comprehensive programs for displaced homemakers as part of intensive services.

Rationale: The most successful employment and training programs for displaced homemakers are holistic, stress continuity of relationship between caseworker and client and address the unique needs of women re-entering the workforce after many years absence—for instance, how to talk about skills gained in ‘non-paid’ experiences; how to handle interview questions about time out of the workforce; and how to maximize transferable skills.

This change would ensure that One-Stop operators can develop or contract for holistic programs that help clients who are displaced homemakers succeed in training and employment.

- Update the definition of displaced homemaker.

Rationale: The following definition aligns with the definition included in the recently reauthorized Carl D. Perkins Career and Technical Education Improvement Act of 2006. Comparable definitions will facilitate better service delivery coordination between WIA and the career and technical education system for displaced homemakers.

5.) Ensure that all job seekers have access to child care, transportation and other critical support services.

Women in economic and employment transition are often prevented from increasing skills, attaining stable employment and/or achieving self-sufficiency because they lack adequate child care and/or transportation, or have other critical needs. In a recent national survey of service providers conducted by Women Work!, nearly 80 percent of respondents said that lack of adequate child care often or very often prevented women clients from succeeding in training programs. Sixty-three percent said that lack of transportation to the training site often or very often prevented success.

Although the One-Stop system was intended to address these needs by coordinating the delivery and referral of supportive services, the provision of child care, transportation and other critical assistance is often inadequate for women job seekers.

Women Work! recommends the following changes to WIA to ensure that all job seekers have access to child care, transportation and other support services:

- Allow local funds to be used to provide supportive services to WIA participants, without restriction.

Rationale: Current law allows local funds to be spent on supportive services only if the customer is unable to obtain them through other programs. This provision—combined with the fact that current law requires only that supportive service needs be assessed, but not addressed—unnecessarily deters local WIBs from adequately meeting women’s needs for child care assistance, transportation assistance, and other support services. In a national survey of local workforce boards, 43 percent reported that less than 10 percent of job seekers are receiving WIA-funded supportive services.¹⁹

- Require local plans to include descriptions of how One-Stop centers will provide appropriate supportive services or provide active referrals to appropriate supportive services.

Rationale: In the same national survey of workforce boards, 77 percent agreed that the process for supportive service referral and delivery warranted improvement.²⁰ Including supportive service referral and provision as an element of the local plan ensures that One-Stop centers develop adequate procedures to connect clients with supportive services.

ENDNOTES

¹ Women's Bureau, United States Department of Labor, 20 Leading Occupations of Employed Women. <http://www.dol.gov/wb/factsheets/20lead2006.htm>.

² U.S. Census Bureau, Current Population Survey, 2006 Annual Social and Economic Supplement. Women Work! calculation.

³ U.S. Census Bureau, Income, Poverty and Health Insurance Coverage in the United States, 2003. Detailed Tables and Historical Tables for the Current Population Survey. <http://www.census.gov/prod/2004pubs/p60-226.pdf>. Calculations by Legal Momentum, "Reading Between the Lines: Women's Poverty in the United States, 2005" *Legal Momentum, September 2006*. <www.legalmomentum.org>.

⁴ 2004 WIASRD Data Book, Social Policy Research Associates, February 2, 2006.

⁵ Women Work! The National Network for Women's Employment, Chutes and Ladders: The Search for Solid Ground for Women in the Workforce, 2005. Data taken from U.S. Census Bureau March 2003 Supplement to the Current Population Survey.

⁶ Center for Law and Social Policy, Declining Share of Adults Receiving Training Under WIA are Low-Income or Disadvantaged, December 14, 2005.

⁷ Electronic survey of Women Work! member organizations. Administered March 14, 2007.

⁸ U.S. GAO, States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help, 2004.

⁹ Center for Law and Social Policy, Declining Share of Adults Receiving Training Under WIA are Low-Income or Disadvantaged, December 14, 2005.

¹⁰ See, for instance The Women's Employment Study, <http://www.fordschool.umich.edu/research/poverty/wes/>.

¹¹ Women and Nontraditional Work, Wider Opportunities for Women, 2003. Calculations based on Department of Labor, Bureau of Labor Statistics data.

¹² 2004 WIASRD Data Book, Social Policy Research Associates, February 2, 2006.

¹³ U.S. GAO, Workforce Investment Act: Better Guidance and Revised Funding Formula Would Enhance Dislocated Worker Program, February, 2002.

¹⁴ 2004 WIASRD Data Book, Social Policy Research Associates, February 2, 2006.

¹⁵ Women Work! The National Network for Women's Employment, Chutes and Ladders: The Search for Solid Ground for Women in the Workforce, 2005. Data taken from U.S. Census Bureau March 2003 Supplement to the Current Population Survey.

¹⁶ Wider Opportunities for Women, What Local Workforce Boards Say About Services for Women, 2003.

¹⁷ 2004 WIASRD Data Book, Social Policy Research Associates, February 2, 2006.

¹⁸ U.S. GAO, Workforce Investment Act: Better Guidance and Revised Funding Formula Would Enhance Dislocated Worker Program, February, 2002.

¹⁹ Wider Opportunities for Women, What Local Workforce Boards Say About Services for Women, 2003.

²⁰ *Ibid.*

[Responses to questions for the record from Ms. Butler follow:]

August 9, 2007.

Hon. RUBÉN HINOJOSA, *Chairman,*

Subcommittee on Higher Education, Lifelong Learning, and Competitiveness, Longworth House Office Building, Washington, DC.

DEAR CHAIRMAN HINOJOSA: I am writing to submit the following additional responses to questions asked of me during the July 26th hearing on the Workforce Investment Act.

First, I want to again thank you and the Members of the Subcommittee for inviting me to share my personal journey as a consumer of the Vocational Rehabilitation Program on the 17th Anniversary of the Signing of the Americans with Disabilities Act.

I was asked if compliance with the Americans with Disabilities Act could be improved and if the spirit of the law as Congress intended was being fully recognized.

I believe compliance with the law could always be improved and there are two specific items Congress could consider. First, while the Workforce Investment Act was authorized nearly ten years ago, not all one-stop career centers are fully accessible to individuals with disabilities, particularly those with significant disabilities. My visits to one-stop career centers have been quite disappointing. As a person with low vision, I need magnification software to assist me in reading a computer screen and large font on printed materials. The information disseminated at the one-stop career centers simply was not available in alternate formats such as large print or Braille.

While the staff appeared willing to assist me, they lacked the necessary expertise in the services and supports available to assist a person with a significant disability, like legal blindness in seeking career opportunities and full inclusion into the community. In 2007 this reality is not something we should accept. The "one size fits all" approach of the one-stop career centers denies the individual with a disability the expertise of the qualified Vocational Rehabilitation Counselor who can assist

them in developing their individual employment plan that considers their needs along with the needs of business. Vocational Rehabilitation's holistic approach to employment benefits the consumer with a disability, businesses and America's workforce.

I respectfully request that Congress do all it can to insure that all individuals with disabilities, including those with significant disabilities, have full and equal access to the information and services available to non-disabled members of the community at the one-stop career centers.

Second, the Subcommittee's support of the recently introduced ADA Restoration bills would assist in clarifying the Congressional intent of the ADA. The Americans with Disabilities Act Restoration Act enjoys bipartisan support and its passage is critical to the civil rights of all individuals with disabilities.

Finally, pursuant to WIA, VR is a mandatory partner and contributes millions of dollars to the one-stop career centers and given the unmatched expertise and success of the VR Program, the State VR Director of both the General VR Agency and the VR Agencies for the Blind, where applicable, must have a strong presence on both the State Workforce Investment Boards (SWIBs) and the local Workforce Investment Boards (WIBs).

The State Workforce Investment Boards have responsibility for development of the State Plan and continuous improvement of a statewide system of activities that assure coordination and non-duplication among the programs authorized under WIA. It was the intent of Congress that the lead State Agency officials with responsibility for the programs and activities of mandatory partners be voting members of the State Workforce Boards. In order for VR services to have a significant impact on workforce investment activities that could potentially increase the employment, retention and earnings of persons with disabilities, both the State VR Director and the Director of the State Agency for the Blind, in States that have a separate State Agency for the Blind, must be voting members of the State Workforce Investment Boards.

The Workforce Investment Act also requires Local Workforce Investment Boards (WIBs) include representatives of local community-based organizations, including organizations representing individuals with disabilities and veterans. As a result of this requirement, many local WIBs include representatives of the VR Program and individuals with disabilities. It is imperative that individuals with the expertise and experience in the VR Program be at the table when funding decisions are made to ensure that the needs of individuals with disabilities have authentic representation at the local level and that VR dollars are spent on services and supports for individuals with disabilities and not diverted to other populations.

I respectfully urge Congress to mandate that both the State VR Director of the General Agency and the State VR Director of the State Agency for the Blind (where applicable) serve on both the SWIBs and the WIBs.

As your meaningful work on the Subcommittee progresses, I remain available as a continued resource bringing with me my experiences as a VR consumer and a contributing member of corporate America.

Sincerely,

BETH BUTLER,

Disability & Accommodations Consultant; VP, Employment Compliance, Wachovia Corp.

[Responses to questions for the record from Mr. Ware follow:]

Written Responses to Hearing Questions

On behalf of the nation's governors, thank you for the opportunity to testify before the U.S. House Education and Labor, Subcommittee on Higher Education, Lifelong Learning, and Competitiveness on July 26, 2007 regarding the reauthorization of the Workforce Investment Act (WIA). Included below are the National Governors Association's responses to select questions asked during the hearing, which supplement the testimony given by Charles Ware on behalf of NGA.

What can be done to support high school reform?

Across the nation, governors are leading efforts to improve the rigor and relevance of our nation's high schools. Despite this effort, in some communities "dropout factories"—high schools that produce a large percentage of high school dropouts—exist. To help states reform these high schools and provide greater support to assist America's youth, Congress should support several reforms.

First, Congress should eliminate the requirement to spend a percentage of Youth funds on out-of-school or in-school youth. WIA should not require states to spend a certain percentage of funds on “out-of-school” or “in-school” youth. Such a federal requirement is outdated and out-of-touch with the needs of high school dropouts and current ongoing high school reform efforts. The focus of “youth funding” should be to serve high-risk, basic skill deficient youth to prepare them for future employment or education, and an elimination of the requirement allows Governors to direct funding to youth in their states that need it the most.

Second, Congress should provide governors with expanded WIA funding flexibility and transferability, building upon existing flexibility. Governors and state leaders, working with local leaders, are developing innovative workforce systems to better respond to job seekers’ needs, reduce fragmentation, promote accountability, and better engage business. However, states will be unable to achieve the true vision of WIA one-stops without additional state funding flexibility and transferability. Such flexibility is critical to enhance states’ ability to help local leaders improve services and strengthen partnerships, and to target resources to state and local needs.

Third, Congress should support the NGA/NASWA Common Measures Proposal. The proposal streamlines the complex system of nearly 100 varying and incomparable performance measures into four critical measures focused on customer outcomes, including short-term and long-term employment rates, earnings, and credential completion. This use of common measures will increase system-wide accountability and transparency, while significantly decreasing administrative costs and inefficiencies. These four changes will give states the ability to more efficiently serve youth.

Finally, Congress should build upon governors’ efforts to redesign America’s high schools as outlined in the NGA Innovation America: A Partnership legislative proposal. The full document is attached for your reference.

How can Congress help workers (including our returning veterans and reformed prisoners) get better jobs?

In the 21st century, our economic strength will depend on the ability of each state, and our nation as a whole, to develop a coordinated and aligned workforce system that supports, trains, and prepares skilled workers. With a large number of men and women in America looking to get a better job, including those returning from military service and offenders reentering the workforce, members of Congress asked how states could better serve or help individuals improve their skills so they can get a better job.

Training services are essential to help job seekers access better jobs and remain competitive in the increasingly skilled workforce. In order to allow job seekers to access the training that they need, Congress should collapse core and intensive services into one new category of eligible, allowable services, and eliminate “intensive services” from the list of priority services under Section 134 (E) and adding “or other populations as identified by the state as priority to receive training services.”

Although “core” and “intensive” services are valuable for many job seekers, current law requires states to spend limited resources on these services before an individual can access training. This so-called “sequence of services” impedes the delivery of necessary services at the earliest possible time and should be eliminated to ensure that job seekers and states have the flexibility to expand access to training services quickly, effectively, and at a lower cost.

In order to break the cycle of recidivism for prisoners, offenders should be given access to training and education obtain the skills necessary to get a “good” or “better” job. Unfortunately, the current “sequence of services” for workforce training means that offenders attempting to reenter the workplace have to work their way through a long and arduous array of required programs before they can access training. These kinds of delays pose a challenge to all populations, but could be particularly challenging for offenders. Giving states the flexibility to allow customers to access the programs they need by eliminating the “sequence of services” would remove this roadblock to helping offenders reenter as upstanding members of society.

In addition to providing training services for workers, the critical shortage of skilled workers in areas of high demand is a significant employment issue that Congress should address in the WIA reauthorization. Congress should support and expand the U.S. Department of Labor’s Workforce Innovation in Regional Economic Development (WIRED) initiative, which builds workforce partnerships between regions, states, and businesses. Congress should also support two competitive matching-grant programs to Governors, funded out of the Secretary of Labor’s set-aside funds, to help states plan and create efficient workforce systems aligned with state-

wide, regional, or sector specific education, economic development, and business needs. States would be required to contribute a non-federal match of 20%.

What are your views on the proposed WIA rescission?

Finally, Governors would like to comment on the proposed \$335 million rescission to WIA in the U.S. House Labor-HHS-Education Appropriations Bill for fiscal year 2008. Education and workforce programs are top federal funding priorities for the nation's governors. Governors support increases in the federal investment in key education programs, as identified in their May 23, 2007 letter to Congress (available at www.nga.org). In addition, Governors also support federal investment in workforce programs. For this reason, governors are concerned by the House's proposed \$335 million rescission, which would effectively change federal law for states to spend WIA funds and adversely impact services to job seekers across the country.

As noted in the NGA testimony, states greatly appreciate and need the current flexibility to carry forward WIA funds. This flexibility is critical to provide training and promote responsible fiscal management of WIA funds, as supported by a study from the National Association of State Workforce Agencies (NASWA) shows that states are spending all but one tenth of one percent of their WIA funds within the 3-year period. The proposed rescission reclaims funds from the second and third years of the three-year cycle that states have to spend WIA funds—one full year before the spending deadline. The rescission would penalize states for being fiscally responsible.

Altering the period in which states have to spend funds is a fundamental change to the WIA law and should not be carried out through the appropriations process. In addition, the terminology around this provision may have created confusion over the last few years that have led to inaccurate and uninformed claims that states have "unspent federal WIA funds." To alleviate this problem, Congress should work to clarify the terminology regarding carry forward and obligations.

Thank you for the opportunity to make additional comments on the reauthorization of WIA. If you have any additional questions, please do not hesitate to contact us.

[Whereupon, at 11:40 a.m., the subcommittee was adjourned.]

