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PUTTING AMERICA BACK TO WORK: REFORMING THE NATION'S WORKFORCE INVESTMENT SYSTEM

HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE TRAINING

COMMITTEE ON EDUCATION AND THE WORKFORCE

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

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PUTTING AMERICA BACK TO WORK: REFORMING THE NATION'S WORKFORCE INVESTMENT SYSTEM

Tuesday, February 26, 2013
U.S. House of Representatives
Subcommittee on Higher Education and Workforce Training
Committee on Education and the Workforce
Washington, DC

The subcommittee met, pursuant to call, at 10:03 a.m., in room 2175, Rayburn House Office Building, Hon. Virginia Foxx [chairwoman of the subcommittee] presiding.

Present: Representatives Foxx, Walberg, Salmon, Guthrie, Heck, Brooks, Hudson, Messer, Hinojosa, Tierney, Bishop, Yarmuth, Bonamici, McCarthy, Holt, Davis, and Loebsack.

Also present: Representative Kline.

Staff present: Katherine Bathgate, Deputy Press Secretary; James Bergeron, Director of Education and Human Services Policy; Casey Buboltz, Coalitions and Member Services Coordinator; Lindsay Fryer, Professional Staff Member; Rosemary Lahasky, Professional Staff Member; Nancy Locke, Chief Clerk/Assistant to the General Counsel; Brian Newell, Deputy Communications Director; Krisann Pearce, General Counsel; Emily Slack, Legislative Assistant; Alissa Strawcutter, Deputy Clerk; Brad Thomas, Senior Education Policy Advisor; Aaron Albright, Minority Communications Director for Labor; Mary Alfred, Minority Fellow, Labor; Tylease Alli, Minority Clerk/Intern and Fellow Coordinator; Meg Benner, Minority Education Policy Advisor; John D'Elia, Minority Labor Policy Assoociate; Livia Lam, Minority Senior Labor Policy Advisor; Brian Levin, Minority Deputy Press Secretary/New Media Coordinator; Megan O'Reilly, Minority General Counsel; and Michele Varnhagen, Minority Chief Policy Advisor/Labor Policy Director.

Chairwoman FOXX. Good morning. A quorum being present, the subcommittee will come to order. Welcome to the first hearing of the Higher Education and Workforce Training Subcommittee in the 113th Congress. I would like to welcome our members and thank our witnesses for being with us today.

We begin the new Congress addressing a familiar challenge. Over the last 2 years, the committee has taken a close look at the realities of a broken workforce development system.

Just yesterday, North Carolina's Greensboro News & Record drew attention to the problem of potentially thousands of well-paying manufacturing, construction, engineering, and nursing jobs sit-

ting vacant in North Carolina because there is a shortage of qualified applicants.

Employers from across the country are reporting the same; that there are jobs available, but not enough skilled workers to fill them. Individuals desperate for work but in need of additional learning to compete for these jobs must first navigate a maze of rules and programs before they can access the skills and education they need.

Meanwhile, the hands of state and local officials are tied by excessive mandates and red tape. In an economy that is constantly changing, the federal government has made it more difficult for workforce investment leaders to address the priorities of their communities.

Finally, taxpayer dollars are supporting too many bureaucrats and not enough workers. The federal government now spends $18 billion a year on myriad employment and training services, yet it can't tell the hardworking taxpayers who provide that $18 billion whether they are earning a good return on their investment.

To illustrate the size of the problem, the poster to my left represents our current workforce development system; more than fifty programs spread across nine federal agencies. Caught in the center of this mess is a worker who has lost his or her job. This individual is eager to learn a new skill or trade and is even more eager to return to work.

If this worker manages to navigate the workforce development system, data shows it is unlikely he or she will complete the program or access the tools actually needed to get a job in the community. Nearly two million individuals participated in some form of service authorized under the Workforce Investment Act, but only 14 percent finished the instruction.

Fewer than half of those who received employment assistance such as job searches and resume writing were able to find work. With such a hefty price tag, we must demand better results on behalf of those seeking jobs and the taxpayers footing the bill for this federal maze.

Today's workforce development system is failing workers, employers, and taxpayers. Instead of a dynamic network of employment support, we have a massive bureaucracy that stifles innovation and wastes resources. As a result, employers cannot hire a skilled workforce, workers are stranded in unemployment, and our ability to grow and prosper as a nation is diminished.

The need to fundamentally change the status quo has never been greater. President Obama said last year that it was quote—"time to turn our unemployment system into a reemployment system." That is precisely what the Supporting Knowledge and Investing in Lifelong Skills Act will do.

The first step toward an effective workforce development system is to reign in the federal bureaucracy. The SKILLS Act eliminates and streamlines dozens of ineffective and duplicative programs. The bill replaces these programs with a new Workforce Investment Fund, providing states a more efficient resource to deliver the support their workforce needs.

The President has urged Congress to cut through the maze of confusing programs and create one program for individuals to find

the help they need. Republicans support that effort, and in fact, the SKILLS Act is the only proposal that moves us toward the President's goal.

We had a quote up there a second ago, and I hope everyone had a chance to see it. While streamlining the federal role is important, we must also empower our job creators, state leaders, and local officials.

Doing so means changing the way workforce investment boards operate. These boards are responsible for policies and oversight of employment and training services, yet the federal government dictates who must serve on the boards.

The SKILLS Act increases the number of employer representatives and allows state and local leaders to determine the rest. Despite some critics' claims, the legislation does not prohibit any stakeholder, including unions, from serving on a workforce investment board.

However, Washington will no longer be in the business of picking winners and losers in this regard. It is up to state and local officials to decide who best represents their communities.

These are just some of the positive reforms in the SKILLS Act. I expect we will discuss others throughout the hearing, including how the bill encourages greater collaboration with community colleges and promotes accountability over the use of taxpayer dollars.

No doubt we will also have a lively debate. I welcome that debate and also welcome the opportunity to advance commonsense reforms that will fix a broken workforce development system and serve the best interests of our country. It is time to be bold with how we prepare today's workers to compete and succeed in this new economy.

Again, I would like to thank our witnesses for joining us, and I will now recognize my distinguished colleague, Ruben Hinojosa, the senior Democrat member of the subcommittee for his opening remarks.

[The statement of Chairwoman Foxx follows:]

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

Good morning and welcome to the first hearing of the Higher Education and Workforce Training Subcommittee in the 113th Congress. I'd like to welcome our members and thank our witnesses for being with us today.

We begin the new Congress addressing a familiar challenge. Over the last two years, the committee has taken a close look at the realities of a broken workforce development system.

Just yesterday, North Carolina's Greensboro News & Record drew attention to the problem of potentially thousands of well-paying manufacturing, construction, engineering, and nursing jobs sitting vacant in my state because there is a shortage of qualified applicants. Employers from across the country are reporting the same: that there are jobs available, but not enough skilled workers to fill them. Individuals desperate for work but in need of additional learning to compete for these jobs must first navigate a maze of rules and programs before they can access the skills and education they need.

Meanwhile, the hands of state and local officials are tied by excessive mandates and red tape. In an economy that is constantly changing, the federal government has made it more difficult for workforce investment leaders to address the priorities of their communities.

Finally, taxpayer dollars are supporting too many bureaucrats and not enough workers. The federal government now spends $18 billion a year on myriad employment and training services, yet it can't tell the American people whether they are earning a good return on their investment.

To illustrate the size of the problem, the poster to my left represents our current workforce development system—more than fifty programs spread across nine federal agencies. Caught in the center of this mess is a worker who has lost his or her job. This individual is eager to learn a new skill or trade, and is even more eager to return to work.

If this worker manages to navigate the workforce development system, data shows it is unlikely they will complete their program or access the tools actually needed to get a job in their community. Nearly two millions individuals participated in some form of service authorized under the Workforce Investment Act, but only 14 percent finished the instruction. Less than half of those who received employment assistance such as job searches and resume writing were able to find work. With such a hefty price tag, we must demand better results on behalf of those seeking jobs and the taxpayers footing the bill for this federal maze.

Today's workforce development system is failing workers, employers, and taxpayers. Instead of a dynamic network of employment support, we have a massive bureaucracy that stifles innovation and wastes resources. As a result, employers cannot hire a skilled workforce, workers are stranded in unemployment, and our ability to grow and prosper as a nation is diminished.

The need to fundamentally change the status quo has never been greater. President Obama said last year that it was "time to turn our unemployment system into a reemployment system." That is precisely what the Supporting Knowledge and Investing in Lifelong Skills Act will do.

The first step toward an effective workforce development system is to rein in the federal bureaucracy. The SKILLS Act eliminates and streamlines dozens of ineffective and duplicative programs. The bill replaces these programs with a new Workforce Investment Fund, providing states a single resource to deliver the support their workforce needs.

The president has urged Congress to cut through the confusing maze of programs and create one program for individuals to find the help they need. Republicans support that effort, and in fact, the SKILLS Act is the only proposal that moves us toward the president's goal.

While streamlining the federal role is important, we must also empower our job creators, state leaders, and local officials. Doing so means changing the way workforce investment boards operate. These boards are responsible for policies and oversight of employment and training services, yet the federal government dictates who must serve on the boards.

The SKILLS Act increases the number of employer representatives and allows state and local leaders to determine the rest. Despite some critics' claims, the legislation does not prohibit any stakeholder—including unions—from serving on a workforce investment board. However, Washington will no longer be in the business of picking winners and losers. It is up to state and local officials to decide who best represents their communities.

These are just some of the positive reforms in the SKILLS Act. I expect we will discuss others throughout the hearing, including how the bill encourages greater collaboration with community colleges and promotes accountability over the use of taxpayer dollars.

No doubt we will also have a lively debate. I welcome that debate and also welcome the opportunity to advance commonsense reforms that will fix a broken workforce development system and serve the best interests of our country. It is time to be bold with how we prepare today's workers to compete and succeed in this new economy.

Again, I'd like to thank our witnesses for joining us, and I will now recognize my distinguished colleague Rubén Hinojosa, the senior Democratic member of the subcommittee, for his opening remarks.

Mr. HINOJOSA. Thank you, Chairwoman Foxx.

As ranking member of the subcommittee, I have always believed that putting America back to work must be a top priority for Congress and the nation.

I have served 16 years on this committee, and I was on the committee when we did the first reauthorization that I participated in, in 1998. If you do your math in your head, you will see that it was 14 years ago. So this is where I differ from our chair. I don't believe that Workforce Investment Act is broken.

I think what needs repair is Congress; that we have tried to reauthorize the act 6 years later as we are supposed to, 2004 we had just moved into a new century, and we are working with a WIA, an act that was passed 14 years ago and needs, definitely needs to be updated and we have tried that and not once, not twice, but three times, and it just seems that both parties have been so divided that we have not seen our way clear to do the job as we are expected to.

While the economy has moved in the right direction, adding more than 5.3 million private sector jobs during this last 3 years with investments made in the 2009 recovery act there are still millions of Americans who need Congress and their help to access good jobs and careers to improve their lives.

During the 12-month period ending September 30, 2012, WIA programs provided services to 32.8 million people as well as hundreds of thousands of employers across the country according to the U.S. Department of Labor.

Today, our current public workforce and adult education system provides an invaluable range of services including education, occupational skills training, career counseling, job search assistance, adult education, and English language, literacy, and Civics education as well as job placement services to populations with unique barriers to employment.

These populations include migrant and seasonal farm workers, Native Americans, people with disabilities, veterans, older workers, people who are homeless, low-income youth, low-skilled workers, English language learners, women seeking nontraditional employment opportunities, and others.

While we know that there are millions of Americans out there, who are still having a difficult time accessing good jobs in this economy, we also know that there are a substantial number of jobs in healthcare, in advanced manufacturing, in high-growth industries and sectors that are left unfilled because employers require specialized skills for these positions in this 21st century.

In the 113th Congress, my hope is that we can work in a bipartisan manner to reauthorize the Workforce Investment Act, WIA, and modernize our public workforce and adult education system.

Most recently, I was proud to reintroduce the Workforce Investment Act of 2013 with my colleague, Representative John Tierney, the lead sponsor of the bill, as well as Ranking Member George Miller.

The Democratic bill which streamlined and improved workforce program services while expanding career pathways, sector partnerships, regional approaches, and other innovative practices will bolster the role of community colleges in job training—something that I really believe in—develop a 21st-century system for adult education literacy and workplace services, and engage our nation's youth through multiple pathways to success.

It will create competitive employment services and opportunities for individuals with disabilities and improve accountability and transparency through performance measures and reporting. In addition, this bill would strengthen rather than eliminate the priority, low-skilled, and low-income adults under WIA.

Finally, I understand that my Republican colleagues and friends propose to eliminate and consolidate 35 WIA programs through the introduction of the SKILLS Act.

While I remain optimistic that we on this committee can work through some of our differences to reauthorize the act, I do not support the elimination or consolidation of federal programs. This approach would only serve to weaken our current WIA system.

With that, Madame Chair, I look forward to hearing from today's panel of distinguished witnesses on how to improve our nation's public workforce and adult education system. Thank you.

[The statement of Mr. Hinojosa follows:]

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

Chairwoman Foxx, as Ranking Member of this Subcommittee, I have always believed that putting America back to work must be a top priority for Congress and the nation. While the economy has moved in the right direction, adding more than 5.3 million private-sector jobs in the last three years with investments made in the 2009 Recovery Act, there are still millions of Americans who need Congress' help to access good jobs and careers to improve their lives.

In the 12 month period ending September 30, 2012, WIA programs provided services to 32.8 million people as well as hundreds of thousands of employers across the country, according to the U.S. Department of Labor.

Today, our current public workforce and adult education system provides an invaluable range of services, including education, occupational skills training, career counseling, job search assistance, adult education and English Language literacy and civics education, and job placement services to populations with unique barriers to employment.

These populations include migrant and seasonal farmworkers, Native Americans, people with disabilities, veterans, older workers, people who are homeless, low-income youth, low-skilled workers, English Learners, women seeking non-traditional employment opportunities, and others.

While we know that there are millions of Americans out there who are still having a difficult time accessing good jobs in this economy, we also know that there are a substantial number of jobs in health care, advanced manufacturing, and in high-growth industries and sectors that are left unfilled because employers require specialized skills for these positions.

In the 113th Congress, my hope is that we can work in a bipartisan manner to reauthorize the Workforce Investment Act (WIA) and modernize our public workforce and adult education system.

Most recently, I was proud to reintroduce the Workforce Investment Act of 2013, with my colleague Representative John Tierney, the lead sponsor of the bill, and Ranking Member George Miller.

The Democratic Bill would streamline and improve workforce program services, while expanding career pathways, sector partnerships, regional approaches and other innovative practices; bolster the role of community colleges in job training; develop a 21st century system for adult education literacy and workplace services; engage our nation's youth through multiple pathways to success; create competitive employment services and opportunities for individuals with disabilities; and improve accountability and transparency through performance measures and reporting.

In addition, the Democratic bill would strengthen, rather than eliminate, the priority for low-skilled and low-income adults under WIA.

Finally, I understand that my Republican colleagues propose to eliminate and consolidate 35 WIA programs through the introduction of the SKILLS Act.

While I remain optimistic that we on this committee can work through some of our differences to reauthorize the Act, I do not support the elimination and consolidation of federal programs. This approach would only serve to weaken our current WIA system.

With that, I look forward to hearing from today's panel of distinguished witnesses on how to improve our nation's public workforce and adult education system.

Thank you.

Chairwoman FOXX. Thank you, Mr. Hinojosa.

Mr. TIERNEY. Madame Chairwoman.

Chairwoman FOXX. Yes, Mr. Tierney.

Mr. TIERNEY. May I ask for unanimous consent to enter upon the record an opening statement just to place on the record.

[The statement of Mr. Tierney follows:]

Prepared Statement of Hon. John F. Tierney, a Representative in Congress From the State of Massachusetts

Thank you, Madame Chairwoman.

I was disappointed with how the Education and Workforce Committee proceeded with WIA reauthorization last Congress. This Committee advanced a bitterly partisan bill. Not one Democrat supported it during the Committee mark—up. Dozens of outside groups—including the AARP, the Adult Literacy Council, the Voc-Rehab Administrators, the National Council on Aging, the National Urban League, the United Way, and others—voiced concerns about or objections to the Republican bill.

A real opportunity to work together and come up with a bipartisan product was missed.

During the legislative hearing on the Republican bill, I asked the witnesses whether it could be improved by aspects of the Democratic bill that I and Reps. Hinojosa and Miller filed. I plan to ask that same question again today. Every witness—including the ones invited by the Republicans—agreed that our bill could improve their bill. Unfortunately, no effort was made to make it a bipartisan process.

During last year's Committee's mark-up of the Republican bill, Mr. McKean said that "bipartisanship is the responsibility of the majority."

He's right. That was last June. 7 months, and 1 election have passed since then—yet here we are again.

The latest iteration of the Chairwoman's WIA bill—which was announced last week but filed yesterday—continues to prioritize repeal, consolidation, and block granting over everything else. Just look at their press release on the bill! The first point they mention is how many programs their bill eliminates, as if that's the best and only measure for strengthening and modernizing the existing system. It isn't.

There is no evidence to support that the kind of arbitrary consolidation proposed by Chairwoman Foxx's bill will make the workforce system more coordinated or better integrated.

In fact, what seems more likely is that certain populations—such as youth, women, low—income adults, the disabled, and others with barriers to employment—will not receive the same level of service as they have had under current law. Let's take farmworkers as one example. Farmworkers are a hard-to-serve population who are mobile and who often have language barriers and unique educational challenges. The Farmworker Program is one of the dozens eliminated by Chairwoman Foxx's bill. So how can farmworkers across this country expect to be served?

Again, it is disappointing that Chairwoman Foxx and Republican Leadership on this Committee chose not to engage in a constructive dialogue on how we can make this a bipartisan process just as it was in 1998 when WIA became law. It is particularly unfortunate given that our areas of agreement on WIA should outnumber our areas of disagreement. The millions of workers looking for jobs and the millions of employers searching for qualified candidates deserve better.

I look forward to the witnesses' testimony and thank Chairwoman Foxx for giving me an opportunity to make an opening statement.

Chairwoman FOXX. Without objection.

Mr. TIERNEY. And may I ask unanimous consent to place on the record a letter from the Association of Farmworker Opportunity Programs dated February 21, 2013?

[The information follows:]

February 21, 2013.

Hon. GEORGE MILLER, *Ranking Member,*
Committee on Education and the Workforce, U.S. House of Representatives, Washington, DC 20515.

DEAR RANKING MEMBER MILLER: Migrant and seasonal farmworkers are among the nation's most vulnerable in the current employment and economic climate. The Workforce Investment Act of 2013 you introduced with Representatives John Tierney (D-MA) and Ruben Hinojosa (D-TX) takes a positive step forward by continuing

to invest in the National Farmworker Jobs Program, a targeted and fiscally responsible national job training program. The Association of Farmworker Opportunity Programs (AFOP) applauds this effort to ensure the most vulnerable Americans, like our nation's farmworkers, have access to the tailored education and training they need to attain good, self- and family-sustaining jobs.

AFOP is a national non-profit federation of non-profit and public agencies that operate the National Farmworker Jobs Program authorized under the Workforce Investment Act at Title I, Section 167. The thread that binds the Association is the concept that training and education can provide the launching pad to a better and more stable life for the workers who plant, tend, and harvest the crops that Americans consume at their tables.

• Migrant and seasonal farmworkers are an exceptionally hard-to-serve population with unique barriers that the traditional universal access model would not be able to effectively serve. Typically, farmworkers face language barriers; severe poverty; and very low math and literacy rates, with an average education level of just seventh to eighth grade.

• Farmworkers are an extremely mobile population. Due to the nature of farm work, it is imperative that bills seeking to reauthorize or update the Workforce Investment Act preserve the NFJP as a national program. It is unrealistic for Congress to expect governors to serve people who only work briefly in their state and then move elsewhere.

The NFJP, is a proven-effective federal job training program operated by 52 nonprofit and public agencies that specialize in providing education and training to migrant and seasonal farmworkers. NFJP participants train for high-demand, high-growth work both in and outside of agriculture. AFOP's member agencies that are awarded the competitive grants provided by the U.S. Department of Labor typically place over 80% of job-training farmworker customers into good jobs with benefits.

The services AFOP members provide are integral to the agriculture industry's success and, consequently, the country's pursuit of job creation and economic stability. Again, we appreciate your commitment to making smart federal investments in programs that educate and train our nation's farmworkers for skills U.S. businesses need.

Sincerely,

JESUS GAMBOA,
President.

DANIEL SHEEHAN,
Executive Director.

Chairwoman FOXX. Without objection.

Mr. TIERNEY. Thank you.

Chairwoman FOXX. Again, I would like to thank our witnesses for joining us.

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

It is now my pleasure to introduce our distinguished panel of witnesses.

Mr. Chris Hart is president and CEO of Workforce Florida, Inc., the nonprofit, public-private organization charged with policy-setting and oversight of Florida's workforce system.

Dr. Scott Ralls is the seventh president of the North Carolina Community College System, which is one of the largest systems of higher education in the United States, and is internationally recognized for its programs to foster economic and workforce development.

Dr. Harry Holzer serves as a professor of public policy at the Georgetown Public Policy Institute and is a faculty director—and

is faculty director of the Georgetown Center on Poverty, Inequality, and Public Policy.

Dr. Todd Gustafson serves as the executive director of Michigan Works!, Berrien-Cass-Van Buren, one of the 25 workforce development boards in the state of Michigan.

Before I recognize you to provide your testimony, let me briefly explain our lighting system. You will have 5 minutes to present your testimony. When you begin, the light in front of you will turn green. When 1 minute is left, the light will turn yellow. When your time has expired, the light will turn red.

At that point, I ask you to wrap up your remarks as best as you are able. After you have testified, members will each have 5 minutes to ask questions of the panel.

I now recognize Mr. Hart for 5 minutes.

STATEMENT OF CHRIS HART, PRESIDENT AND CEO, WORKFORCE FLORIDA, INC.

Mr. HART. Thank you.

Good morning, Chairwoman Foxx, Ranking Member Hinojosa, and other distinguished members of this subcommittee.

My name is Chris Hart and I have the privilege of serving as the president and CEO of Workforce Florida Inc., the Statewide Workforce Investment Board of the Nation's fourth largest state.

Simply put, Workforce Florida's mission is to help Floridians enter, remain, and advance in the workforce by ensuring they have the skills at the right time to meet the needs of the marketplace. We believe the SKILLS Act will help us achieve this mission.

I commend this subcommittee and the House leadership for making the continued transformation of our nation's workforce development system into one that is increasingly flexible, responsive, and innovative a leading priority.

The SKILLS Act proposes a market-driven approach to talent development designed to prepare individuals seeking employment for the jobs of today and the jobs of tomorrow whether that person currently relies on the social safety net, is seeking skills upgrade training, or looking to advance within an emerging industry.

The SKILLS Act consolidates the existing job training programs that support similar activities, work readiness, training, and placement into a single workforce investment system.

The SKILLS Act rightly focuses on creating a talent supply system with the funding flexibility to partner with businesses to ensure they can design training and education opportunities for new and existing employees giving workers the ability to sharpen their skills, increase their productivity, and earning potential, and advance their careers.

This consolidation of programs and funding should result in a reduction of the administrative burden currently imposed on the one-stop career center staff by eliminating cost allocations between programs as well as a tracking and reporting redundancies.

The SKILLS Act proposes important changes that facilitate regional alignment of markets and resources rather than forcing the acceptance of the status quo. It also strengthens the authority of governors to designate the boundaries of workforce areas. We agree, and support these provisions.

The flexibility in state and local board appointments is another welcomed change proposed in the SKILLS Act and increasing the business representation will only improve our alignment with market needs.

In Florida, we have found that volunteer board members who come from businesses of all sizes and stages bring with them a wealth of experience that helps us shape policies with keen focus on reducing red tape, forging strategic partnerships, higher return on investment, and pursuit of greater efficiencies and effectiveness.

The SKILLS Act strengthens the link between employment and training. We agree that in order to shrink the gap between skills demanded and skills supplied, we must have market relevant training and education.

However, Florida asks that the subcommittee strongly consider allowing for the greatest amount of flexibility with how this training is delivered.

The SKILLS Act requires regional workforce boards to reserve a percentage of funds for training activities. Florida imposes a similar requirement on regional workforce boards although the amount of the reserve is set by law with the ability to reduce the reserve if circumstances warrant.

From Florida's experience, the reserve requirement reinforces the state's commitment to training our workforce to meet market needs as long as the type of training is not limited.

Qualified training in Florida ranges from classroom and Internet-based training to on-the-job training and customized training delivered by businesses.

The SKILLS Act calls for unified planning and common shared goals. It focuses on performance over process and continuous evaluation of systems and procedures in an effort to become more efficient and effective with each passing year. Florida agrees.

Today, businesses and their jobs go where the talent is. Creating a modern and responsive national talent delivery system that supports job creation and retention is possible only if we continue to remove barriers allowing state and local workforce entities greater flexibility to better align priorities, services, and programs as well as leverage resources with educational systems. In doing so, a strong focus must remain on engaging workers at every stage of their career.

In conclusion, we are proud of our past success resulting from our efforts to optimize both the federal and state landmark laws. We believe it has contributed to Florida's track record of recognition as a national model for innovation.

However, we are greatly encouraged, Madame Chair, that the SKILLS Act will allow our state and others to accelerate innovative, market responsive strategies for even higher performance and results aimed at improving our nations talent competitiveness.

Chairwoman Foxx, this concludes my remarks. I want to again thank you for the opportunity to testify before this subcommittee on an issue vitally important to American innovation and commerce.

[The statement of Mr. Hart follows:]

Prepared Statement of Chris Hart IV, President and CEO, Workforce Florida Inc.

Chairwoman Foxx, Ranking Member Hinojosa, and other distinguished members of this Subcommittee: I am Chris Hart IV and I have the privilege of serving as the president and CEO of Workforce Florida Inc., the Statewide Workforce Investment Board for the nation's fourth most-populous state. Workforce Florida's mission is to develop the state's business climate by designing and implementing strategies that help Floridians enter, remain and advance in the workforce becoming more highly skilled and successful, benefiting Florida business and the entire state. While I have served as Workforce Florida's president since November 2007, I have been fortunate throughout my career to hold other executive, appointed and elected positions in Florida that similarly have greatly influenced my testimony today. I have served as the interim director of the Governor's Office of Tourism, Trade and Economic Development; senior vice president of external affairs and investor relations at Enterprise Florida Inc. (the public-private partnership that is the principal statewide economic development organization); co-founder of a Tampa Bay-based software and classified advertising small business; a member of the inaugural Workforce Florida Board of Directors; and a member of the Florida House of Representatives.

I am honored to join you today to offer testimony in support of reauthorization of the Workforce Investment Act (WIA) and, particularly, the Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act. The proposed SKILLS Act, at its very core, is about maintaining our nation's global economic leadership and accelerating economic progress for Americans by focusing on jobs and a modern talent delivery system that produces skilled and knowledgeable workers. The Act equips states to better attract, retain and create jobs by serving three primary customers: businesses, workers and job seekers. In 1998, WIA provided Florida with the opportunity to build a modern workforce system, now, 15 years later, new reauthorization legislation is vitally needed to better position our state and nation by supporting those who create jobs—entrepreneurs and businesses—with a skilled and competitive workforce. Given the rapid and profound changes in our nation's economy, brought forward by the Great Recession, innovation and increased global competition, action is necessary. Our nation must better anticipate and respond to the needs of business, educate and train workers in market-relevant skills and competencies, help job seekers enter and advance in the workforce, and empower state and regional leaders to be problem solvers, creative and resource-efficient.

I commend this Subcommittee and the House leadership for making the continued transformation of our nation's workforce development system into one that is increasingly flexible, responsive and innovative a leading priority. The talent supply challenges confronting our nation at home and the global competition abroad require that we leverage and maximize resources ensuring the most efficient and effective use of our public workforce investment to address the talent needs of employers today and tomorrow, bolstering growth and sustainability of jobs and our economy. To assist your efforts, my remarks today focus on three primary areas:

- Further streamlining and better integrating federal programs as well as eliminating bureaucratic barriers to market-driven employment and training services.
- Enhancing opportunities for flexibility for state and regional leadership, with an emphasis on performance, to further transform workforce investment to address existing and emerging economic needs.
- Strengthening talent development by cultivating strategic partnerships, especially with education, to improve lifelong learning.

A Roadmap for Innovation

When I was in the Florida House of Representatives in 2000, I sponsored the Workforce Innovation Act. Our goals in Florida—then and today—reflect many of the primary objectives of the SKILLS Act.

First, you want to consolidate the existing job training programs that support similar activities (work readiness, training and placement) into a single workforce investment system. Connecting job seekers with employers and helping Americans get to work remains a clear and central focus of the Act.

You also want to take a market-driven approach to talent development designed to prepare individuals seeking employment for the jobs of today—and the jobs of tomorrow—whether that person currently relies on the social safety net, is seeking skills upgrade training or looking to advance within an emerging industry.

The SKILLS Act also rightly focuses on creating a talent supply system with the funding flexibility to partner with businesses to ensure they can design training and education opportunities for new and existing employees giving workers the ability

to sharpen their skills, increase their productivity and earning potential, and advance their careers.

With our nation at a crossroad, Florida's experience—forged by more than a decade of business-led, public and private collaboration to drive market-relevant strategies and workforce investment—offers a roadmap for preparing job seekers, workers and businesses to compete and advance in an increasingly knowledge-based economy.

Streamlining, Integrating Programs and Services—Florida as a leader

Florida boldly seized the opportunity created by WIA for a customer-focused and business-directed workforce development system with its enactment of the Workforce Innovation Act of 2000. An overarching priority was restructuring the fractured system we had then to create a more integrated and comprehensive system—nimble enough to respond to local and statewide demands, economic shifts and strategic priorities with clear and consistent business involvement, strong state leadership and local decision-making.

We are proud of the success resulting from our efforts to optimize both the federal and state landmark laws, which has contributed to Florida's track record of recognition as a national model for innovation. Among recent accolades influenced by our state's strong workforce system outcomes, Florida ranks:

- No. 1 for its talent pipeline in the third annual Enterprising States report by the U.S. Chamber of Commerce and the National Chamber Foundation. Enterprising States highlights initiatives and strategies that all 50 states are employing to remain competitive, restore jobs and drive economic growth.
- No. 2 in an annual Best States for Business survey by Chief Executive magazine, which examines feedback from more than 500 CEOs to assess how each state fares on factors, including workforce quality, that are most essential for a business-friendly environment.
- In the Top-3 for five consecutive years in CNBC's annual America's Top States for Business, which examines 10 different categories to measure each state's ability to attract business including workforce quality and availability.

In Florida, the 24 regional workforce boards direct nearly 100 One-Stop Career Centers that connect job seekers, workers and businesses with employment and training services. Consistent with federal law, Florida's One-Stop Career Centers provide access to services offered by nearly a dozen state agencies that determine eligibility for and provide:

- Adult Job Placement and Training
- Unemployment Insurance
- Vocational Rehabilitation Services
- Transitional Services to Assist Job Seekers with Moving from Welfare to Work
- Veterans Employment and Training

Florida's system successfully uses the One-Stop model effectively and encourages regional workforce boards to access other resources or partner with other programs to make services available to job seekers, workers and businesses. These services or programs are co-located both physically and through website linkages.

Through local decision-making and, in some cases, state policy, many of Florida's One-Stop Career Centers already offer access to resources or programs the SKILLS Act proposes to consolidate, supported by a single Workforce Investment Fund. Under the Act, special populations will continue to be served by the One-Stop Career Centers, as the state and regional plans must detail the strategies for continuing such services.

This consolidation of programs and funding should result in a reduction of the administrative burden currently imposed on One-Stop Career Center staff by eliminating cost allocations between programs as well as tracking and reporting redundancies. Efficiencies created through this universal approach empower those closest to the customers to determine the most effective services needed to achieve the best outcomes.

It is our hope this Act also would clarify a federal policy that has hindered our state's flexibility to deliver services and further reduce administrative costs. While there is no direct federal statutory mandate in the Wagner-Peyser Act requiring state merit staff to deliver services, the U.S. Department of Labor has denied Florida's waiver requests from this regulation since 2007. This requirement has limited Florida's ability to cross-train staff across programs, removing from our purview management decisions best left to the state and local levels.

Flexibility Linked with Performance

The workforce system envisioned in the SKILLS Act strengthens the link between employment and training. We agree that in order to shrink the gap between skills

demanded and skills supplied, we must have market-relevant training and education; however, Florida asks that the Subcommittee strongly consider allowing for the greatest amount of flexibility with how this training is delivered.

The SKILLS Act requires regional workforce boards to reserve a percentage of funds for training activities. Florida imposes a similar requirement on regional workforce boards, although the amount of the reserve is set by law, with the ability to reduce the reserve if circumstances warrant. From Florida's experience, the reserve requirement reinforces the state's commitment to training our workforce to meet market needs, as long as the type of training is not limited. Qualified training in Florida ranges from classroom and Internet-based training to On-the-Job Training and customized training delivered by businesses.

The SKILLS Act calls for unified planning and common shared goals, it focuses on performance over process and continuous evaluation of systems and procedures in an effort to become more efficient and effective with each passing year. Florida agrees.

Even as we work to link job seekers to employment and businesses to a pipeline of work-ready talent, as well as making training available to close the skills gap, Florida has and continues to underscore the importance of performance and outcomes. In addition to tracking and reporting federally required common measures such as entered employment, average earnings and youth placement or education and skills training gains, Florida continues to place an intense focus on the development of other management and performance measurement tools—with more current data—that allow our state to drive stronger outcomes and track progress on shared state and local goals.

One example is the Daily and Monthly Job Placement Reports, which were created by the Florida Department of Economic Opportunity, in conjunction with Workforce Florida, to support system measurement, management and service improvements aimed at helping Floridians find jobs. These reports were launched in November 2011 in response to Governor Rick Scott's call for improved performance measurements to support economic recovery and growth. Regional workforce boards are assigned a ranking based on their job-placement performance, taking into account a number of factors. Those factors include the number of job seekers who gain employment after being assisted by a One- Stop Career Center or via the Employ Florida Marketplace job-matching website at EmployFlorida.com, Florida's comprehensive labor exchange tool; the number of available job openings in each region; and the number of people receiving unemployment compensation, known in Florida as reemployment assistance benefits, who find employment after receiving workforce services. An individual who receives employment and training assistance through a One-Stop Career Center or the Employ Florida Marketplace and finds a job within 180 days is deemed a placement and may be reported by a regional workforce board.

Last year, Florida's regional workforce boards assisted more than 426,000 people who found jobs including more than 111,000 people who had received unemployment compensation—or reemployment assistance—payments. The statewide goal for 2013 is 600,000 placements.

Our relentless focus on job placements, at both the state and local levels, continues to invigorate our efforts to connect job seekers and employers and to generate creative solutions. In the Tampa Bay-area, the Pasco Hernando Workforce Board, frequently ranked among the Top 10 boards for job placements, has found success through the board's focus on continuous enhancements to customer service and its Monday-Saturday Employment Support Center, a call center that links job seekers with employers seeking to hire. Polk Works, the regional workforce board that serves Polk County in Central Florida, has launched a Race to Place initiative, which is gaining momentum, new employer partners and communitywide support for its goal of assisting 10,000 Polk County residents with finding a job by June 30, 2013.

Additionally, Florida has worked closely with the public and private sectors to identify statewide workforce and economic indicators. These indicators are vetted with regional and statewide collaborative partners. This work has led to better integrated strategies in workforce, education and economic development. Today, independent strategic plans across state and local entities are built using common measures. In Florida's State Strategic Workforce Plan, strategic goals are aligned with federal programmatic requirements, common measures and priorities of the Governor and Florida Legislature. Performance reporting systems and dashboards serve as tools to measure progress and align partnerships among regional workforce boards, educational entities and the Florida Chamber of Commerce.

The regional workforce boards, and the communities they serve, represent a significant competitive advantage as we strive to grow Florida's economy.

The SKILLS Act proposes important changes that facilitate regional alignment of markets and resources rather than forcing the acceptance of the status quo. It also strengthens the authority of governors to designate the boundaries of workforce areas.

With Florida's shared vision, mission, strategic planning and common goals, Workforce Florida is now collaborating with the Florida College System, the State University System, the Florida Department of Transportation, Regional Planning Councils, Enterprise Florida and the Florida Chamber of Commerce at a level necessitating the review of relationships, policies, procedures, project management protocols and, yes, geographical boundaries in order to build the nation's most efficient and effective state system.

The flexibility in state and local board appointments is another welcome change proposed in the SKILLS Act—and increasing the business representation will only improve our alignment with market needs. In Florida, we have found that volunteer board members who come from businesses of all sizes and stages bring with them a wealth of experience that help us shape policies with a keen focus on reducing red tape, forging strategic partnerships, measuring return on investment and pursuing greater efficiencies.

The proposed funding level of 15 percent for the Governor's Reserve would enable Florida to continue to invest in innovative initiatives that respond to statewide economic development priorities and address the workforce needs of special populations such as at-risk youth, individuals with disabilities, veterans and other workers with challenges to employment.

Strengthening Talent Development and Lifelong Learning through Partnerships

Today, businesses—and their jobs—go where the talent is. Creating a modern and responsive national talent development system that supports job creation and retention is possible only if we continue to remove barriers allowing state and local workforce entities and educational systems to leverage resources and better align priorities, services and programs. In doing so, a strong focus must remain on engaging workers at every stage of their career.

In Florida and across the nation, traditional silos that impede the development and implementation of seamless talent solutions aimed at maximizing the assets of workforce and education partners as a true, talent supply and delivery system are stifling our competitiveness. The SKILLS Act addresses critical areas for improving talent development and service delivery by providing enhanced opportunities to more effectively confront skills gap challenges by, among other things, facilitating greater collaboration with community colleges, building basic literacy and math skills into employment activities and encouraging stronger alignment of regional resources among workforce, education, economic development and industry.

All three areas remain major priorities for Florida where we have a strategic focus on addressing the challenges of getting Floridians back to work, while also advancing opportunities to diversify our state's economy through a more highly skilled and competitive workforce for sectors targeted for economic development such as homeland security and defense, logistics and distribution, and aviation and aerospace, along with infrastructure industries like transportation, water resources, energy, broadband and healthcare.

Florida's 28 state and community colleges have been and continue to be important allies in modernizing and creating a responsive talent supply and delivery system in our state. These institutions are recognized for being able to respond quickly to marketplace needs and just-in-time training required to keep businesses and their workers competitive. A specific provision in the SKILLS Act that we strongly support allows regional workforce boards to contract with community colleges to provide training to large groups of participants instead of on an individual basis. This approach, which generates efficiencies, is exemplified through a strong partnership between Workforce Connection—the Florida regional workforce board that serves Citrus, Levy and Marion counties—and Central Florida Community College. Faced with a high unemployment rate of 10 percent on average in 2012 in two of the three counties it serves and 9.5 percent in the other, and a loss of jobs in the manufacturing and financial sectors, Workforce Connection has developed a partnership with its community college to provide training to large groups of participants in common but critical skill areas rather than a more limited, less efficient one-on-one approach to training.

Another noteworthy example of seamless collaboration to meet industry demands is a unique, aligned approach among multiple state colleges to serve businesses creating jobs in manufacturing—a high- value industry essential to innovation. St. Petersburg College is the lead recipient of a $15 million, multi- year Trade Adjustment Assistance Program grant awarded last fall that will enable 12 state colleges to

focus on training resulting in the attainment of industry-recognized credentials and opportunities for On-the-Job Training, internships and job placements facilitated through regional workforce boards. The entire seamless workforce, education and economic development project is under the direct guidance of the Manufacturers Association of Florida and colleges are linked with regional manufacturing associations in their respective communities.

Also in Florida where business is leading the way to improved talent solutions, Workforce Florida has developed Target Industry Cluster Task Forces to provide market perspective on developing a world- class talent delivery system in key sectors. The chief executives, who participate in these task forces, have emphasized that building basic literacy and math skills is a critical need and essential to workplace success. This linkage cannot be overlooked as an underpinning to lifelong employment success. As a key component of the SKILLS Act, the focus on these vital skills signals to business leaders and owners across the nation that these building blocks of basic literacy and math skills are universally viewed as a foundation for improving the skills of our nation's workforce.

The global marketplace is as dynamic as it is diverse and regional economies must continue to develop strategies and talent development solutions that are based on more than the geographic designations of training providers. There must be strong alignment to regional economies and labor markets. The full spectrum of collaborative partners that impact talent solutions must now include industry clusters and employers and their specific talent needs, including groups of occupations that meet multiple industry sector needs; talent commuting patterns; existence of state colleges and universities, especially research centers; economic development regions and indigenous economic assets (e.g. ports, logistical centers and infrastructure). In Northwest Florida with Workforce Florida's support, a special skilled technician task force is just getting underway. Led by industry executives in construction and energy, the Northwest Florida Skilled Technician Project is facilitating an evaluation of existing regional assets and building on those attributes to create a new regional approach for world-class talent supply for skilled technicians. With economic competitiveness as its primary driver, the task force will gain a deeper understanding of skilled technician workforce needs for Northwest Florida companies in the defense, advanced manufacturing and energy sectors; create an education and training assets inventory informed by a review of supply and demand workforce analytics; and develop short-term and long-term recommendations that transform the region by identifying opportunities for skills improvement. By focusing increased attention on seamless alignment within regional economies and labor markets, the SKILLS Act will foster greater collaboration among workforce, education and economic partners, like those participating in the Northwest Florida Skilled Technician Project, to advance opportunities for businesses, workers and job seekers to be globally competitive.

At the state level, Florida also is aligning talent needs within public and private K-12 and higher education organizational structures supported by increased integrated reporting systems. Mapping core educational standards to higher education curricula and job demands by occupational clusters has gained increased support. Greater attention is placed on accountability of funding allocations to educational providers with the resulting outcomes on job placements. Collaboration among workforce and educational entities continues to grow. Innovative programs based on proven performance to meet Florida's workforce and economic needs have increased. Recognition of industry-recognized licensure and credentials has gained importance in meeting job demands and identifying opportunities to assist employees with job retention and advancement.

In closing, Florida's vision, innovation and action provides a roadmap for what our nation can accomplish through a better integrated talent supply and delivery system. The SKILLS Act will allow our state and others to accelerate innovative, market-responsive strategies for even higher performance and results aimed at improving our nation's talent competitiveness.

Chairwoman Foxx this concludes my remarks. I want to again thank you for the opportunity to testify before this Subcommittee on an issue vitally important to American innovation and commerce. I welcome any questions you may have.

Chairwoman FOXX. Thank you, Mr. Hart.

Mr. HART. Thanks.

Chairwoman FOXX. You set a good standard here for the rest of our folks.

Mr. HART. Thank you.

Chairwoman FOXX. I would now recognize Dr. Ralls for 5 minutes.

STATEMENT OF DR. SCOTT RALLS, PRESIDENT, NORTH CAROLINA COMMUNITY COLLEGES SYSTEM

Mr. RALLS. Thank you, Chairwoman Foxx, Ranking Member Hinojosa, and members of the subcommittee. Thank you for the opportunity to testify before you today.

Less than 2 weeks ago, the President was in Asheville, North Carolina, the day after the State of the Union Address, touring one of our state's newest advanced manufacturing facilities, Linamar.

He was particularly taken with the story of his tour guide, Jeff Brower, later nicknamed by the media as "Jeff the Machinist," who the President noted found opportunity at Linamar after a decade in the trucking industry.

One year earlier, a North Carolinian named Jackie Bray sat by the First Lady during the State of the Union address as the President made note of her transition from the ranks of the unemployed to a new job making gas turbines at Charlotte's Siemens Energy Hub.

And a year earlier than that, Kathy Proctor of Winston-Salem was referenced in one press account as the star of the 2011 State of the Union, for her "that's me" response when, while sitting in the gallery, the President commented on her journey from dislocated furniture worker into the new world of biotechnology.

Each of these hard working North Carolinians experienced very unique moments of recognition, but they also shared a common experience available to thousands of North Carolinians each year; the opportunity to gain new skills and a new career through education and job training at one of our 58 community colleges.

From the trucking industry to advanced manufacturing, packaging to energy, furniture to biotechnology, the opportunity to move from one sector of the economy to better opportunities in another hinges on the access and opportunity presented by education and advanced job training.

Unfortunately, as important as education and advanced job training are to rebuilding our economy, the Workforce Investment Act, our nation's primary federal program intended to provide such education training, is simply not keeping up with the needs of our employers or the men and women this system was designed to serve.

This Act, which has not been reauthorized since 1998, provides too few education and training opportunities, is overly prescriptive and bureaucratic, and creates barriers to aligning with other federal programs.

Making training a priority will mean dedicating additional resources to it, no doubt a very difficult challenge in an environment marked by the scarcity of resources. And that is why it is also important that reauthorization of the Workforce Investment Act streamline programs and limit administrative overhead and enable state and local flexibility to design systems that meet the legislative goals in the most effective and efficient manner.

Simplifying the system and moving past the myriad of multiple program titles and funding streams is a fundamental step. At the

state and local levels, these program streams often lead to the same delivery sources, but require additional administrative oversight, diverting dollars from valuable direct services such as education and training.

That is why I believe it is past time to reauthorize and reexamine the Workforce Investment Act in a way that addresses each of these issues.

To that end, I am encouraged by legislation introduced by you, Chairwoman Foxx and others on this committee, which proposes many critical changes toward meeting these objectives.

In particular, I support provisions that place a renewed emphasis on job training by requiring minimum amounts of funding targeted toward education and training, that restructures the cumbersome current sequence of services that too often puts training at the end of the list and instead ensure individuals will have the opportunity to receive training immediately, allow local boards to contract directly with community colleges for the provision of training designed to serve large groups of individuals, and allow states to streamline the eligibility of training providers, particularly community colleges.

At the state level in North Carolina, simplifying and streamlining has been the recent goal in creating a more effective workforce delivery system. Previously separate management structures for Wagner-Peyser and Workforce Investment Act funds have been consolidated, new performance measures across workforce programs are being created, alignment between community college and public school Career Technical Education pathways are being tightened, as well as pathways between adult education and job training, and the State Workforce Investment Board was reduced from 38 to 25 members with particular emphasis placed on maintaining strong business-based leadership.

Our new governor, Pat McCrory, is placing great emphasis on closing the skills gap to better meet the needs of our citizens who need employment and our businesses that need skilled employees. The changes you have proposed will further this goal.

In North Carolina, we have seen the benefits of collaboration across workforce system providers and joint efforts to increase opportunities for accelerated training in demand occupations. When the recession hit North Carolina hard in 2008, we began thinking hard about where the jobs would be when recovery began and the skills training that could be accelerated to trampoline folks back into the workplace.

We developed a training model that utilized in-demand industry certifications, the ACT WorkKeys tools, and employability skills training in areas like interviewing, resume writing, time management, and communications.

Our accelerated training model continues at community colleges across our state with support from the Workforce Investment Act, and 3 weeks ago, I saw its practical benefits in a very real and personal way.

I visited the Workforce Certification Academy operated by Piedmont Community College at a small community center in the rural town of Roxboro, North Carolina. There I met a woman named

Linda Weaver, a woman in her mid-50s, who shared a story similar to Jeff, Jackie, and Kathy.

Linda had lost her job in the construction industry and was facing homelessness. In her local newspaper, she read about the accelerated manufacturing training program. Within months she had gained her Certified Production Technology Certificate, Gold-level Career Readiness Certificate, certifications endorsed by the National Association of Manufactures, and applied for a job.

Within this past year, she has received a $2/hour raise. And that day, when she hugged my neck, she said to me, "This program saved my life."

Madame Chair, Ranking Member Hinojosa, and members of the subcommittee, I am hopeful that this Congress will have the will and determination to finally achieve a reauthorization of the Workforce Investment Act this year and in doing so, I strongly urge that it be streamlined and improved so that job training and community colleges are a more integral part of our Nation's vitally important efforts to ensure that each and every Linda, Jeff, Jackie, and Kathy out there have the opportunity to receive the education and skills necessary to get and keep a good job.

Thank you.

[The statement of Mr. Ralls follows:]

Prepared Statement of Dr. R. Scott Ralls, President, North Carolina Community College System

Chairwoman Foxx, Ranking Member Hinojosa, and members of the subcommittee, thank you for the opportunity to testify before you today. My name is Scott Ralls, and I am President of the North Carolina Community College System. This year, I also serve as Chair of the National Council of State Directors of Community Colleges, and have previously served as a president of a local North Carolina community college and as the state administrator of federal workforce funds under the then Job Training Partnership Act. I am also on the Board of Directors of Rebuilding America's Middle Class (RAMC), a coalition promoting the vital role community colleges play in serving Americans.

Less than two weeks ago, the President was in Asheville, North Carolina, the day after the State of the Union Address, touring one of our state's newest advanced manufacturing facilities, Linamar. He was particularly taken with the story of his tour guide, Jeff Brower, later nicknamed by the media as "Jeff the Machinist," who the President noted found opportunity at Linamar after a decade in the trucking industry. One year earlier, a North Carolinian named Jackie Bray sat by the First Lady during the State of the Union address as the President made note of her transition from the ranks of the unemployed to a new job making gas turbines at Charlotte's Siemens Energy Hub. And a year earlier than that, Kathy Proctor of Winston-Salem was referenced in one press account as the star of the 2011 State of the Union, for her "that's me" response when, while sitting in the gallery, the President commented on her journey from dislocated furniture worker into the new world of biotechnology.

Each of these hard working North Carolinians experienced very unique moments of recognition, but they also shared a common experience available to thousands of North Carolinians each year: the opportunity to gain new skills and a new career through education and job training at one of our 58 community colleges. From the trucking industry to advanced manufacturing, packaging to energy, furniture to biotechnology, the opportunity to move from one sector of the economy to better opportunities in another hinges on the access and opportunity presented by education and advanced job training.

Unfortunately, as important as education and advanced job training are to rebuilding our economy, the Workforce Investment Act—our nation's primary program intended to provide such training—is simply not keeping up to the needs of our employers or the men and women this system was designed to serve.

This Act, which has not been reauthorized since 1998, provides too few training opportunities, is overly prescriptive and bureaucratic, and creates barriers to aligning with other federal programs.

Making training a priority will mean dedicating additional resources to it, no doubt a difficult challenge in an environment marked by the scarcity of resources. That is why it is also important that reauthorization of the Workforce Investment Act streamlines programs, limits administrative overhead, and enables state and local flexibility to design systems that meet the legislative goals in the most effective and efficient manner. Simplifying the system and moving past the myriad of multiple program titles and funding streams is a fundamental step. At the state and local levels, these different program streams often lead to the same delivery sources, but require additional administrative oversight, diverting dollars from valuable direct services such as training.

That is why I believe it is past time to reauthorize and reexamine the Workforce Investment Act in a way that addresses each of these issues. To that end, I am encouraged by legislation introduced by you, Chairwoman Foxx and others on this Committee, which proposes many critical changes toward meeting these objectives.

In particular, we support provisions that:

• Place a renewed emphasis on job training by requiring minimum amounts of funding targeted toward training;

• Restructure the cumbersome current sequence of services that puts training at the end of the list and instead ensure individuals will have the opportunity to receive training immediately;

• Allow local boards to contract directly with community colleges for the provision of training designed to serve large groups of individuals;

• Allow states to streamline the eligibility of training providers, including community colleges; and,

• Promote the development of educational pathways from high school through postsecondary education with more "on and off" ramps so students and transitioning workers can gain interim credentials with real value in the labor market.

I'm also pleased your bill takes important steps toward streamlining programs and eliminating overly prescriptive provisions which have hampered the ability for states and local communities to create the high performing workforce systems so desperately needed.

At the state level in North Carolina, simplifying and streamlining has been the recent goal in creating a more effective workforce delivery system. Previously separate management structures for Wagner-Peyser and Workforce Investment Act funds have been consolidated, new performance measures across workforce programs are being created, alignment between community college and public school Career Technical Education pathways are being tightened, and the State Workforce Investment Board was reduced from 38 to 25 members with particular emphasis placed on maintaining strong business-based leadership. Our new governor, Pat McCrory, is placing great emphasis on closing the skills gap to better meet the needs of our citizens who need employment and our businesses that need skilled employees. The changes you have proposed will further this goal and create more opportunity to strengthen our state workforce system.

In North Carolina, we have seen the benefits of collaboration across workforce system providers and joint efforts to increase opportunities for accelerated training in demand occupations. When the recession hit North Carolina hard in 2008, we began thinking hard about where the jobs would be when recovery began and the skills training that could be accelerated to trampoline folks back into the workforce in less than six months. We developed a training model that combined training for in-demand industry certifications, Career Readiness Certifications using the ACT WorkKeys tools, and employability skills training such as interviewing, resume writing, time management and communications.

Our accelerated job training model continues at community colleges across our state, and three weeks ago, I saw its practical benefits in a very real and personal way. I visited the Workforce Certification Academy operated by Piedmont Community College at a small community center in the rural town of Roxboro, North Carolina. There I met Linda Weaver, a woman in her mid-50s, who shared a story similar to Jeff, Jackie and Kathy. Linda had lost her job in the construction industry and was facing homelessness. In her local newspaper, she read about the accelerated manufacturing training program and signed up. Within a couple of months she had earned her Manufacturing Skills Standards Council Certified Production Technician certificate endorsed by the National Association of Manufacturers, a Gold-level Career Readiness Certificate, and applied for a job. At first, she was kicked out of initial employment consideration because of her credit history, and that's when the program director jumped in to convince the local manufacturer that with the skills Linda had demonstrated through her competency-based certificates, they would be crazy not to hire her. So they did, and one year later, she's doing great.

She has even received a $2 an hour raise. "This program saved my life," she whispered to me that day, as she hugged my neck.

Madam Chair, Ranking Member Hinojosa, and members of the subcommittee, I am hopeful that this Congress will have the will and determination to finally achieve a reauthorization of the Workforce Investment Act this year.

In doing so, I strongly urge that it be streamlined and improved so that job training and community colleges are a more integral part of our nation's vitally important efforts to ensure that each and every Linda, Jeff, Jackie, and Kathy out there have opportunity to receive the education and skills necessary to get and keep a good job.

Thank you.

Chairwoman FOXX. Thank you.

Dr. Holzer, you are recognized for 5 minutes.

STATEMENT OF DR. HARRY HOLZER, PROFESSOR OF PUBLIC POLICY, GEORGETOWN PUBLIC POLICY INSTITUTE

Mr. HOLZER. Thank you, Chairwoman Foxx, Ranking Member Hinojosa, and subcommittee members.

I would like to make four main points today. Point number one; the need for effective education and workforce services that would improve the skills of American workers and serve the interests of workers, employers, and the economy has never been greater than it is today. And I think none of us would disagree with that claim.

But point number two, ironically, we continually invest fewer resources in our workforce system over time to meet this need, and we invest much less than do most other industrial nations. Program consolidation and budget sequestration both threaten to aggravate this disturbing trend.

By almost any measure total funding of the workforce programs in the United States have fallen very dramatically over time, much of it in the last decade. We have a $16 trillion economy and 150 million workers. Total workforce expenditures now constitute only about 0.1 percent of GDP which is less than what virtually any other industrialized country spends on such services.

The capacity of our one-stop offices to meet and to provide services to millions of workers under current budgets is already strained, and longer-term training funded within the system is virtually nonexistent.

And ongoing budget sequestration could severely exacerbate this trend and consolidation will likely exacerbate it as well, because consolidation is often used as a justification for further budget-cutting in this area.

Point number three; consolidation of many small programs into one clearly has some potential benefits in terms of savings on administrative costs. It also has some potential costs in terms of particular populations being less well-served than they are today.

The recent report by the U.S. Government accountability office does indicate that there are potential savings from consolidating administrative structures on many small programs, but the report also points out, and I think this is very important, we currently have virtually no evidence on how large these benefits of consolidation really are, and the report is very clear about that.

Furthermore, the report also warns that merging programs may make services less accessible to groups considered hard to serve such as ex-offenders, disconnected youth, or many rural residents.

The adage, "one size does not fit all," clearly applies in this case. It is not clear that one program and one funding stream fit all in this case.

Point number four. It is very important that we institute reforms in our workforce system to better integrate and better coordinate our nation's higher education programs with our workforce systems and to make both of them more responsive to the needs of the U.S. labor market and the economy, but a simple consolidation of many programs into one with fewer dollars attached does not necessarily help us achieve this goal.

Our nation's career and technical education, higher education, and workforce programs should operate together more effectively to better enable workers to gain the credentials valued by employers. Industry specific partnerships between employers, service providers, and workforce agencies are a proven way of achieving this goal and career pathways seem critical as well.

Using data to inform students and educators of which sectors and jobs are in high demand and enabling our education and workforce systems to better meet this demand is very important. In my view, the proposed Workforce Investment Act of 2013 contains several key provisions that would move us towards achieving this goal.

It is much less clear to me that the SKILLS Act as currently written would do so as well, especially with less funding. Either way, these reforms should be the primary goal of any workforce legislation, not simply consolidating and cutting funding. Thank you.

[The statement of Mr. Holzer follows:]

Prepared Statement of Harry J. Holzer, Professor of Public Policy, Georgetown Public Policy Institute

CHAIRWOMAN FOXX, RANKING MEMBER HINOJOSA AND SUBCOMMITTEE MEMBERS: I am very pleased to be here today and to have the opportunity to address important questions about the future of our nation's workforce system. I'd like to make the following points:

1. The need for effective education and workforce services that would improve the skills of American employees and thus serve the interests of workers, employers, and the overall economy has never been greater than it is today.

Having the educational levels and occupational training valued by employers is clearly a precondition for any worker who wants to achieve family-sustaining earnings in our current economy. But large percentages of American workers lack such education and skills.[i] The fact that many millions of workers today suffer long-term unemployment that further erodes their skills and labor market information (because of the Great Recession) only exacerbates this problem. And, even with today's high levels of unemployment, many employers seem to have difficulty finding sufficiently skilled workers to fill vacant jobs.[ii] Employers who face or anticipate these difficulties have incentives to create fewer jobs in America, and fewer good- paying ones at that.

2. Ironically, we continually invest fewer resources in workforce services over time to meet this need, and we invest much less than do most other industrial nations. Program consolidation and budget sequestration both threaten to aggravate this disturbing trend.

By almost any measure, funding for workforce programs in the U.S. has fallen dramatically over time, and especially in the past few years. Such expenditures now constitute less than .1% of GDP, which is less than what virtually any other indus-

[i] Claudia Goldin and Lawrence Katz, The Race Between Education and Technology, Harvard University Press, 2008; Harry Holzer and Robert Lerman, America's Forgotten Middle-Skill Jobs, The Workforce Alliance, 2007.

[ii] Michael Elsby et al., "The Labor Market in the Great Recession," National Bureau of Economic Research Working Paper, 2010; Harry Holzer, Testimony before the Joint Economic Committee of Congress, July 2011.

trialized country spends on such services.[iii] The capacity of our One-Stop offices to provide needed services to millions of workers under current budgets is often limited, and longer-term training funded within this system has become almost nonexistent. An ongoing budget sequestration, which threatens to further reduce discretionary spending of many kinds, could severely exacerbate this trend; and consolidation might exacerbate it as well, since it is often used as justification for cutting budget appropriations in the workforce area.[iv]

3. Consolidation of many small employment and training programs into one clearly has potential benefits, in terms of savings on administrative costs, as well as potential costs, in terms of particular populations being less well-served than they are today. Both the benefits and costs of any approach to program consolidation should be carefully considered before it is implemented.

As the recent report by the U.S. Government Accountability Office (2011) indicated, there are potential savings that could be achieved by consolidating administrative structures and colocating some workforce services between the many small employment and training programs now in existence.[v] But the report also points out that we currently have virtually no evidence on how large these potential benefits of consolidation really are. Furthermore, merging such programs might make services less accessible to many groups considered hard-to-serve, such as ex-offenders or disconnected youth, than they are today. The adage "one size does not fit all" applies very strongly to different demographic groups with different levels of skill deficiency and different kinds of barriers to participation in the workforce, and it is important that our programs recognize these differences and account for them.

4. It is very important that we institute reforms to better integrate and coordinate our nation's education programs with our workforce systems, and make both more responsive to the needs of the U.S. labor market and economy. But a simple consolidation of many programs into one does not necessarily help us achieve this goal.[vi]

Our nation's career and technical education, higher education and workforce programs should operate together to better enable workers to gain the credentials valued by employers. Industry- specific partnerships between employers, education providers and workforce agencies are a proven way of achieving this goal, while the existence of clear "career pathways" for students and workers to gain these credentials seems critical as well. Using available data to inform students and educators of which sectors and jobs are in high-demand, and incenting our education and workforce agencies to better meet this demand, is important as well. In my view, the proposed Workforce Investment Act of 2013 contains several key provisions that would move us towards achieving these goals, though it is less clear that the recent consolidation proposals would do so as well. This should be the primary goal of any new workforce legislation in the coming years.

Chairwoman FOXX. Thank you, Dr. Holzer.

I now recognize Mr. Gustafson for 5 minutes.

STATEMENT OF TODD GUSTAFSON, EXECUTIVE DIRECTOR, MICHIGAN WORKS! BERRIEN–CASS–VAN BUREN

Mr. GUSTAFSON. Chairman Fox, Ranking Member Hinojosa, and members of the subcommittee, thank you for the opportunity to testify before the subcommittee today.

I am Todd Gustafson, and I am the executive director of Michigan Works! Berrien-Cass-Van Buren, the Workforce Investment Board serving the southwest corner of Michigan.

[iii] Chris O'Leary et al. eds., Job Training Policy in the United States, W.E. Upjohn Institute for Employment Research, 2004.

[iv] For example, Budget Committee chair Rep. Paul Ryan frequently uses consolidation as justification for cutting funding for WIA and other workforce programs in his proposed federal budgets.

[v] Multiple Employment and Training Programs: Providing Information on Colocating Services and Consolidating Administrative Structures Could Promote Efficiencies. United States Government Accountability Office, 2011.

[vi] For a new proposal to promote more such integration and coordination see Harry Holzer, Raising Job Quality and Skills for American Workers: Creating More-Effective Education and Workforce Development Systems in the States, the Hamilton Project, Brookings Institution, 2011.

Our service region includes 278,000 people and covers both rural and urban areas including Benton Harbor, one of the poorest cities in the state of Michigan.

We are a market-driven organization where we strengthen business. Our customer is the employer, which in turn has enabled us to serve more people and to better assist job seekers.

Our annual budget, which is diversified among the 41 different funding sources, ranges between $13 million and $16 million. Last year alone, we matched 3,100 jobseekers to jobs, trained nearly 650 people, and raised over $3.5 million to integrate with our federal funds.

Perhaps, most importantly, we pride ourselves on being social entrepreneurs. Federally funded programs are the foundation on which we build self-sustaining initiatives that address our community's problems through an integrated approach to business, workforce, and community development.

I applaud the members of the community for introducing Workforce Investment Act, WIA, reauthorization legislation this year. The time for action is now. The most recently introduced SKILLS Act is a step in the right direction towards achieving those objectives.

I have been asked to provide comments on some of those proposed reform concepts. Number one; streamlining federal job training programs. Eliminating and streamlining the existing 35 federally-funded workforce programs is vital to upgrading the Nation's workforce system.

The system has to change and the system has to adapt as other thriving industries and organizations have done. It is equally important Congress has recognized streamlining begins with them.

The practice of appropriating many new and siloed programs fosters redundancies, increased costs, inhibits innovation, and undermines outcomes.

Streamlining or consolidation, however, is not a new concept. Take Michigan for example. Since the inception of WIA in 1998, Michigan created a workforce system that combined or integrated many federal funding sources such as Trade, WIA, Employment Services, and even TANF.

Michigan's model has worked and has regularly outperformed other states and including in the 17 performance measures of WIA. We serve more businesses and often more individuals.

Taking this a step further to the local level, we have used this model as an opportunity to further diversify our local funding in order to make more significant strategic economic impact.

Over the past 5 years we have, on average, raised nearly an additional $3.5 million to integrate with our federal funding. In fact, at one point, our local share of WIA money equated to nearly 70 percent of our total budget.

After more integration and diversification it now accounts for only about 35 percent. The difference though is our nearly 41 different funding sources are integrated to strategically impact our region.

We have also seen important ancillary operational benefits from this consolidation. We are able to more efficiently absorb financial

cuts or uncertainty, spread infrastructure costs across multiple sources, and have increased fiscal accountability and transparency.

Number two; strengthening the business engagement in workforce investment boards. For boards to have the greatest strategic impact and productivity they have to be business led and be a manageable size. Locally run and accountable boards governed by the end-user of the system, business, make the system more responsive, innovative, and less bureaucratic.

Eliminating the 19 federal mandates on representation will further strengthen business engagement. Requiring two-thirds of board members to be employers will enhance the shift from a supply-side design system to a demand-or market-driven system.

Three; creating a seamless workforce development system. Redesignation, I understand, is potentially the most controversial concept in the reform legislation. While it is reasonable for states to have the ability to develop their own workforce systems, it should not be at the expense of local input. After all, the right to self-determination and being locally responsive are two important aspects of the system's strengths.

When a workforce investment board's service area prohibits a regionalized economic growth strategy or is no longer optimal because of contemporary labor market trends, then there continue to be—there should be an equitable process between the state and local boards to negotiate a service region.

Take, for example, our local community. When we explored merging with our neighboring workforce board at one point, the local business community and local elected officials determined after further review that it made no sense, that the communities were different, the focuses were different, and ultimately, the missions of the organizations were different.

Some service regions many to be or should be altered or redesignated. However, without collaborative process between the state and locals, the potential to divide communities and waste precious time, energy, and resources increases. It is imperative there is an equitable redesignation process between the locals and the states to minimize politics and service disruption.

Finally, number four; requiring strategies that serve various populations. Requiring strategies to serve various populations is an important concept in the reform legislation. Addressing it though starts with the workforce investment boards being business-led and demanded-driven with the business as the customer. These are the two first critical steps in developing a strategy that best serves disadvantaged populations.

Although we sometimes get pushback from our peers for being demand-driven, we have actually done more to serve jobseekers, matched them to jobs, trained them, and provided opportunities to these disadvantaged populations.

Demand-driven is generally misunderstood as creaming only the best and leaving behind the disadvantaged populations. That is false. Being demand-driven starts with knowing what the customer needs and finding people today and in the future who match those evolving requirements.

But first, you have to know who the customer is. We don't cream for our services or programming. We have actually improved or

added services and programming for jobseekers especially disadvantaged people based on the gaps created by the disconnect between our labor market demand and supply.

Again, thank you Madame Chairman for the opportunity to speak before the committee.

[The statement of Mr. Gustafson follows:]

Prepared Statement of Todd Gustafson, Executive Director, Michigan Works! Berrien-Cass-Van Buren

Chairman Foxx, Ranking Member Hinojosa, and Members of the Subcommittee. Thank you for the opportunity to testify before the subcommittee. I am Todd Gustafson, and I am the Executive Director of Michigan Works! Berrien-Cass-Van Buren, the workforce investment board serving the southwest corner of Michigan.

Michigan Works! Berrien-Cass-Van Buren

Our mission is to serve as change agents to create solutions for business, workforce and community challenges to promote the economic vitality in the Southwestern Michigan region. Our service region includes 278,000 people and covers both rural and urban areas, including Benton Harbor, one of the poorest cities in the state of Michigan. We are a market-driven organization where we strengthen business. Our customer is the employer, which in turn has enabled us to serve more people and better assist job seekers. Each year we serve nearly 5,000 employers and over 20,000 job seekers. Our annual budget, which is diversified amongst 41 different funding sources, ranges between $13 and $16 million. Last year alone, we matched 3,100 job seekers to jobs, trained nearly 650 people and raised $3.5 million to integrate with our federal funds.

Perhaps most importantly, we pride ourselves on being social entrepreneurs. Federally funded programs are the foundation on which we've built self sustaining initiatives that address our communities' problems through an integrated approach to business, workforce and community development.

The Need for Reauthorization

I applaud the Members of the Committee for introducing Workforce Investment Act (WIA) reauthorization legislation this year. As you are aware, reauthorization is long overdue and while we politically struggle to retool our workforce system global competitors, like China, India and Brazil, who are heavily investing in their workforce, are gaining a competitive advantage. The time for action is now.

If reauthorization is accomplished it will help provide U.S. companies a competitive advantage in the global economy; enhance the skills of the nation's workforce; reduce the budget deficit; and allow for a more strategic, flexible and impactful use of limited resources.

The most recently introduced SKILLS Act is a step in the right direction toward achieving those objectives. I've been asked to provide comments on some of the proposed reform concepts in the SKILLS Act.

Streamlining Federal Job Training Programs

Eliminating and streamlining the existing 35 federally funded workforce programs is vital to upgrading the nation's workforce system. The system has to change. And the system has to adapt as other thriving industries and organizations have done.

It's equally important Congress has recognized streamlining and consolidation begins with them. The practice of appropriating many new and siloed programs fosters redundancy, increases costs, inhibits innovation and undermines outcomes.

Streamlining or consolidation, however, is not a new concept. Take Michigan for example. At the inception of WIA in 1998, Michigan created a workforce system where the multiple federally funded employment and training related programs were consolidated at the local level. In fact, Michigan's workforce system was one of the first systems in the nation to integrate multiple programs, such as the Workforce Investment Act, Employment Services (Wagner-Peyser), Trade Assistance Act, Food Training and Employment (Food Stamps) and even Temporary Assistance for Needy Families (welfare) at the local level.

This delivery model has enhanced the workforce boards' operational efficiency, increased fiscal transparency, and most importantly, improved our impact with employers, job seekers and our local economies. The states with disparate delivery systems often create employer and job seeker confusion, dissatisfaction and little strategic impact. Michigan's model has worked and has regularly outperformed other

states, including the WIA's 17 performance measures and in number of businesses and individuals served.

Taking this a step further to the local level, we have used this model as an opportunity to further diversify our local funding in order to make a more significant strategic economic impact. Over the past five years we have, on average, raised nearly an additional $3.5 million to integrate with our federal funding. In fact, at one point our local share of WIA money equated to nearly 70% of our total budget. After more integration and diversification it now accounts for only about 35%. The difference though, is our nearly 41 different funding sources, are integrated to strategically impact our region. We've also seen important ancillary operational benefits from the consolidation. We're able to more efficiently absorb financial cuts or uncertainty, spread infrastructure costs across multiple sources and have increased fiscal accountability and transparency.

Again, streamlining employment and training programs into a single fund has already been done in places like Michigan. The model works. I support the concept of creating an overarching Workforce Investment Fund at the federal level. If done equitably with the interests and needs of the states and the locals included in the design it can work. And although the Michigan model works, continuous improvement via the elimination and streamlining of funding streams at the federal level will further benefit Michigan's workforce system.

Strengthening Business Engagement in Workforce Investment Boards

For boards to have the greatest strategic impact and productivity they have to be business led and be a manageable size. Locally run and accountable boards governed by the end-user of the system—business—make the system more responsive, innovative and less bureaucratic.

Eliminating the 19 federal mandates on representation will further strengthen business engagement. Requiring two-thirds of board members to be employers will enhance the shift from a supply side designed system to a demand or market driven system.

Mandating board representation stifles board member recruitment and often forces the creation of large unmanageable and unengaged boards. Eliminating mandates will also help attract higher caliber local business and community leaders who otherwise feel disempowered and ultimately uninterested among a large unfocused group. Smaller boards are a best practice in both the private-for—profit and non-profit sectors and should be applied to the government's workforce system.

The most highly functioning organizations are governed by boards with quality, engaged leaders and are manageable in size and have regular input from a diverse cross section of community leaders.

Create a Seamless Workforce Development System

Redesignation is potentially the most controversial concept in the reform legislation. While it is reasonable for states to have the ability to develop their own workforce systems, it should not be at the expense of local input. Afterall, the right to "self determination" and being locally responsive are two important aspects of the system's strengths.

When a workforce investment board's service area prohibits a regionalized economic growth strategy or is no longer optimal because of contemporary labor market trends, there should continue to be an equitable process between the state and local board to negotiate a service region.

Moreover, increasing governors' authority to dictate the boundaries of workforce development service areas would undermine the intent of the legislation to strengthen the system through business engagement. It's the local business-led boards who best understand the dynamics of their economy and generally, like the market, ignore politics. Cutting these local leaders out of the process or reducing their influence would potentially inject divisive politics, exactly at the time, when local leaders should be focused on doing what's best for the local economy.

Take for example, the region we serve. It's a three country area with a population of 278,000 people. Our neighboring workforce board serves an area with 314,000 people. Under current WIA legislation, the governor has the ability, working with the locals, to redesignate our service areas into one. Both politically and practically this may appear to make sense and, in WIA, a process exists to make it happen. Even though, we explored a potential merger, it was ultimately determined, by our business-lead boards and local elected officials, it wasn't a good idea. Although the regions are somewhat similar, the needs of the communities within the greater region are different. Only the locals could recognize that the two organizations had different focuses, philosophies and missions. A merger would have detracted from the work both organizations were doing.

Some service regions may need to be, or should be, altered or redesignated.

However, without a collaborative process between the state and locals the potential to divide communities and waste precious time, energy and resources increases. Its imperative there is an equitable redesignation process between locals and the states to minimize politics and service disruption.

Require Strategies that Serve Various Populations

Requiring strategies to serve various populations is an important concept in the reform legislation. Addressing it though, starts with the workforce investment boards being business-led and demand driven with business as the customer. These are the first two critical steps in developing a strategy that best serves disadvantaged populations. Although we sometimes get push back from our peers for being demand driven, we've actually done more to serve, match to jobs, train and provide opportunities to disadvantaged populations.

Demand driven is generally to be misunderstood as 'creaming' only the best or leaving behind disadvantaged populations. That's false. Being demand driven starts with knowing what the customer needs and finding people today and in the future to match those evolving requirements. But first, you have to know who the customer is. We don't 'cream' for our services or programming. We've actually improved or added services and programming for job seekers, especially disadvantaged people, based on the gaps created by the disconnect between our labor market demand and supply.

One of our highly encouraging examples is our Bridge Academy. This is an alternative school we created cobbling together and streamlining 13 different public and private sector funding sources, including WIA. We built it based on the recognition the at-risk youth we were serving weren't prepared educationally or vocationally for the needs of regional employers. We equip them with either a GED or High School Diploma, vocational experience, work experience and ultimately a job. As a result of this complex but important effort, we now have the opportunity to really make significant transformation with the most in-need populations and in the most challenging areas in our region.

Thank You

Thank you for the opportunity to testify before the Subcommittee. On behalf of Michigan Works! Berrien-Cass-Van Buren, including my board chair and business owner, Jim Kadis, who is here, we thank you for the opportunity to tell our story. We strongly believe in improving a business-led, demand or market driven workforce system that encourages and rewards innovation, efficiency, accountability and makes a strategic regional impact. The concepts I commented on will undoubtedly make our nation more globally competitive; enhance the skills of our workforce; reduce the budget deficit; and make better use of our limited resources.

Chairwoman FOXX. It is now time for members to ask questions and normally the chair will start, but because I am going to be here for the entire hearing and some members may want to go other places, I am going to recognize other members first.

I do want to make one point that I never miss the opportunity to make, and the staff will be shaking their heads—when I did my doctoral program at UNC Greensboro, I had a wonderful professor who pointed out to people who used the word training to apply to human beings that you train dogs and you educate people.

I would like to say to all of you who use the word training a great deal that you think about substituting education for that word when possible because I feel pretty strongly about that. I think we are working to educate people and not train them because what we want them to be is lifelong learners and if we do more educating rather than training I think that is the direction in which we go.

So as I said, I never miss the opportunity to say that and so, please think about that as you talk about this issue.

I would now like to recognize my distinguished colleague from Michigan, Mr. Walberg.

Mr. WALBERG. Thank you, Madame Chairman. And I wish my dad had heard that dissertation on training. He wanted me to be trained, but he also wanted me to be educated. I remember often times him saying that education is a lifelong process. You will never learn everything so learn how to learn.

But in the meantime, get a trade or a skill that for your lifetime you can always fall back on if the education fails, the training opportunity is there as well.

So I guess it is in perspective and I am glad, Madame Chairman, that you have held this hearing today and have forwarded the SKILLS Act idea because frankly in this day and age and coming from Michigan as well, wrestling with the challenges of a workforce that is shifting to a new and different competition, global competition to have entities that are concerned with meeting the needs of the real world today and educating people for those real needs is huge.

Mr. Gustafson, it is good to see another Michigander who fled the state for the recent snowstorm. Glad you are here. I have had the pleasure in the last several weeks of meeting with a number of your colleagues in Michigan Works! across my district, Julie Montri of the Monroe chapter as well as Mike Jones of the South-Central Michigan Works! program.

I have appreciated their emphasis on efficiency; updating themselves to meet the needs that are in the field right now as opposed to just moving forward with the same old same old.

As you know, Michigan's needs of the workforce employers' vary greatly based upon the proximity, based upon geography, based upon placement in our state. So I guess I would ask you to review to some degree how would the SKILLS Act provide more flexibility to Michigan Works! to serve the demands of both employers and the jobseekers from Monroe to Marquette.

Mr. GUSTAFSON. Thank you, Congressman. It is good to see another Michigander. I think the SKILLS Act does provide the flexibility that to some certain degree has been going on already in Michigan especially with the streamlining of the funds, which is so important at the operational level locally.

And many of us, but not all of us, have taken that a step further to run our Michigan Works! like a business to where we are integrating funds so we can better impact the employers, our customer that we are serving, but the jobseekers as well. So flexibility is very important. Does that answer your question?

Mr. WALBERG. Well, maybe a little bit more specifics. Again, thinking of our state, which is I am sure were not unlike a lot of other states. It is a changing, changing floor plan that is there for our workforce.

Mr. GUSTAFSON. As I mentioned to my testimony and in my written testimony, we have recognized that the federal funding that is provided to the locals is just a foundation and so what we have done is gone out to attract additional resources as I mentioned, 41 different funding streams, which is really important and that has provided us the flexibility.

Now many of them have different rules and regulations and it is very complex for the staff to manage, but at the end of the day, we know that we are there for the community. So anything that

Congress can do to help us reduce the maze that we talked about earlier will be extremely helpful at the local level.

Creating a workforce investment fund like the SKILLS Act does essentially helps create that one fund with less mandates and restrictions and it actually will foster creativity which we need to do, which we need at the local level in order to make that labor exchange between the customer and job seekers.

Mr. WALBERG. Okay. If you could expand on—in your testimony you talked about the need for business involvement with the workforce investment boards. Expand a bit on how the SKILLS Act, as you have read it, would modify our current system to give employers more of that contact and involvement.

Mr. GUSTAFSON. Enhancing the business involvement in the boards from 51 percent to two-thirds is really important because the businesses are the key here. Also removing the 19 federal mandates on every partner to come to the table also makes it more a manageable board.

Although those partners should still have input, I am not sure the oversight and engagement of the board is necessary for all of those different partners. If it is business led, they know what their needs are. They can manage the board more effectively, and so I think that is a really important point in the legislation of the SKILLS Act; removing those 19 mandates, making it more business led.

Mr. WALBERG. Thank you.

Dr. Ralls, a number of great community colleges in my district that provide services including to three of my kids.

I see my time has ended. Well, someone else will have to ask that question. Thank you.

Chairwoman FOXX. Thank you.

Mr. Hinojosa, you are recognized.

Mr. HINOJOSA. Thank you.

My first question is going to be to Dr. Ralls, but before I ask the question, I couldn't help but listening to our chair tell us about the difference between education and training.

I went to school at the University of Texas in Austin where I got a BBA and an MBA and they taught me differently. They taught me that we are in business to make a profit and you can do that by raising revenues and reducing costs.

And I truly believe that football teams like those that we produce at UT that have become national champions are trained to do their job and be able to beat the opponents.

In business, I heard one of you say that local input is very important and I believe in that, but I say that WIA is responsible for helping train people for the jobs that are available and that they do it well so that they can prosper.

As you, Dr. Ralls, may know, my bill, Workforce Investment Act of 2013, would authorize a community college to career fund, which is a new program proposed by President Obama last year in 2012.

He said to us many times, "We must do more with less," and that is what this program does. The fund would provide competitive grants to community colleges working with businesses and other workforce partners to build or expand education and training programs for workers, including disadvantaged individuals, to earn

credentials and find employment in high-growth industries such as healthcare and advanced manufacturing.

Would the community colleges in North Carolina benefit from a fund like this?

Mr. RALLS. Mr. Ranking Member, let me first begin by saying I am a former community college president and I remember well one year spending 23 percent of my equipment budget at a community college to buy one CNC machine. I also work now with 58 community colleges and we have had to do more with less serving 25 percent more students.

I am not against anything that would bring more resources to America's community colleges, which I do personally believe that the road to recovery in the United States is running right through the middle of the community colleges in the United States.

Mr. HINOJOSA. I agree with you fully.

Mr. RALLS. That being said, I think that what I would hope is that moving forward in terms of reauthorization and reforms to the Workforce Investment Act would not be slowed by any other efforts because I think what is integral to move forward is that the community colleges in the United States, which I think are at the front lines of workforce education, that they would be an integrated and integral part of the workforce system moving forward and not just a source of competitive grants in the future.

Mr. HINOJOSA. I agree with you, and I want to say that President Obama gave us $2 billion for community colleges about 2 or 3 years ago and they did so well with it that he put in an additional $8 billion for community colleges in his proposed budget.

So I agree with you fully. I am going to have to ask questions to try to get to all four of you. I thank you for your response.

Dr. Holzer, finding—or rather, funding for federal job training programs has been cut by more than 30 percent in the past 10 years from $4.8 billion in 2002, to a smaller number of $2.6 billion in 2013.

Of that amount, more than $1 billion in cuts just since 2010. So they have been drastic. To make matters worse, critical employment and training programs stand to lose billions more under the current threat of sequestration which you mentioned.

Such cuts would result in dramatic reductions in training for the unemployed and other disadvantaged workers and cutbacks on services for employers seeking skilled workers. Can you elaborate on your testimony and explain how consolidation and budget sequestration could further reduce those financial resources for individuals with employment barriers?

Mr. HOLZER. I am happy to do so, and thank you for your question. Very simply, sequestration will impose large cuts—if it is ongoing—will impose large cuts on non-defense discretionary spending. That will cut into many programs of which this is just one prominent example, and it does seem to me that consolidation is frequently used as justification for cutting budgets.

Budget Committee Chair Ryan and many others have often quoted the benefits of consolidation in arguing for further reductions in these budgets. So it seems to me that that is often the intent of these consolidations.

We hear a lot about the 40 plus programs and all the waste in those programs. I regard that figure as a very misleading because again, if one looks carefully at the GAO report, three programs account for about 80 percent of all of those dollars; WIA, TANF, and Voc/Rehab, and all of the other 40-plus are really very, very small and involve very few dollars.

And with so few dollars spent, the amount of waste that is alleged simply can't be that large. It also seems to me that there is quite rigorous evaluation evidence that the current WIA program is cost effective and I cite the research of Professor Carolyn Heinrich at the University of Texas and several of her colleagues who have done some very good research indicating that core and intensive services at the current one-stops as well as what is referred to as training in the legislation appears to be cost-effective as well.

So the argument that the current system is completely broken and that there is this massive waste of resources I think doesn't hold up when one looks carefully at the numbers.

Interestingly, my colleagues here who spoke very impressively about very fine activities going on in Florida and Michigan and North Carolina, those things all do sound impressive. I simply point out that that there was enough flexibility within the current WIA system for all of those things to occur.

I would also point out that a few years ago in Michigan, there was a program called, "No Worker Left Behind" where funds from many different pots were combined into one program, and I was told that 150,000 workers were effectively trained, and so there was sufficient flexibility in the system to accomplish that. So to me, the issue is much less consolidation but funding available.

Mr. HINOJOSA. Our time has run out, Dr. Holzer, but I thank you so much. Possibly you could give me something in more detail because I think that you are hitting the nail on the head, and I want to continue your thinking.

With that, Madame Chair, I yield back.

Mr. HOLZER. Thank you.

Chairwoman FOXX. Thank you.

I recognize Mr. Guthrie.

Mr. GUTHRIE. Thank you, Madame Chairwoman. I appreciate that very much. I am pleased to be back on the committee and one reason I was on before, left, and then came back is for this issue.

My family has a manufacturing business. My dad worked for Ford Motor Company in the town I grew up in when you were—my senior year of high school. So at the end of my senior year, one guy said this and it was absolutely true.

He said, "You guys are all going to college. I know somebody that has pull that can get me on at Ford and I will make more money than you will." And that was absolutely a true statement and a legitimate—for the most part—and a legitimate economic decision for someone to make in my high school our senior year. By May of our graduation, Ford announced they were closing the plant.

The people who had skills were able to go somewhere else and work and people who didn't—our town was devastated. So this is something real important to me because I saw people that I grew up with fathers—my father actually had worked his way through the plant up into—worked his way through college and he did it

on his own. He did it at night and weekends so he had some other decisions that he was able to make and started his own manufacturing business.

So I just say that to say this. We needed tool and die makers when we started. We needed industrial maintenance people. We needed all of these others, and we found a whole floor full of unskilled people who were very smart in high school but nobody told them or they didn't figure it out until they got into the workforce and so we partnered with the community colleges to get them educated.

That is where our tool and die makers are today. They started out working out working in the factory for the most part; it is hard to hire one. You have to create them and there are a lot of smart people that just didn't get the opportunity.

And so my question I guess to practitioners in the field, the three of you that have—when somebody shows up you talk about flexibility because all of us want to get more training dollars to the worker to train them for jobs that people are wanting to hire.

And so when we talk about more flexibility, do you have examples of when somebody shows up or a group of employers show up and say we need industrial maintenance people, which I am sure you have heard that, do you have any manufacturing anywhere near your facility you do?

Or where somebody shows up and you say, I am—you know, the perfect course for action but the bureaucracy, the red tape, what you have to do career counseling, you have got to do resume training, you have got to do all of this before we can even put you in a program.

So you are asking for flexibility. Could you give us examples of where the lack of it has really delayed your ability to implement or even cost money in terms of putting it into the program to train—actually taking money away from training because you had to follow red tape?

Since you are asking for the relief, it be—your—some examples? All the three—I start with Mr. Hart—I guess—the three of you who practice this——

Mr. HART. Okay. Thank you, and I think specifics are always helpful. So as we are looking at the flexibility of the fund, let us put it this way. You are describing a marketplace and marketplaces are dynamic. Global marketplaces are even more dynamic. You all use budgets. We all use budgets and they all have specific line items. This is no different.

So if you are using WIA and you have got your adult, your dislocated worker, your youth, or if you are bringing in some Wagner-Peyser dollars, or if you have TANF dollars or FSET, now known as SNAP, all those fall under specific budget categories and so if you maintain the silos rather than putting them into one fund, you have to follow the prescriptions that you are given.

Now there is some current funding flexibility, move some of the funds around, but I don't think to the greatest degree possible in terms of what we need to meet the market's needs.

So here is a specific. AO Precision is a company in Volusia County. They need CNC machinists. They are working with our community college it there in the area, Daytona State College, as well as

other training providers. We are agnostic as to whether they would be public or private. We simply want to ensure that the marketplace has what it needs.

They need immediately 40 or so CNC machinists. That is a lot. They tell us that they can expand up to 141. We do not, in that local area, have the funds necessary to meet that business' needs given the funding restraints that we have.

Mr. GUTHRIE. The yellow light just came on. So we are only going to get to your example it looks like.

Mr. HART. Sorry.

Mr. GUTHRIE. So is it a lack—no—I want you to answer. Is it the lack of—I know everybody can use more funds—or is it the lack of being able to move your funds to accommodate that need? Because I know exactly where—we are looking for CNC people too those are well-paying up——

Mr. HART. Right.

Mr. GUTHRIE. You can be in the middle class if you are a CNC operator.

Mr. HART. There is a lot of money out there. I believe that we need a talent supply system.

Mr. GUTHRIE. So what prevented you from creating a program? I mean why—in what we are doing here—what in the current law prevented you from being able to fully do the program the way you wanted to do it?

Mr. HART. It is the prescription that comes down from the feds for the use of certain funds for certain populations, for certain uses of certain funds, for certain purposes. There is some flexibility. I believe that there needs to be more in order to meet the market's needs which we all agree——

Mr. GUTHRIE. I've got one point before the red light. So if somebody worked for that company in an unskilled—say they were a dock loader and they says, well I want to be a CNC operator because they are probably pay twice as much as the dock loader, can they go through your program or do they have to be unemployed to go through your program?

Mr. HART. Madame Chair, if I may?

We can get to them a couple of different ways. We can either do employed worker training if they are existing or incumbent worker training at the state level or they can come through some of the other——

Mr. GUTHRIE. But it is easier if they got laid off from the company and then came back to work for your program—is it easier to——

Mr. HART. No, no sir.

Mr. GUTHRIE. They can't——

Mr. HART. Not necessarily, but if we have the funding flexibility, then we can more readily meet the needs of that person whether they be a dislocated worker, a recently unemployed worker, or a current or existing worker.

Mr. GUTHRIE. Okay, thank you.

Chairwoman FOXX. Thank you.

Ms. Bonomici?

Ms. BONAMICI. Thank you very much, Chairwoman Foxx and Ranking Member Hinojosa for holding this hearing today, and to

the witnesses for informing us so much about the workforce investment system in the country.

The 1st District in Oregon, which I am honored to represent is the home to the Silicon Forest, it is like the Silicon Valley only with trees. It is a cluster of high-tech firms and businesses like Intel, Nike, and Genentech that employ, thousands of workers in Oregon, but there are also a lot of small businesses in the district that share the concern about finding adequately skilled workers to fill their open jobs.

So there is a skills gap in Oregon like there is across the country that is presenting a serious challenge for employers and workforce investment systems alike.

Because of this skills gap, I am going to be reintroducing the WISE Investment Act which addresses this skills gap on a local level through a designated liaison who will strengthen the relationship and work with workforce investment boards, the business community, and community colleges to evaluate how the services can be improved with the goal of eliminating that skills gap.

So, Dr. Holzer, you spoke about the goals of the WISE Investment Act in your testimony when you discussed the need for education institutions and workforce systems to work together so they are more responsive to the needs of the U.S. labor market and the economy.

So our workforce investment system needs to be dynamic and responsive to the needs of local employers and I think everyone has testified to that and the WISE Investment Act would allow them to do just that; innovation to improve, coordinate, and streamline programs should be our first priority, not the unproven strategy of simply consolidation.

So will you please expand on how consolidation of WIA programs might negatively impact our ability to innovate and improve workforce programs?

Mr. HOLZER. Thank you for that question. Consolidation may or may not work. As the GAO report points out, we have no evidence one way or the other. It is likely that reducing some administrative costs would free up a small amount of resources—I indicate small because as I said, the vast majority of funds spent are simply in these three programs already that are combinable under the current system.

Consolidation threatens the performance of the system if it is accompanied by significant budget cutting and that is what I hear over and over again. Members of Congress arguing we don't need as much money because we are now combining and consolidating these 40-plus programs as if there were so many dollars spent in the vast majority of those 40-plus programs that we would be freeing up a lot of resources.

The facts, I think, contradict that point of view. I am a strong supporter of community colleges working more closely with the workforce system and being responsive to the labor market and the demand side of the labor market.

I think there are many ways in which that responsiveness doesn't exist right now. We send many millions of people through community colleges who don't finish anything, don't emerge with any credential recognized by industry and by employers.

There are many reasons for that. I think part of it is that our community colleges are so cut off from our workforce agencies. A lot of those people attending would in fact benefit greatly and would finish their degree programs if they had some core services, some intensive counseling, some career counseling, some testing, some access to labor market information that could be much better analyzed at the state and local level than it is today.

As I said, combining the different programs into one and then cutting their budgets moves us no closer to that goal. In fact, it makes it more difficult because of even fewer dollars.

Ms. BONAMICI. Thank you so much.

And I want to ask Dr. Ralls a question too. Before I went to the University of Oregon and the University of Oregon Law School, I spent 2 years at a community college, Lane Community College in Eugene, and got a great education there as well.

So as a community college graduate, I am particularly concerned about the SKILLS Act proposal to eliminate the requirement that representatives from community colleges sit on workforce investment boards. And I know, Dr. Ralls, in your testimony you urge improving WIA so the job training and community colleges are a more integral part of our Nation's efforts in this regard.

So will you please elaborate a little bit on that statement a talk about the positive contributions of community colleges to local workforce investment programs, but particularly to boards? Thank you.

Mr. RALLS. Well, I think our community colleges in North Carolina serve on many of the boards throughout the state and play very important role and our community colleges are an integral part of our system in North Carolina.

I think across the United States, community colleges can play a much more integrated role with the workforce system and particularly the issue of skills training and workforce education. As we talk about the need for new skills and up skilling, one of the things we have to keep in mind is when we look at our Workforce Investment Act system it is not just about how many categories of program streams we have, it is about how many people do we serve and what services do they receive.

So for instance, one study in 2010 indicated I think that you know in the two programs where you indicated there were 80 percent, the adult programs and the dislocated worker programs approximately 13 percent of the WIA participants received some form of skills training. So that is why I believe that it is important for this system to move workforce education from the bottom of the sequence of servicing list to the front.

That is why I believe it is important for workforce boards to be able to directly contract with community colleges because as we talk about a Workforce Investment Act that invests in skills training, the truth is, the majority of participants who are going through the Workforce Investment Act programs are not receiving that very important service, particularly in the time of a skills gap.

Ms. BONAMICI. Thank you so much and I see my time has expired.

Thank you, Madame Chairwoman.

Chairwoman FOXX. Thank you.

Mr. Heck, Dr. Heck, you are recognized.

Mr. HECK. Thank you, Madame Chairwoman for holding the hearing today and for including within the SKILLS Act language which is from my bill from last Congress regarding the workforce investment board structure and governance.

I want to thank the panel members for being here today and I will say—I will start off—I am a little disappointed to hear that my colleagues on the other side of the aisle are reluctant to embrace the President's call to quote "Cut through the maze of confusing training programs so that from now on people have one program, one Web site, and one place to go for all the information and help that they need," end quote.

Now in the 112th Congress, we held a field hearing on this issue out in my district, Nevada's 3rd District. Nevada has the highest unemployment rate in the nation. I think we are tied with Rhode Island now so I thank Rhode Island for helping us out there.

And in part, that's due to the loss of about 70,000 construction jobs in our area because construction represented about 12.5 percent of our workforce where the national average is only about 5 percent.

So the question is how can we ensure state and local boards focus on developing and strengthening the strategic partnerships necessary to get the in-demand industries, with in-demand industries, to make sure that we are preparing people for the jobs that are and will be as opposed to the jobs that were.

And I will start with you, Mr. Gustafson, if you would like to take a crack at that.

Mr. GUSTAFSON. Thanks, Congressman, for the question. Could you repeat the last part again?

Mr. HECK. Yes. How do we strengthen the strategic partnerships with in-demand industries to make sure that we are preparing workers for the jobs that are and will be as opposed to the jobs that were?

Mr. GUSTAFSON. Well, I think that really could be led off with the requirement for the boards to be demand-driven. It is not just have a business representative on there but like we do locally, businesses from the sectors in our region that are in in-demand high-growth sectors. So it is not randomly taking a business person out there.

Second, allowing for the flexibility for the local elected officials to determine who else they want to put on the board is really important because we have very strong relationships with our community colleges and in fact, both community colleges sit on our board.

However, some areas do not have that and it should be up to the locals to determine whether they are on or not. By having the board folks from in-demand high-growth sectors, we get better intelligence on what is going on in that regional economy and what their needs are, not only as specific business owners but as a region and as a sector within that region.

Mr. HECK. Thank you.

Mr. Hart, anything to add on that?

Mr. HART. Okay. Thank you very much. Great question. So I think there's three ways that the boards can help at state and regional levels and that is through Scan Focus Act.

They can help scan the marketplace. They can do that through supply/demand gap analysis. They can look at customer satisfaction survey index results from both what we call infrastructure industries like our global trade logistics, our energy, our water areas, or for us, our target industries clusters like life sciences, financial services, IT, advanced manufacturing.

And then working with target industry cluster task force teams. We do that in Florida where we actually pull together C-suite individuals to help us understand what is happening in the marketplace today but even more importantly where they are going in the future.

Then bringing all of that information combined back in to work with all of our talent supply chain partners so that we can work with our colleges, our universities, as well as the K-12 system. That is what we are doing in Florida and it seems to be working very well for us.

Mr. HECK. Dr. Ralls?

Mr. RALLS. I hate to sound like a broken record, but when we are talking about new and emerging jobs that require new skills, then you have to have some form of workforce education and skills training, and in that regard I think that needs to be a much more central part of the Workforce Investment Act system than the data indicates that it is right now.

That means that education and training services cannot be at the bottom of the list of a sequence of services. It must be moved to the top and I think that is something that this bill attempts to correct.

Mr. HECK. Thanks.

And Dr. Holzer, anything to add on how you think we can strengthen those strategic partnerships?

Mr. HOLZER. I agree, by the way, that I would like to see more education and training provided within the system. Both bills—The Workforce Act of 2013 also eliminates the sequence of services. There really isn't any disagreement on that and I agree with many of the comments that my colleagues here at the table have made.

Again, I point out that they have been able to do a great deal of that within the current framework of WIA and that consolidating and cutting the funding will not improve their ability to do so.

I think within the Workforce Act of 2013, there is a lot of attention played to building sector partnerships using data more effectively than that data is used now about where the demand is, what are the growth sectors over the next several years, and then building the career pathways and the industry partnerships to meet that demand. So I think we all share that goal.

Mr. HECK. Excellent. Well thank you, thank you all very much for your answers.

And thank you, Madame Chair, I yield back.

Chairwoman FOXX. Thank you, Dr. Heck.

Mrs. McCarthy?

Mrs. MCCARTHY. Thank you, Madame Chair, and thank you for having this hearing. I find it very interesting and to my ranking member.

You know, listening to all of you on both sides of the aisle, I don't see where we can't work together and come out with a good bill. We are not that far apart. Many of us on this committee were here in 1998. We did work together. We put everything together, and yes, now we are here in the year 2013, and it needs to be updated.

So I am having a hard time because I think everybody keeps talking over each other and saying, you know, I am listening to—certainly our community college is the most important thing because they are on the local level and they see what is going on.

They certainly work with all of our business people and they meet all of the time so I particularly think that yes, we have to go forward and hopefully we can work together through this committee before we go to the full committee and come to an agreement on what is going to work. Each state is different.

Each state is representing different manufacturing jobs, which, by the way, are coming back. You know, and if you look at China, which certainly for many, many years was a very uneducated country, they spend—I can't remember the exact amount but it is a heck of a lot more money than what we spend for those workers.

And Dr. Holzer, you know, when you talk about all of the different parts and the thing up there, there is a reason for that, because there was a population out there that we are not getting into the better jobs so we wanted to make sure that that population could come into the workforce and improve their lives. There are reasons for all of that being done.

So I will go to Mr. Gustafson, you know, when you talk about making the board smaller and you know I can understand in some smaller communities you might want to have that but representation of whatever is in the community or in that part of the state for the education, you have to hear those voices and a lot of those voices do come from the community college but they also come from the little small business and they also come from the larger manufacturing.

I know on Long Island, right now, we are going in more into a high-tech healthcare. Healthcare will probably take over Long Island where we used to be the top manufacturer of military.

One of the problems that I found—and I am sure that you are seeing that in the community college—we don't have enough professors to teach everybody to go into the healthcare field. That is a big issue.

So probably on that, I disagree. I think all you know having—I have—you know, I have gone to meetings. We have 20 or 30 people. Yes they are probably an hour longer than what they usually are, but the ideas are coming out from them and that is where everybody comes together and says okay. These are the things that work. So, please.

Mr. GUSTAFSON. So thanks, Congresswoman. I don't disagree with you in that there—but it should be a local decision on who should be included in the board in addition to the business folks because in some areas of the community, colleges, for example, might have a different focus or partner in a different way.

So it should be the local leaders who say yes, this is a partner we want at the table rather than having someone in Lansing—in Michigan or Washington, D.C. dictate to us locally who should be at the table.

And I do agree that it is necessary, as do my board members and my board chair is here who owns a manufacturing company, they will be the first to say we need more input from the community and we do need other partners at the table and we don't want to do this or go at it alone.

Mrs. MCCARTHY. But I also think that is where the flexibility comes in and I think that certainly from a number of things that President Obama has done he is looking at that flexibility. He talked about that. He has also talked very strongly about consolidating a lot of the programs that aren't working and I think we all can agree on that.

Dr. Holzer, when I talk about the investment that we make for our workers versus India, China, some of the other industrial nations, it is embarrassing, to be very honest with you, what we invest.

Mr. HOLZER. I agree with you. That again, the right way to think about this is as a percent of GDP. We have a $16 trillion GDP with 150 million workers. The total dollars, $18 billion in the system, constitutes 1/10th of one percent of that amount relative to all other industrial countries—not even talking about the—the brick nations, the newly emerging countries.

We should be more comparable with many industrialized countries and they are spending more than we are spending and even if you include the amount of money we spend on community colleges, if you include Pell grants, A—that fact still holds, and B—there is enormous waste within those systems too and we do need to better align those systems, the community colleges, the workforce agencies to break down those silos. It doesn't seem to me that this consolidation that is described here today helps accomplish that.

And I think many features and you know your opening statement about there is a lot of overlap, there really is. And as you read both bills, you see a lot of attention to measuring in-demand industries and occupations in trying to make all of the system more responsive to that.

I simply don't think we accomplish that by one more round of cutting funds, which we have been doing continually now for about 30 years.

Mrs. MCCARTHY. Thank you very much.

And thank you.

Chairwoman FOXX. Thank you.

Mrs. Brooks?

Mrs. BROOKS. I represent Indiana's 5th District. Before doing that I actually was a senior leader in our state's community college system in Indiana, Ivy Tech Community College. I also served on the state's workforce board and most recently have visited with EmployIndy, the Indianapolis workforce board.

I had not been involved in the workforce investment system until I joined Ivy Tech in 2007, and I must share that it is probably the most bureaucratic, most complicated system I have ever seen in

federal government, and I have been in federal government in the past as a U.S. attorney.

My question is about how many of these billions of dollars is actually getting to training. When you have state workforce boards, local workforce boards, regional operators, one-stop shops—at the very bottom on that chart or in the middle of that chart was the worker, was the unemployed or, the you know, undereducated and underemployed worker.

And with all of the programs that the various boards have to administer, all of the reporting requirements, all of the different funding streams, how can this SKILLS Act in your opinion help to get the most bang for our buck to the worker for training.

I think if the American people knew how little of each dollar—and I am curious what you all think in your states; how much of each dollar is actually going to train that worker, and to educate, to Chairman Foxx's point, to educate that worker—there are state employees, federal employees all administering all of this, and of the number of back-office workers that have to fill out all of the reports for the 47 programs is taking away from the actual money going to that worker.

And so I am curious what your thoughts on this SKILLS Act—how can we maximize the training dollars, the education dollars going to that worker? And does this SKILLS Act get to that? Does the new governance structure in this SKILLS Act get to that? And you know, maybe we will start with Mr. Gustafson, who deals with as a local—a local administrator, I have never seen such a maze and a bureaucracy.

Mr. GUSTAFSON. Thank you, Congresswoman. Can I just go last? [Laughter.]

Yes, that is a concern of our local board and of me. The amount of money that actually goes to the job seeker. And with the maze of programs that we have mentioned here, we have done, we have strived at the local level as much as we possibly can to consolidate and get as much money possibly to the job seeker service.

In fact, my board, which again I am advocating for local control, my board has put a cap on us locally to say we are going to spend 30, at least 35 percent, at least 35 percent of our monies on training and that number seems small, but that is expensive especially in working with our community partners.

Although a small number, that is only 35 percent of WIA's money. We have then recognized, we need to get other monies because the federal monies we have don't, there isn't enough money to serve all of the population, so we have gone out and attracted other monies.

What another concern of mine is, especially in the way the system is structured, where you have the money that goes to the states, the state takes their share of it then it gets down, pass down to the locals, and the locals take their share of it, then the locals pass it out to multiple contractors, and they take their share it.

So by the end of the day, the job seeker or the customer in this case aren't getting served as well as they can. So if we can do anything and the one thing that the workforce investment fund of this

SKILLS Act does is it starts to reduce and provide provisions to reduce that structure so it does get to the job seeker.

Mrs. BROOKS. Thank you.

Any other states like to comment about percentage of dollars actually getting to training? You mentioned 35 percent. I commend you for that because some states I believe are as low as 15, 20 percent of each dollar is actually going to training and education.

Mr. RALLS. Data I have seen going to 2010 showed wide variance actually as low as 2 percent of the participants and up to 80 percent in terms of participating in training, which is great variance in that regard.

I do believe skills, workforce education should be at the forefront of this system and I think simplification of the system will make a difference because for instance, in our system, we serve one out of every eight adults in our state.

We take particular pride in that we are the road to opportunity for low income and working folks. And I suspect that from all of the different categories and funding streams, we have folks throughout our system in our different education and training programs, but ultimately, we are going to have to get more individuals into those opportunities to truly meet the skills gap and I think provide individuals the opportunity that the federal—the national workforce system can truly provide.

Mr. HART. Thank you, Madame Chair.

Very, very quickly, yes ma'am. So I think through the state plans, the unified plans we can ensure that whether it be the state level, the local level, or our training providers that when everybody takes a cut as Mr. Gustafson said, it is always value add. So that will be value add, so that will be a value add based on performance.

In our state, we have a something we call the 50 percent ITA reserved requirement. That is for training dollars, but in Florida, what we have done is we have ensured that that is not simply classroom training. It can be online training, it can be customized training, so that when we are talking about training dollars to the system, those training dollars go to the individuals and to the businesses that need it most.

Mrs. BROOKS. Thank you.

Chairwoman FOXX. Thank you.

Dr. Holt?

Mr. HOLT. I thank the chair.

I wanted to go through several questions. So I would ask the response—I would ask the responders to be as quick as possible. First of all, Mr. Holzer, in 10 or 15 seconds, do you have at your fingertips some comparisons with other countries in what is spent on public, publicly on training? What percentage of GDP?

Mr. HOLZER. I don't have them at my fingertips right now, but I can cite them in the literature.

Mr. HOLT. Please, please if you can provide those. Thanks.

You know, a lot of the debate here is about flexibility. I think Mr. Holzer, you have, Dr. Holzer, you have made the point that there already is a lot of flexibility. And I would add is that the role of the federal government is not to just provide money.

The reason we are in this is also to ensure fairness and to correct inequalities so it is not just a matter of leaving a bushel basket of money at the states.

You know, the local industries could do that. And we don't want to provide so much flexibility that we only end up serving powerful local interests or ignoring the difficult cases and serving only the easy cases.

Let me ask all four of you quickly, looking at the four laws, the existing one, the SKILLS Act, and the Tierney/Hinojosa Bill, do any of them and do a good job looking at best practice? And we have got 600 WIBs we have got lots of states are doing this in different ways.

There already is some flexibility and we can argue whether it is sufficient. How about identifying best practice and communicating and replicating that.

Mr. HOLZER. I will take a stab at it, I think.

Mr. HOLT. Okay.

Mr. HOLZER. If you look at the evaluation evidence, the rigorous evaluation evidence, what is clear is that there is a set of programs called sectorial programs where you target funds towards sectors that are clearly growing in local and state economies. You build partnerships between industry, the workforce agencies, service providers to meet that demand, and they work together.

That does seem to be the best practice. I would argue that the Workforce Investment Act of 2013 probably pays more attention and does more to encourage, even require, those partnerships and paying attention to those data on sector than any of the other efforts you have mentioned, and I think it is much closely aligned with the evaluation——

Mr. HOLT. Briefly, Mr. Hart or Dr. Ralls. Do any of these bills do a better or worse job in identifying best practice?

Mr. HART. Great question, Congressman Holt. I think the SKILLS Act follows much of what Florida put together back in 2000 through the Workforce Innovation Act of 2000 and that is where we have been able to consolidate many of those funds, all around the mission of helping all Floridians enter, remain, and advance.

Mr. HOLT. That is not answering the question I am asking, I don't think. Is it?

Mr. HART. I think it is, Mr. Holt, because you asked for best practice and we have had that act in place for——

Mr. HOLT. A mechanism for identifying——

Mr. HART [continuing]. For 13 years.

Mr. HOLT [continuing]. Best practice.

Mr. HART. I am sorry?

Mr. HOLT. A mechanism for identifying and communicating best practice and replicating it.

Mr. HART. Oh, okay. Yes, absolutely. I think by having a business-led board, that helps out a lot because the focus of that business-led board will bring to both the state and of the local——

Mr. HOLT. The market will provide that.

Mr. HART. The market definitely will provide for all parties whether disadvantaged or otherwise.

Mr. HOLT. Dr. Ralls.

Mr. RALLS. I truly can't speak to all the bills because I have not read them, but what I can say is from our experience in North Carolina, we do believe simplification is better. And——

Mr. HOLT. Okay.

Mr. Gustafson, have you read the bills?

Mr. GUSTAFSON. I have not had a chance to read them.

Mr. HOLT. Another question. We have talked about the role of community colleges. What about local libraries? It certainly—I have observed in New Jersey they are already playing a big role. Should they be incorporated in, legislatively, into the training employment program?

Let me take it in reverse order. Mr. Gustafson.

Mr. GUSTAFSON. Thank you, Congressman.

Mr. HOLT. Do you have any comments on that?

Mr. GUSTAFSON. I would say the more mandates, the less flexibility at the local level and we have a very good strong partnership with our libraries. We do a lot of—provide a lot of services through them, but if it was mandated and the economy changed, we wouldn't have the flexibility to meet the—be responsive to our local economy.

Mr. HOLT. Dr. Holzer?

Mr. HART. I would agree with that as well and——

Mr. HOLT. Dr. Holzer, I am sorry.

Mr. HART. Oh, sorry.

Mr. HOLZER. I have no particular knowledge of that issue.

Mr. HOLT. Okay.

Yes, Mr. Hart.

Mr. HART. I would agree with Mr. Gustafson, and we do incorporate the libraries at the local level.

Mr. HOLT. Dr. Ralls.

Mr. RALLS. I believe libraries can play a very important role particularly in the rural areas, but I think the local boards are best to make that determination about how they play given their area distinctions.

Mr. HOLT. Just what I expected in the answers.

Thank you.

Chairwoman FOXX. Mr. Yarmouth?

Mr. YARMOUTH. Thank you, Madame Chair.

Thank you all for your testimony, and I would agree with many of the comments made before that it seems like in general, we all want the same thing. We want programs that are effective, that reach the most people, that help match skills and education with the jobs that are available and will be available, and also create innovation, which ultimately we all want.

I have a couple of concerns about SKILLS Act and one has been mentioned and that is the issue of basically I think the balance of power on the workforce investment boards.

And while I understand, certainly, the need for business community input, I would disagree with the characterization, Mr. Gustafson, that this is, you want a demand-driven rather than supply-driven because I would take the position that that we are here to serve the citizens of the country not necessarily the businesses.

And understanding that we rely to a certain extent or to a great extent on employers to employ our citizens I think I would kind of

reflect on the Chair's comments about education versus training and that subtle distinction and the idea that a first grader today the odds are that 60 percent of the jobs that the first grader entering school today will encounter don't exist yet.

It indicates to me that we want that flexibility to educate and prepare as much as to match people up, but that I think has been explored enough.

My primary concern just with SKILLS Act is the idea of block granting these funds to the state and I come from the district that when you include the entire economic region in the marketplace, employs about 30 percent of all of the people who are employed in the Commonwealth of Kentucky.

There is no way that we ever get 30 percent of any dollar that comes to the Commonwealth of Kentucky, and this is replicated of course across the country.

In our Northern Kentucky area the situation is reversed where people in the Northern Kentucky area are part of the Cincinnati economy as well. But I wonder and I will just throw it out there, we are facing a political competition essentially—we would be if we block granted all of these programs to the states, and is that a concern that any of you share that certain areas such as mine would be at a disadvantage in terms of benefiting from that kind of the structure?

Dr. Holzer?

Mr. HOLZER. Well, in fact the GAO report, which again is the report always cited in support of consolidation—says very clearly that one of the great risks of the consolidation of the block granting is that rural areas will be shortchanged in this process and that rural areas often require more one-stops in greater attention to services and many of the citizens in both the rural and urban areas are often left out.

With all due respect to my colleague, and I think paying attention to demand is very important and employers have to be at the table, but when I took economics, I am taught that supply as well as demand both matter. And when you look at the supply side, when you look at groups that are often targeted by some of these current efforts, dislocated workers, veterans, disconnected youth, these are all groups that could easily be lost in the shuffle in a program that simply block grants and puts it purely at the discretion of local administrators of how to spend the money.

These are not the groups, by the way, that often have a great deal of power and political pull in any of these locations and they are not the favorites of most employers.

So I think a balanced system that pays attention to employers, but of the difficulties of these target populations, that kind of balance, I think has to be preserved and block granting doesn't necessarily do that.

Mr. YARMOUTH. Thank you for that. I probably attend one or two events a month involving our Workforce Investment Act entity, Kentucky Works, and many of them are involving disadvantaged youth employment for summer for young people and many community organizations, and I am concerned about those groups being deemphasized and getting lost in the shuffle here.

Mr. Hart.

Mr. HART. Yes, sir. Great—I think it is a great question. In the state of Florida, we are the fourth, soon to be third largest state, 19th largest economy in the world, but a little-known fact is of our 67 counties, 31 of them are rural.

And so that is a concern for us always and forever; how we take care of those rural counties. And so in some cases, what we have done with some of our state discretion is being able to take up to say a 30 percent of the fund, block that out for a 6-month period of time and say that that will go to those rural communities should they have a need over and above perhaps, you know, what would have come through formula.

At the end of the 6 months though, we then have the ability to pull that back in for general use throughout. There are mechanisms where we can still maintain our flexibility at the state and local levels but also respond very clearly to our own particular and unique needs.

Mr. YARMOUTH. I appreciate all those comments.

Thank you, Madame Chair.

Chairwoman FOXX. Thank you.

Mrs. Davis?

Mrs. DAVIS. Thank you.

Thank you, Madame Chair.

Thank you all for being here. I wonder if we could shift for just a second to talk about veterans programs and the extent to which you see integration. We keep talking consolidation. I think integration obviously is critically important.

I think, Dr. Holzer, you particularly mentioned that in your fourth point. What do you see from what we are looking at and talking about right now addresses the issue of licensing, of certification, where people are moving from one skill set to another not necessarily understanding or acknowledging or appreciating the skills that they have and how we can do that better?

I know that we are focusing on that as we are trying to transition many of our service members today, but what do you see in the proposals before us now that address that? Do they address it in the way that you think provides the most efficacious way of talking about this and really applying it?

Anyone want to respond? Dr. Holzer?

Mr. HOLZER. I will take a crack at that. I think what you have hit on a very important problem and all of us have talked about the dynamic nature of the economy, the dynamic nature of the labor market, the credentials that are valued in the market today may not be the ones exactly that are driving the market tomorrow.

We heard stunning stories at the depths of the great recession in 2009 and 2010. There were welder shortages around the country. Welding isn't necessarily rocket science. There were thousands of unemployed welders, but they didn't have exactly the skill set often sought by particular employers at that time.

So you need a system that I think recognizes credentials, measures credentials, rewards places that generate more of those credentials that the market is rewarding, analyzing the data on exactly what is in demand and what is not, and then helps the locals and incense them to respond and provide those credentials.

I think it is also important that the training we provide has a strong general core, that it not be completely sector specific so that when the demand shifts, that people can adjust to that and that is hard to accomplish in any—but again, consolidation doesn't address that at all.

Mrs. DAVIS. All right, yes. Anybody else? Because I think we need to incentivize that and I guess, what I am looking for in the system, if we are doing that.

And the other question that that really relates to it is that the private sector is stepping up to the plate essentially and providing the kind of apprenticeship programs that really could take the workers that they have and necessarily upgrading that skill set.

Mr. GUSTAFSON. I think Congresswoman Davis, that is an important issue and I am a veteran myself. And again, running a local workforce board, we have vet reps co-stationed with the one-stop.

Unfortunately because the structure is siloed from the federal government to the state government to the locals—I, as a veteran, and have a family of veterans, I am really embarrassed by the way the system takes care of our veterans.

And frankly, I have little to no authority over that ability and though they are co-located and we have a partnership, often the right hand doesn't know what the left hand is doing. Often the right hand, which is the veteran reps, are doing their own thing and not in conjunction with the rest of the workforce board and therefore, if you are a veteran and you come through the wrong door, you get lost and that is a shame.

Mrs. DAVIS. How does what we are talking about right now—I mean, how does that address that problem?

Mr. GUSTAFSON. I think in the workforce investment fund of the SKILLS Act by consolidating, by streamlining some of these funds and with all due respect to my colleague here, I disagree with some of the notions because by streamlining it, and structurally streamlining it, not just the funding stream, but structurally streamlining it, then you have the better opportunity operationally at the local level to serve the population whether it is a veteran, at-risk youth, or whatever the disbanded population may be.

Mrs. DAVIS. Anybody else want to focus on that because I think, you know, it sounds good to say that we are either co-locating or we are integrating that, but as you say, I don't see it working either.

Mr. GUSTAFSON. I see it happen every day that we are—that veterans are getting lost in the system because of the way it is structured.

Mr. RALLS. And I would carry that, if I may, to also structuring of how we structure skills training with education and a focus in our system on industry certification, third-party credentials that are recognized by businesses and licensor—one of the areas we have to pay attention to in workforce development is our veterans that are coming back have great skills and we can accelerate them into getting the competency—or to getting the certifications without having to go through the whole program.

And that is something that we are very focused on in North Carolina, but it is something I think our entire workforce system in how we structure and emphasize accelerated opportunities will

pay benefits to our veterans who already bring great skills back when they are returning into the private sector.

Mrs. DAVIS. Thank you all—go ahead.

Mr. HART. Right—and if I may—so in Florida, we track how many people have been placed in the year; 426,000 last year, 111,000 of those had been on unemployment, but we also track the vets and that number is 32,561 and that is a good number. It is a solid number, but I don't think it is as good as it could be.

So I agree with what these gentlemen have said. If we have the ability to cross train and integrate more fully through the system, I think it will help us meet the needs of our vets because you are right, they are unique, and in Florida, defense and defense-related industries, that is our third largest industry in our economy. It is huge.

Mrs. DAVIS. I would suggest too that we have a great deal to learn about what is happening now in that arena and that the Veteran Skills to Jobs Act can perhaps inform us about some of these other programs. But we need to have a vehicle as well for looking at some of the consolidation here to incentivize those, whether it is hospitals, you know, or other industries that are working in this area and have found some new ways to apply their knowledge.

Thank you.

Chairwoman FOXX. I am going to recognize Mr. Tierney in just a second, but Mrs. Davis, the staff has pointed out to me, which might be helpful to you to know, that last year we accepted an amendment to the bill that we had from the Democrats to make sure that we could gather the data on veterans and the consolidated programs.

So Mr. Tierney, if you are ready, I would like to recognize you for 5 minutes.

Mr. TIERNEY. Thank you.

Good morning, gentlemen. Thank you very much. I am sorry that I had to leave temporarily on that. I am sure that most of the ground—at least I hear that most of the ground has already been covered and everybody has made their case pretty well, but I wanted to talk to Mr. Holzer just for a second and ask you to expand a little bit on your testimony.

You said that one of the points that you had was that while there might be savings on administrative cost of all of this consolidation, there might be cost on the other hand to particular populations that are being served today that might not be under this consolidation. Would you expand on that please?

Mr. HOLZER. Well, one can simply go to the GAO report. The GAO report says that very clearly. The GAO report is not a ringing endorsement of consolidation. It says that there are potential benefits and potential costs, and it emphasizes we have virtually no evidence on any of these claims that very substantial savings will result. We simply don't know.

And it is possible they would be substantial. It is possible they wouldn't, and again they quote agency officials as saying that the needs of different populations, different clients, often do require different attention. It is not clear that one program will meet all of those needs as carefully.

Again, even that claim is also both the benefits and the costs, the information is very small, and therefore the dramatic claims made about the benefits of consolidation relative to the cost simply aren't supported by any evidence that I have ever seen.

Mr. TIERNEY. Thank you. Well I do know the history of consolidation and block granting has been cut, cut, cut and some programs just get put aside depending on who is going to put the emphasis where.

Dr. Ralls, let me ask you a second. On the community college aspect of that, would you think that having a community college representative on the workforce investment boards locally would be a positive or a negative thing?

Mr. RALLS. I believe it is a positive thing. I believe what is really positive is for us to be directly connected with the employer community because with hitting targets, that is who we are trying to hit in terms of moving folks into the private sector.

I think we spend a lot of time worrying about who sits on boards and how many funding streams we have and we need to spend more time on how many overall people we serve and what services they receive. And I think we may find we actually serve more low income and all of the other folks we are trying to help through that process.

Mr. TIERNEY. And I think you would have a better idea of how all of those different types of people you are trying to help than would some businesses, correct?

Mr. RALLS. Excuse me?

Mr. TIERNEY. I think that you, being the college president or being somebody in community college, would have a better idea of what populations you are serving or could be served sometimes better than an employer might.

Mr. RALLS. I value our employer input greatly and what I will tell you in each of our community colleges, we have advisory boards for each of our programs. So what I would hate to see is that employer input not be recognized because I think it is a very important part of our work——

Mr. TIERNEY. Well, I think both bills recognize employer input. I think the question is whether or not we recognize any other input. Whether we think there is value for other perspectives of stakeholders on that and if you had an entire business representation on there I think you wouldn't have a community college representative, you might not have anybody that really reflects the interests of people that have a lot of barriers; the disabled community or veterans or whether it is just somebody has an English learning language barrier or anything. Do you think those perspectives are important trying to determine what a workforce investment board addresses?

Mr. RALLS. I think they are all important and I think different people bring those perspectives from a variety of different areas. I think what we have to try to get to is that we don't become overly complicated.

As I mentioned in North Carolina, we had a 38-member workforce investment board, which I sit on. It is now 25 members. Simplification is often a way we can serve more——

Mr. TIERNEY. Do you think that there is an issue with oversimplification? If you don't have enough representation? Enough perspectives?

Mr. RALLS. Could be, but I think we have yet to try that.

Mr. TIERNEY. I am not sure you want to try a bad thing, right? We can always try somebody. Just put one point of view on there and see how that goes.

Mr. RALLS. I am not someone who makes the assumption that that is automatically a bad thing.

Mr. TIERNEY. Really? Okay, so if you had 100 percent of disabled interest on the board, you think that would be a good thing. If that is what we decided to do, one interest, one perspective only.

Mr. RALLS. No.

Mr. TIERNEY. Okay. All right, thank you.

I yield back.

Chairwoman FOXX. Thank you, Mr. Tierney.

I would like to make a couple of comments, and then I do have some questions I want to ask. I really appreciate Mrs. McCarthy's comments about the fact that we ought to be able to come up with a bill that all of us could support or most of us could support. I am sorry she is not here, but she is my neighbor down the hall. I am going to stop in and tell her that.

I am going to ask that we get from Mr. Hart, Dr. Ralls, Mr. Gustafson, and Dr. Holzer, if you have access to those, an estimate of how much you would save in state and private dollars from consolidations.

And I think, Dr. Holzer, you said that there have been dramatic claims of savings made. I would like to see what you are talking about because I haven't seen those. We certainly haven't made those, and so if you have evidence of dramatic claims of savings that have been made, I would like to see those in writing.

I think that what we have here is a—it boils down to a philosophy that either Washington knows best or locals know best when it comes to these kinds of programs and that is something I think we need to pursue a little bit more in terms of getting the data that we need.

Also, Dr. Holzer, you mentioned that we have a $16 trillion GDP, but we are spending very little on these programs. Well, we also have a $16 trillion debt, and I think that it is very important that we recognize that our debt now equals our GDP and that we do everything that we possibly can to be good stewards of hard-working taxpayers who are providing the money for these programs.

It is people who are currently working who are paying a lot in taxes to provide for these programs, which people who may never have worked in the real world are making decisions on how to spend.

Mr. HOLZER. May I respond to that?

Chairwoman FOXX. Mr. Gustafson, we hear a lot of the criticism that if a certain population does not have a dedicated funding stream they will be forgotten. Do you agree with that?

Mr. GUSTAFSON. No, absolutely not. And in fact, Madame Chairwoman, I have an example in my written testimony where we understand who the customer is and we have actually added more

programs and services and have a great example for that, which is what we call the Bridge Academy.

We wouldn't have created the Bridge Academy if we hadn't known what the businesses' needs were and knowing that the populations we were serving didn't have those skills.

So we put together the Bridge Academy in conjunction with our local school districts, with private funders, with some of the federal funding. We have 13 different funding sources for this and as a result, we are serving a very disadvantaged population of at-risk youth that have been kicked out or dropped out of school.

And what we do is we get them either their GED, adult literacy, high school diploma in some cases, and vocational training, work experience, and then connect them to a job at the end.

This was in our response to the demand, the demand, we better, actually better serve the supply.

Chairwoman FOXX. Thank you.

Mr. Hart, in your written testimony, you discussed the need to enhance opportunities for flexibility with an emphasis on performance and certainly that is something we are very concerned about.

What happens currently if a local area is not meeting its performance metrics? What happens if a state does not meet its performance metrics? And how can we ensure continuous improvement in the system?

Mr. HART. Okay, great question. At the state level, the Governor holds me accountable and so you know, I talk to the governor twice a week and it always starts with, "Hey Chris, Rick Scott here. How we doing?"

And specifically, he is talking about our daily job placement, our monthly job placement, and our common measures. And so he really looks to me and our board and our boards—he knows how every single one of them are doing, as do I, as do they, every single day and that is very important.

So what he is looking to all of us to do is ensure that we can meet that performance whether we have to work with a college, university, or a private training provider.

What happens at the local level if they do not meet that, there could be a corrective action plan that is in place but also we work very diligently with them to ensure that they are meeting their performance objectives, which they have been doing when you take a look at the state of Florida.

Chairwoman FOXX. Thank you very much. I am going to submit to you in writing a question related to the employment service merit staff and the consolidation of the functions of Wagner-Peyzer Act into a single workforce investment fund and how this is being responding—would be responded to in Florida. So I am not going to over my time by asking that now and asking you to give a response.

I want to thank again our distinguished panel of witnesses for taking the time to testify before the subcommittee today. I do think this has been a very enlightening hearing, and I again appreciate all of my colleagues for being here and the questions that they have asked.

Mr. Hinojosa, do you have closing remarks?

Mr. HINOJOSA. Yes, Madame Chair, I do.

I also want to echo the chair's first statement in closing. I want to thank our panelists for sharing their views on how to improve our nation's WIA system. I too found your presentations to be very interesting, and I want to build on some of the things I heard you say.

But I especially want to highlight a statement made by one of our members of Congress on the other side of the aisle, Congresswoman Susan Brooks from Indiana, who questioned the amount of expenses that are being undertaken I guess, once the money gets to the WIA board and I can say that from 2007 to 2010, I served as chairman of this committee, subcommittee.

We had hearings from west coast to east coast and often times we found that 15 to 35 percent was all that was available for training because the other was being spent by somebody else.

So my recommendation is going to be that—and I will personally do this. I will write a letter to the Office of Management and Budget and ask them how much money would we save over the next 10 years if we were to eliminate the middlemen.

As Congressional money that is put out, we will decide if it is going to be $3 billion or $4 billion for training and that we change that, eliminate the middleman. I did that in higher education and they told us that we could save $96 billion over 10 years in higher ed by eliminating the middlemen that used to be banks and a foundation. I won't name them but just know that it was questioned and fought by lobbyists representing those middlemen, but we did it. It became law.

Congress can give money directly to the colleges and universities and they pay them for the cost of college education and we have increased the numbers that are going to community colleges and universities by over 28 percent since it kicked in.

I believe, Madame Chair, that we should eliminate the middlemen again. In this case it is going to be the state government and the federal money would go to the community colleges, and we will figure out the details on how that money would be spent.

However, we want to make sure, as Susan said, that most of the money, 60 to 65 percent be used for training and that we cut back on these fixed expenses; in many cases they are leasing buildings or buying buildings. Cut that out.

Find buildings that were paid for by taxpayers and let them use that for a board meeting room for the workforce board. And then for the training, instead of having so many places for the trainees to go to, reduce those numbers. We did that in my district in South Texas. We had 13 places. We cut it down to six. It can be done.

And, possibly some of the training that is being done in those particular buildings may have to be reduced so that more money goes to training them for the jobs that they are going to get, not just using computers and counseling and things like that.

There have to be changes, but I like what Congresswoman Maloney said and that is that both sides of our group here and the education committee and the WIA, find a way to compromise so that we can get a good piece of legislation out this year.

But I say eliminate the middlemen and that goes—and I will be very blunt—eliminate the state government because we did that. The banks just—for higher education—and the banks just went bi-

zarre. They didn't want to cut out because they were making so much money.

But I can tell you, there are training groups out there that are making so much money according to the hearings that we had from west coast to east coast and it is happening today.

So, Madame Chair, with that close——

Mr. TIERNEY. With the gentleman yield, please?

Mr. HINOJOSA. Yes, I will. I will yield to Congressman Tierney.

Mr. TIERNEY. Thank you. I just want to make a point that everybody seems to be enamored with the idea that we work together yet nobody seems to be reaching out so that can happen.

Madame Chairwoman, my understanding is that this hearing is being held today and that your intention is to markup this bill next week. If you liked what Mrs. McCarthy had to say, I am wondering where is that period of time going to be in which your folks and our folks sit down and try to actually discuss what differences we might have and work out a compromise.

We went through this last year where the majority essentially jammed their bill through the committee, jammed it through the Floor, and off it went to limbo in the Senate. If we are really serious about this, I would hope that you would at least take a serious attempt at a period of time when the two committees might sit down and try to work out some differences and go forward otherwise I think I can be fairly good prognosticator that you will jam it through next week, it will be jammed through on the Floor, it will go sit in some basket over in the Senate again.

Mr. HINOJOSA. Reclaiming my time, Mr. Tierney.

I agree with you. I think we need time. We need time to get this done in a bipartisan manner that is best for our country, and I don't think that we need to jam it through and mark it up next week because we are letting go of all of the information that we collected from the years 2007 to 2010, which spoke about limiting the amount of expenses and having a lot more money like two-thirds of it, 60 to 65 percent for training. And so I agree strongly and let the record show that we are asking for additional time.

And with that, Madame chair, I yield back.

Chairwoman FOXX. Thank you, Mr. Hinojosa.

Thank you, Mr. Tierney.

I, for the record, let me state that we—our staffs have worked—have reached out to your staff very, very often. We had——

Mr. TIERNEY. They must have done it by stealth, Madame Chairwoman——

Chairwoman FOXX. We had our bill last year. We had a markup on it. We allowed amendments to be offered. We will do the same thing again this year. We are more than happy for you to make amendments in the markup that we will have next week. I think I have been very fair in the way we have handled this hearing and the way we handled hearings last year.

And so, we welcome your amendments. I do find it interesting that the bill that you all have introduced doesn't include the points that Mr. Hinojosa has brought up here today, and it doesn't agree with what the President has said that he would like to see, which is a consolidation of the maze of programs.

So I find that very interesting. I do want to say that having served almost 7 years as the president of a community college, I am a big fan of community colleges. I always have been. I like the quote from Dr. Ralls, "The road to recovery runs through community colleges."

Now, they are not perfect institutions. They don't offer perfect programs, but I do think a lot can be done with community colleges. Again, I want to point out that what the President has said is exactly what we do in the SKILLS bill and that is not done in the bill that our colleagues have introduced.

Their bill does nothing to streamline or consolidate and I do hope we will be able to get the data to show that this will save money. I know that it will save money. I know it will save money in North Carolina. I tried when I was in the North Carolina State Senate to consolidate the programs and we knew it was a big savings for the state.

I would like to say, Dr. Holzer, that you asserted many times that consolidation is an excuse for cutting funding. We have never said that. We cut no funding in this bill. What our interest is, is in showing—is getting more money directly to the skill seeker and the job seeker.

I love that title, job seeker, because that is what we want to do and take the money out of the bureaucracy. And again, having been there Dr. Holzer, I am quite aware of how this money is being wasted.

I have called it high-priced welfare because we hire a lot of government bureaucrats to administer programs and very little gets done to actually serve the job seeker, the client, the skill seeker, that person that we all say we want to help. And I think on both sides of the aisle that should be the focus.

I was a person who worked very hard with tech prep programs, with making sure that people who came who were in the high schools and the college that I served were getting college credit. I agree with you. We need to do a lot more to get higher education and workforce programs working together, and I also agree very much that we need data to inform the public.

And I have no doubt in my mind that as we get the data together to inform the public, that the public is going to be on our side on this issue, that consolidation works. I think the fact that those of you who are providing services to people have worked the system the best that you can to provide those services, have already shown us a way to do this, and I think we simply need to do more and I believe that the wisdom of the world is out there in the states, in the local communities, and does not reside in Washington, D.C.

Our job is to do the best that we can to bolster what is going on locally and in the states rather than to hinder that. With that——

Mr. HINOJOSA. Madame Chair, before you close, I ask unanimous consent that this document that I was supposed to have asked permission to get into the record, it is entitled "Workforce Stakeholders Group Statement on Reforming Job-Training Programs in America" be entered into the permanent record for today.

[The information follows:]

Workforce Stakeholders Group Statement on Reforming Job Training Programs in America

Preamble

In the first decade of this millennium, our nation has faced enormous tragedies, challenges, and changes that have diverted policymakers from giving workforce development and skills attainment the level of priority needed. As a result, a number of key Acts are due or soon due to be reauthorized. These Acts include:

- The Workforce Investment Act (WIA);
- The Carl D. Perkins Career and Technical Education Act;
- The Higher Education Act (HEA);
- The Older Americans Act (OAA)
- The Trade Adjustment Assistance Act (TAA); and
- The Temporary Assistance for Needy Families Program (TANF).

Many of these laws authorize unique and important programs and services to common populations; therefore, the Workforce Stakeholders Group believes that the 113th Congress has a strong opportunity to:

- Create a cohesive and broad workforce system that leverages the unique strengths and resources that numerous systemic components (see list below) bring to the table;
- Remove the systemic barriers that allow people to fall through the cracks and that prevent them from reaching their full potential; and
- Improve the productivity of business through the provision of skilled, competitive, and motivated workers.

Components of the broad workforce system include:

- The workforce system/WIA;
- higher education;
- career and technical education;
- adult education;
- veterans' programs;
- law enforcement and corrections;
- The Temporary Assistance to Needy Families program; and
- supportive services such as housing and food assistance.

As our nation slowly recovers from the worst recession since the Great Depression and unemployment stubbornly hovers at close to 8 percent, millions of people are seeking supports that will help them meet basic needs. Many have turned to safety net programs for assistance with housing, food, transportation, child care, and cash.

In addition to programs that provide support with such basic needs, millions of people are also seeking skill-building and advancement opportunities that will put them on a career path that leads to financial stability and economic security. These include job training, employment services, transitional jobs, vocational rehabilitation, and education (alternative education, adult education, and postsecondary education). Many unemployed, low-wage workers, or people in transitional jobs need access to additional education and training through a postsecondary institution. Some turn to Adult Education programs to gain academic skills that high schools did not provide. Many veterans turn to the Department of Veterans Affairs for benefits and assistance in overcoming their employment challenges. People with disabilities utilize vocational rehabilitation programming for help in addressing their employment challenges. And millions more also turn to the workforce system for help finding a job.

The Workforce Stakeholders Group agrees that systemic improvements could be made to better promote cross-functional program collaboration and systemic integration in order to increase investments in quality services, resources, and training. The group believes that these goals should be achieved by preserving important programs and systems with a track record of success in providing a range of services to specific populations with unique barriers to employment, including veterans; people with disabilities; youth; older workers; people with a criminal background; migrant and seasonal farmworkers; Native Americans; people who are homeless; and women seeking non-traditional employment opportunities, so that they can successfully gain the skills needed to participate in one of the cornerstones of American society—the workforce. Furthermore, the broader workforce system must ensure that these special populations receive high quality career guidance, education, skill training, supportive services and placement.

More specifically, individuals and organizations that are concerned about workforce development and skills attainment, have been working for a decade to enact many needed improvements through Workforce Investment Act (WIA) reauthorization. Unfortunately, Congress has not passed a bi-partisan WIA reauthorization bill,

which has prevented enactment and implementation of important improvements, while leaving the system vulnerable to criticism and budget cuts.

Rather than rehashing old debates that have proven to be unproductive and divisive, the Workforce Stakeholders Group believes we should refocus our attention on the following question:

"What outcomes do we want from our workforce system, and what elements are needed in order to put the system in a position to achieve them in a constantly changing environment?"

The Workforce Stakeholders Group answers that question with the following:

Desired Goals

The Workforce Stakeholders Group believes that Congress should develop a blueprint that would create a comprehensive workforce system that leverages the unique strengths and expertise of its systemic components. Together, this broad workforce system should achieve the following equally-important goals.

Serve Employers and Businesses: Businesses are most competitive when they have access to a strong, agile, and skilled workforce. Such a workforce includes workers who are prepared for the jobs that employers seek to fill today, and have the ability to learn and build on those foundational skills in order to perform the jobs of the future. The comprehensive workforce system should connect businesses to workers who have the job skills employers seek, or the ability to learn needed job-specific skills on the job. In addition, the workforce system should work with businesses to increase employment equity, improve job quality and retention, and provide training and educational opportunities to workers to ensure that workers remain current with industry advancements.

Serve People: America's 143 million working people and its 12 million job seekers represent diverse groups with a variety of needs. The comprehensive workforce system must use a holistic approach to advance people along a continuum that leads to work opportunities, career advancement, and economic and family stability. Depending upon the person, the intensity and length of this journey will vary greatly. The comprehensive workforce system should be prepared to assist people whenever they seek its support.

Contribute to Building Stronger Families and Communities: America's communities have the potential to be the engines of full national economic recovery and growth. Realizing this potential requires investments not only in places, but also in people. The federal government makes a number of investments in the physical capital of urban communities, including public housing and transportation development. These initiatives have the potential to pay off not just in terms of improved community resources, but also in terms of job opportunities for local residents. But these opportunities are lost for a large portion of urban residents—low-literacy, low-skilled adults in particular—unless there are high-quality employment and training services that prepare them for the jobs created by federal investments. A comprehensive workforce system should better coordinate investments we make in local communities with investments we make in the people who live in those communities. The workforce system can help build stronger and more stable communities by connecting workers to and qualifying them for the best possible jobs, and helping businesses find the skilled workers they need.

Needed Elements

The Workforce Stakeholders Group believes that the following mix of elements and attributes is needed in order to achieve the goals outlined above.

Integrated and collaborative: The Workforce Stakeholders Group believes that the comprehensive workforce system should treat people holistically and be collectively held accountable for ensuring that people do not slip through the cracks between each unique component that makes up the broad workforce system. Regardless of a service seekers entry point into the broad workforce system, its individual systemic components should have the capacity and motivation to ensure that service seekers are connected to additional programs and services that are outside the functional scope of any systemic component. Furthermore, individual components of the broad workforce system should have access to information and data needed to view service seekers holistically rather than narrowly focusing attention only on the specific symptoms that the component has the functional capacity to address.

With this context, the group believes that the current dialogue must shift from consolidation to promoting integration and collaboration among existing resources and programs. The group is concerned that a consolidated block grant would lack the sophistication needed to appropriately direct resources to address unique target populations' needs and challenges. Integrated programs, on the other hand, would preserve population-specific resources where they are most needed, and would likely

result in cost-savings that could be reinvested in proven workforce development and job training programs to continue to build and sustain the strong and adaptable workforce needed to keep America economically sound and competitive.

The reauthorization of programs such as WIA, CTE, HEA, TANF, and TAA also presents an opportunity to encourage and strengthen collaborative partnerships that leverage the infrastructures, expertise, and resources of service providers, businesses and employers, and stakeholders that serve common populations. Such innovative approaches can serve to bridge the very supports and programs administered by multiple federal agencies.

The current workforce system (WIA) is designed to provide services and training that will quickly prepare consumers to obtain jobs that employers are seeking to fill. Often serving people who are out of work and needing immediate employment, it is frequently engaged in crisis intervention. It is not designed or resourced to help consumers, particularly individuals who are hardest to serve or people who have been placed in jobs, yet need to obtain additional skills and credentials that will help them to advance in their careers. Currently, there are many workforce organizations engaged in successful collaborative partnerships, particularly with educational institutions like community colleges that can often provide training and industry-recognized credentials in career and technical education programs. The workforce system plays a key role in these partnerships because it provides workers with information to navigate their local labor market as well as with tools to be better prepared for jobs.

The Workforce Stakeholders Group believes that consumers could be better served by promoting collaborative partnerships that provide clear bridges between all the systems that serve common populations such as those supported by the U.S. Departments Labor, Health and Human Services, Education, Veterans Affairs, Justice, Housing and Urban Development, and Agriculture. Furthermore, partnerships that engage local community-based organizations and sector-based partnership in this capacity leverage the additional resources, experience, and infrastructures; allowing these additional resources to supplement federal resources aimed at common populations.

By rewarding collaborative partnerships that are part of a holistic approach that bridges systems, consumers would be better served than through a program-specific approach that focuses only on the issues that that fall within the scope of individual programs.

Accountability: While the comprehensive workforce system should be collaborating and better leveraging one another's scarce resources to achieve the goals outlined above, the Workforce Stakeholders Group recognizes that each systemic component within the comprehensive workforce system has its own specific performance outcomes that must be achieved. To the greatest extent feasible, the group believes that system-specific outcomes should align with and support the ultimate goals of the comprehensive workforce system.

The accountability system for the broad workforce system should:

- Provide data that is essential for efforts to overcome disparities in employment and programmatic outcomes by reporting by sub-population, including at least gender, race, ethnicity, disability and age;
- Ensure that people, regardless of the system they first turn to for help, are successfully engaged and welcomed by the system(s) that is/are best positioned to address individuals' employment challenges.
- Take into account individuals' unique employment challenges in order to ensure that hard-to-serve populations are indeed served, and that services are appropriate and meaningful.
- Account for economic conditions in local labor markets and individuals' characteristics when they enter programs.
- Provide the comprehensive workforce system with the capacity to collectively track individuals' interim successes along their career and educational paths.

Employers indicate that it is difficult to find workers who are qualified to perform the jobs they need to fill in order to maintain productivity. Especially at a time when unemployment is high, it is perplexing that millions of jobs are going unfilled. The comprehensive broad workforce system should be held accountable for helping to close the skills gap by working with businesses, industry, and employers to ensure that incumbent and future workers are connected to resources that will help them acquire the hard and soft skills employers seek. Policymakers should also recognize the need to invest in and maintain a data management capacity that allows the different systems within the broader workforce system to improve alignment and foster accountability.

Resources: Without sufficient resources, even the best-designed system will fail to produce the desired outcomes that the system is designed to achieve. The Workforce

Stakeholders Group believes that Congress should authorize resources based upon what is needed to train and educate the workforce of the 21st century.

Despite federal disinvestments of more than 30 percent since 2002—with more than $1 billion in cuts just since 2010—critical employment and training programs stand to lose billions more under current proposals to reduce the federal deficit. Such cuts are already having an impact: a recent survey of workforce providers found that more than three quarters expected to reduce training as a result of already reduced funding levels, and nearly half believed they would have to cut back on services for employers seeking skilled workers.

Program	2002[1]	2013[2]
WIA[3]	$4,801,217,456	$2,603,315,124
ABE	$738,907,137	$594,993,000
CTE	$1,643,307,607	$1,123,030,275
ES	$1,234,405,967	$700,841,901
TANF	16 billion	28% loss of value due to inflation[4]

[1] All 2002 figures adjusted for inflation.
[2] As enacted under the current continuing resolution (P.L. 112-175) through March 27, 2013
[3] Represents funding for WIA Title I Adult, Youth, and Dislocated Worker programs
[4] As calculated by the Center on Budget and Policy Priorities, http://www.cbpp.org/cms/?fa=view&id=3534

Our nation's economy cannot function without a skilled workforce. According to the Center on Education and the Workforce at the Georgetown Public Policy Institute, by 2020 nearly two out of every three U.S. jobs will require some postsecondary education and training.[5] Research suggests that the demand for workers with postsecondary education is growing much faster than the supply, and by 2025 the U.S. will need 20 million more people with a postsecondary degree or credential than our nation is currently on-track to produce.[6]

America's workers depend on these education and training programs. Last year, more than 9 million individuals received training and related services through the federally-supported workforce investment system—an increase of nearly 250 percent in just two years. Millions more received training and employment services through youth, career and technical education, adult education, vocational rehabilitation, and veterans' programs that will help them pursue good jobs or further postsecondary education.

Additional funding cuts would shut the door on these hard-working individuals seeking employment, significantly limiting their access to the skills and credentials needed to succeed in today's labor market. It would stifle the ability of U.S. businesses to find the skilled workforce they need to take advantage of new markets and emerging economic opportunities, putting our nation at a competitive disadvantage at a time when other countries are ramping up their own investments in human capital.

The Workforce Stakeholders Group believes that the steady erosion of funding for the workforce system must be reversed. While concerns about the deficit may create a temptation to cut programs, in the long term, we need to investment in the skills of America's workforce so that more people can develop the market-ready skills to meet the needs of U.S. industries and the larger U.S. economy now and in the future.

Special populations: The group strongly believes that programs that aim to meet the special needs of certain populations must be a high priority, properly resourced, and measured to ensure that special populations have access to quality services that holistically address their unique challenges. Therefore, the needs of special populations must continue to be a priority. A consolidated block grant would lack the sophistication needed to appropriately direct resources to address unique target populations' needs and challenges.

Several programs were created with the intention of ensuring the provision of services to specific populations that are unlikely to be feasible in a general-population service setting. For example, experience informs us that youth are typically better served in the context of a youth-specific program rather than in a general program.

Other programs were created because a national program better serves the target population. For example, migrant and seasonal farmworkers are an extremely mo-

[5] *http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/CTE.FiveWays.FullReport.pdf,* pg. 2
[6] *http://www9.georgetown.edu/grad/gppi/hpi/cew/pdfs/undereducatedamerican.pdf,* pg. 10

bile population and it is unrealistic for Congress to expect governors to serve people who only work briefly in their states and then move elsewhere.

As Congress works to create a comprehensive workforce system, the Workforce Stakeholders Group urges Congress to ensure that the system is equipped and able to provide the right services and supports to help people to overcome their unique and personal employment challenges.

Employers and Industry: The U.S. workforce system is often criticized as a sum of disconnected parts, with worker training poorly matched to industry demand, a lack of focus on industries that are the most important to local economies, and duplicative business outreach and workforce training services. A comprehensive workforce system will better engage employers and industry at the local and regional level, and ensure that workers are obtaining the skills and credentials employers are seeking for job opening in local and regional economies.

Sector strategies respond to such criticisms. At the regional labor market level, they are partnerships of employers in one industry that bring together government, education, training, economic development, labor, and community organizations to focus on the workforce needs of their industry. At the state level, they are policies and investments that support the development of local sector partnerships. A growing body of evidence demonstrates their effectiveness for employers and workers.

When employers find effective ways to work together with the public education and training systems—particularly the small and midsized firms that are increasingly responsible for U.S. job creation—they can improve their profitability. In a survey of employers participating in sector partnerships in Massachusetts, 41 percent reported reduced turnover; 19 percent reported less rework on the job; 23 percent reported fewer customer complaints; and 100 percent of the companies said that participation in a sector partnership was valuable.[7]

Workers also benefit from involvement in a sector partnership. Navigating the education market to secure the knowledge-based skills required in today's economy is as daunting as navigating the labor market. Thousands of credentials exist, including full degrees, short-term certificates, and professional licenses. Which ones do employers accept? Which education and training programs are flexible enough to allow working adults to complete them and obtain their credential? Public sector programs serving industry and job seekers through a sector partnership are better able to align the needs of employers with the career paths of workers, and the results for employees are higher wages and better jobs. A 2009 random-assignment evaluation of three sector partnerships showed that worker participants earned significantly more (18 percent more, or $4,500 over 24 months) than the control group. The reason was that they were more likely to work, worked more consistently, and worked in jobs with higher wages. They also had higher-quality jobs, as measured by benefits such as health insurance, paid vacation, and paid sick leave.[8]

Such outcomes help explain why an estimated 1,000 regional sector partnerships are operating across the country, and more than 25 states are exploring or implementing sector strategies as a way to address industry needs through education and training programs.[9] The Workforce Stakeholders Group urges Congress to ensure a comprehensive workforce system supports such best-practices to more effectively engage employers and industry.

Industry-Recognized Credentials and Certificates: The Workforce Stakeholders Group believes that stackable, nationally portable, industry-recognized competency-based skills credentials will help connect employers to the workers they seek. In addition, the group believes that the broad workforce system should be positioned to and held accountable for addressing the needs of:

- regional economies and key regional industries;
- employers in key regional industries who need to hire for middle-class jobs or for jobs in pathways to them; and
- employers who want to improve the quality of their jobs.

This will use public resources most effectively and do the most to make businesses competitive while bringing about the most financial stability and economic security.

Labor Market Information: In order to achieve the goals outlined in this statement, the broad workforce system will require quality real-time labor market information that will allow stakeholders to identify growing and/or high-demand occupations in regional labor markets, and key industries that are connected to such growing and high-demand occupations. Furthermore, in order to close the skills gap, information is needed to identify under-served populations and prepare them for regional employment opportunities.

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[7] Cathryn, "BEST Benefits"; Industry Partnerships in Pennsylvania.

[8] *http://www.ppv.org/ppv/publications/assets/325—publication.pdf*

[9] *http://www.sectorstrategies.org/library/2010/snapshot-state-sector-activity*

Supportive Services: It is well known that people who lack stable housing, reliable transportation, access to health care, and child care are less likely to succeed in employment. Yet many people who turn to the workforce system for help face these and other barriers to employment.

Under current law, WIA funds may be used to provide supportive services to people who are participating in core, intensive, training or post-exit services; and are unable to obtain supportive services through other programs that provide such services. Unfortunately, the law creates barriers and disincentives to the provision of supportive services. The Workforce Stakeholders Group believes that Congress should acknowledge that the provision of supportive services is often an important key for many people who seek to find jobs and succeed in the workforce. Congress should ensure that the broad workforce system has the capacity to directly enroll job seekers in supportive services if they would benefit from them.

Governance and Infrastructure: The Workforce Stakeholders Group understands that it has been difficult to resolve a number of state and local governance and infrastructure issues. The group believes there is an appropriate role for both state and local decision makers, and therefore believes that authority should be shared between states and local areas. In addition, the group believes that steps should be made to ensure that decisions made take into account a number of key economic and social attributes, including areas' industries, workers, population demographics, and public and private resources. It is important to recognize, however, that workers live at a local level, businesses employ local workers, and the impact of long-term unemployment are realized in the local community. Therefore, local flexibility, including clear and significant roles for local elected officials and local workforce boards, must be retained to allow the system to adapt to the real needs of real employers and job seekers.

Conclusion

The reauthorization of WIA is an obvious immediate opportunity to make needed improvements that will ensure that our workforce is prepared for the jobs employers need them to perform today and tomorrow. The group believes that wholesale consolidation of key programs, as proposed in House legislation, H.R. 4297 (introduced during the 112th Congress), would move workforce programming in the wrong direction. Such a one-size-fits-all system risks becoming an underfunded system that lacks the resources and sophistication needed to meet the unique needs of certain individuals who must overcome population-specific employment challenges.

As our nation is only beginning to emerge from the worst recession since the Great Depression and ongoing global competition is a long-term certainty, the Workforce Stakeholders Group has grave concerns about proposals to dismantle the current workforce system. Such action would only serve to divert attention from providing quality employment services and job training to people who need job placement and supports. Instead, time, attention and resources would be spent on the implementation and rebuilding of a new workforce system. In other words, it is not necessary or cost effective to tear down the whole barn when it is just the roof that leaks.

As Congress begins again to look at the reauthorization of the Workforce Investment Act, policymakers should keep in mind that WIA programs have played a pivotal role in helping jobseekers and employers rebound from the "Great Recession." The latest quarterly reporting data provided by the Department of Labor indicates that more than 8 million jobseekers have utilized WIA formula programs over the past year (DOL, WIA system quarterly reports ending March 31, 2012), a dramatic 291 percent increase over just four years ago (DOL, WIA system quarterly report ending March 31, 2008). These most recent reporting data does not include an additional 786,000 job seekers using targeted WIA programming to help special populations with additional barriers to employment.

The Workforce Stakeholders Group continues to stand ready to work with policymakers to enact policies that will ensure that America's workforce is again the most skilled, the most competitive, the most productive, and the most adaptive workforce in the world.

ABOUT THE WORKFORCE STAKEHOLDERS GROUP

The Workforce Stakeholders group includes a range of organizations that are engaged in efforts to ensure that people served by the workforce system and programs that support the workforce system:

- Create a pipeline of qualified employees for business and employers;
- Find easy access to the services they need to help them find jobs;
- Have access to supports needed to advance in careers;
- Receive quality services that help them overcome unique challenges they face;

These organizations represent state and local policymakers and program administrators, advocacy groups, service providers, and technical assistance providers.

- Asian Pacific American Labor Alliance, AFL-CIO & APALA Education Fund
- Association of Farmworker Opportunity Programs
- Coalition of Labor Union Women
- Corporate Voices for Working Families
- Corporation for a Skilled Workforce
- Council for Adult and Experiential Learning (CAEL)
- Easter Seals
- Goodwill Industries International
- Insight Center for Community Economic Development
- International Economic Development Council
- Jobs for the Future
- Legal Momentum
- National Alliance for Partnerships in Equity
- National College Transition Network at World Education
- National Council of La Raza
- National Council for Workforce Education
- National Disability Rights Network
- National League of Cities
- National Skills Coalition
- National Transitional Jobs Network
- National Youth Employment Coalition
- National Workforce Association
- PHI—Quality Care through Quality Jobs
- Proliteracy
- Sargent Shriver National Center on Poverty Law
- Senior Service America
- The Corps Network
- United Way Worldwide
- Wider Opportunities for Women
- Workforce Learning Strategies
- Young Invincibles
- YouthBuild USA

Chairwoman FOXX. Without objection. There being no further business——

Mr. TIERNEY. Chairwoman, there is a point you just mentioned of how well and cordial you have run this meeting, I would like just make a couple minutes of last remarks, if I could.

Chairwoman FOXX. It is highly unusual for any member to do that. It is up to the chair to make the closing remarks. We would love to have your remarks in the record. Thank you, Mr. Tierney.

Mr. TIERNEY. Well, you know Madame Chairwoman, I guess you are just proving what I was saying earlier. There is no apparent desire here to have a discussion about this bill and what it talks about.

You have shut out the meeting. Apparently you must have some place of very important to go; you can't spend 2 minutes, but you haven't had a conversation. Your staffs haven't had a conversation.

The things that Mr. Hinojosa talked about were in fact, and are in fact in our bill, so apparently you haven't read that to any great degree on that.

One hearing, no matter how cordial you run it, doesn't give us a chance to look at your bill and our bill and see where there might be room for compromise. One markup where you let us present amendments, but then vote them down by party line doesn't present itself as a way to talk through and compromise.

I think the most disturbing thing I heard you say was at the end, your side would prevail. I don't think this is about sides. I think the American public is sick of it being about sides. And what the

public would probably like to say is that we get a final bill where all sides feel that they were dealt with fairly and that the end product is something they can all move forward on.

Getting 51 percent of the public to think that they were listened to as opposed to getting a much larger percent of the people feeling that they may not have gotten all they wanted but they were heard and that a bill reflects a good compromise that the whole country can get behind, that would I hope be the decent goal on this.

The way that you have set it up for just this hearing and just the markup next week, that clearly isn't an opportunity for both parties to show the public that we are trying to make a real serious effort of working out a bill that everybody can get behind.

Mr. HINOJOSA. Madame Chair——

Chairwoman FOXX. Let the record shows that Mr. Tierney——

Mr. HINOJOSA [continuing]. I would strongly support your idea of consolidation——

Chairwoman FOXX. Let the record show that Mr. Tierney got his 2 minutes of time. There being no further business, the subcommittee stands adjourned.

[Questions for the record and their responses follow:]

U.S. CONGRESS,
Washington, DC, March 21, 2013.

Mr. TODD GUSTAFSON, *Executive Director,*
Michigan Works! Berrien-Cass-Van Buren, 499 West Main Street, Benton Harbor, MI 49022.

DEAR MR. GUSTAFSON: Thank you for testifying before the Subcommittee on Higher Education and Workforce Training at the hearing entitled, "Putting America Back to Work: Reforming the Nation's Workforce Investment System," on Tuesday, February 26, 2013. I appreciate your participation.

I have enclosed additional questions for inclusion in the final hearing record. Please provide written responses no later than April 5, 2013. Responses should be sent to Rosemary Lahasky or Emily Slack of the committee staff who can be contacted at (202) 225-6558.

Thank you again for your important contribution to the work of the committee.

Sincerely,

VIRGINIA FOXX, *Chairwoman,*
Subcommittee on Higher Education and Workforce Training.

1. Please provide an estimate of how much savings in state and private dollars could be attained from the consolidation of federal workforce development programs and their administrative functions in the state of Michigan.

2. Please provide some specific examples of where the lack of flexibility in the current workforce investment system has impacted local and state efforts to provide training services directly to job seekers and workers.

U.S. CONGRESS,
Washington, DC, March 21, 2013.

Mr. CHRIS HART, *President and CEO,*
Workforce Florida Inc., 1580 Waldo Palmer Lane, Suite 1, Tallahassee, FL 32308.

DEAR MR. HART: Thank you for testifying before the Subcommittee on Higher Education and Workforce Training at the hearing entitled, "Putting America Back to Work: Reforming the Nation's Workforce Investment System," on Tuesday, February 26, 2013. I appreciate your participation.

I have enclosed additional questions for inclusion in the final hearing record. Please provide written responses no later than April 5, 2013. Responses should be sent to Rosemary Lahasky or Emily Slack of the committee staff who can be contacted at (202) 225-6558.

Thank you again for your important contribution to the work of the committee.

Sincerely,

VIRGINIA FOXX, *Chairwoman,*
Subcommittee on Higher Education and Workforce Training.

1. Please provide an estimate of how much savings in state and private dollars could be attained from the consolidation of federal workforce development programs and their administrative functions in the state of Florida.

2. In your testimony you discussed the fact that Employment Service merit staff is hindering your state's flexibility to deliver services and further reduce administrative costs. Why is this a hindrance to the state of Florida, and what impact is it having on improving outcomes for job seekers?

U.S. CONGRESS,
Washington, DC, March 21, 2013.

Dr. R. SCOTT RALLS, *President,*
North Carolina Community College System, 200 West Jones Street, Raleigh, NC 27603.

DEAR DR. RALLS: Thank you for testifying before the Subcommittee on Higher Education and Workforce Training at the hearing entitled, "Putting America Back to Work: Reforming the Nation's Workforce Investment System," on Tuesday, February 26, 2013. I appreciate your participation.

Enclosed are additional questions submitted by members of the subcommittee after the hearing. Please provide written responses no later than April 5, 2013 for inclusion in the final hearing record. Responses should be sent to Rosemary Lahasky or Emily Slack of the committee staff who can be contacted at (202) 225-6558.

Thank you again for your important contribution to the work of the committee.

Sincerely,

VIRGINIA FOXX, *Chairwoman,*
Subcommittee on Higher Education and Workforce Training.

CHAIRWOMAN VIRGINIA FOXX (R-NC)

1. Please provide some specific examples of where the lack of flexibility in the current workforce investment system has impacted local and state efforts to provide training services directly to job seekers and workers?

REPRESENTATIVE RICHARD HUDSON (R-NC)

1. The Community College system in North Carolina is integral to the success of many people who are out of work. What areas can you identify that would allow for better communication between the job creators' needs and the community?

2. What is the federal government doing right now that stands in the way of the North Carolina Community College System doing what it is exactly supposed to do?

3. How can the committee foster greater coordination and collaboration among federal, and North Carolina state and local workforce development programs, so that people like myself and our newly elected Governor, Pat McCrory, can work more effectively together?

[Response to questions submitted for the record follow:]

MICHIGAN WORKS!
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April 10, 2013

Chairwoman Virginia Foxx
Subcommittee on Higher Education and Workforce Training
U.S. House of Representatives
2181 Rayburn House Office Building
Washington, D.C. 20515-6100

Dear Chairwoman Foxx:

Thank you for the opportunity to answer some additional questions for inclusion in the final hearing record for "Putting America Back to Work: Reforming the Nation's Workforce System."

The questions are very important follow up questions that should require serious consideration and discussion. They get at the heart of some of the challenges with current Workforce Investment Act. Although I hope my answers are insightful, I also recognize this is a complex top that warrants additional discussion. Please don't hesitate to contact me at any time with any additional questions or to discuss workforce issues. I believe you are legislatively headed in the right direction and are asking the correct questions that will ultimately lead to positive reform.

Thank you again for the opportunity to assist.

Sincerely,

Todd Gustafson

A Private-Public Partnership for Workforce Development
Michigan Department of labor & Economic Growth Funded Equal Opportunity Program/Employer
Auxiliary aids and services available upon request to individuals with disabilities.
Michigan Relay Center 1800-649-3777 Voice and TDD

1. **Please provide an estimate of how much savings in state and private dollars could be attained from consolidation of federal workforce development programs and their administrative functions in the state of Michigan.**

In 1998, Michigan created a statewide workforce system that integrated multiple federal programs including, Workforce Investment Act, Employment Services, Trade Assistance Act, Food Training and Employment Services and even Temporary Assistance for Needy Families, and allocated the funds to the local workforce investment boards. Although it would be extremely difficult to go back and show the cost savings at the state macroeconomic level since its inception 15 years ago, the most recent service delivery innovation (pilot) in Michigan can be financially measured at the macro and micro levels. As far as measuring the financial savings realized from implementation of the Michigan model in 1998, it would be a worthy study to conduct.

In 2011, the state of Michigan authorized five local workforce boards to separately consolidate their resources into direct delivery of services. The state eliminated the requirement of local workforce boards to contract out services, which is generally done throughout the national workforce system by funding source (i.e., WIA Adult contractor, WIA Youth contractor, ES contractor, TANF contractor, etc,). This is very costly as each contractor has management, support staff and overhead to cover before the job seeker is even served. In fact, each individual federal program has similar needs in terms of staff, technology and overhead. Setting up a streamlined (or consolidated) structure maximizes both operational and fiscal efficiencies by eliminating duplication and actually improves access. Streamlining can and should be done at the federal, state and local levels.

Although the pilot is in the beginning stages, the financial results are very promising. And more local workforce boards are in the planning stages to join the five pilot sites. Among the five pilot sites the state has identified over $2 million in savings realized during the first quarter of implementation and the expectation is there will be additional and ongoing savings. As one of the original pilot sites, we realized a cost savings of $422,000 in the first quarter of implementation alone.

Funding and programmatic streamlining (consolidation) has been going on in Michigan and it works. Equally important, services have not suffered and disadvantaged populations have not been left behind. In fact money realized from the savings is more dollars that can be reinvested in barrier removal, long and short term training, job placement and even the development of additional local innovative workforce strategies. If streamlining is done correctly at the federal, state and local levels, the national workforce system could actually increase outcomes without requiring more federal money. The cost savings alone from the new streamlined structure would help offset funding cuts. It's a new business model in the new world we operate in.

Another important measure not included in current WIA performance metrics is additional money raised, which could include other government or private sector money raised. A number of innovative, value added driven boards use WIA monies as a platform to raise private sector money to support workforce preparation, training and labor exchange services, and to use for activities or services not allowable by the Office of Management and Budget Circulars but still support workforce efforts. As an example, we have raised between $3 to $5 million dollars annually in addition to our annual federal allocation. This is an important, but complex, concept worth further and a more detailed exploration and discussion that could revolutionize the system.

2. **Please provide some specific examples of where the lack of flexibility in the current workforce investment system has impacted local and state efforts to provide training services directly to job seekers and workers.**

Questions #1 and #2 have to be asked and the answers are interrelated. Making changes based on the combined answers will help lead to continuous improvement of the nation's workforce system. Here are a few examples for question #2:

1. WIA does not go far enough to ensure effective responses to local/regional industry demand
    a. Lack of strategic involvement by business and industry are the result of bureaucratic policies that chase business involvement away from local workforce boards. As a result, industry is hesitant to support training initiatives.
    b. Overly restrictive departmental policies inhibit local workforce boards' response to upgrading critical skills under the Incumbent Worker Training program. IWT programs are ineffective as a result of bureaucratic policies and procedures. Early warning systems are based on after the fact occurrences in which it is often too late for public incumbent worker training programs to make a significant or positive difference.
2. WIA is not flexible enough and stifles innovation at the local level resulting in limited training activities
    a. Proactive workforce boards and their business service teams engage employers to determine their workforce needs. Employers require a job seeker with certain set of education, skills and experience. In order for actual labor exchange to occur a match between demand and supply often requires up skilling of the job seeker. Unfortunately, WIA limits the ability for the local workforce boards to transfer and consolidate WIA funds among Adult, DW and Youth, and it restricts access to WIA Title II and III funds to actually meet local conditions. In order to successfully prepare a job seeker, often from a special or disadvantaged population, it requires utilizing all the WIA funding sources, including Title II and III, to up skill the person for the job. The WIA funding silos create administrative burdens and road blocks that do more to deter innovation than encourage it. Locally, after years of working through multiple administrative entities (who all take their funding share of the money) we figured out how to operationally consolidate WIA Title I, II and III monies to create a vocational training Academy that prepares job seekers for in-demand regional jobs. In all we have cobbled together 13 different funding sources, including private and public sector monies. Eliminate the WIA titles and silos will be eliminated and an environment for flexibility will be created.
3. Restrictive Performance Standards inhibit long term career path and career ladder strategies supported by longer term training activities.
    a. The 17 Performance standards under the WIA not only further silo programs and services, but act as inhibitor to really demonstrate the full effectiveness of the One Stop Career System and its training programs. Furthermore, the standards restrict local areas to define suitability versus eligibility, leaving behind those who are most in need of services, who can benefit from our services and who are likely to climb career ladders to gain full economic self sufficiency. At the same time, the performance standards also impact the other spectrum of those who are less likely to find employment or experience earnings increases due to barriers which inhibit their access to services as staff are reluctant to enroll them into training services.
    b. As a result, the system is less likely to enroll participants into long term high demand career training areas.
4. WIA Youth Eligibility leaves many youth left behind and stops occupationally specific skill training critical to grow the local worker talent pipeline.
    a. WIA youth eligibility guidelines based on urban models do not necessarily align with the demands of the local levels. In rural areas, socio economic status based on the LLSIL(lower living standard income levels) poverty guidelines do not demonstrate most in need. As a result of limited intervention strategies, many disadvantage youth drop through system and ultimately become dependent on public welfare systems.

Mr. Hart's Response to Questions Submitted for the Record

Below are answers regarding Chris Hart's testimony on February 26 before the Higher Education and Workforce Training Subcommittee entitled, "Putting America Back to Work: Reforming the Nation's Workforce Investment System."

1. Please provide an estimate of how much savings in state and private dollars could be attained from the consolidation of federal workforce development programs and their administrative functions in the state of Florida.

The savings are indeterminate, but positive, as it will allow the most efficient use of available resources to address client needs. Consolidated programs will allow both unused funding and underused personnel (due to program restrictions) to be shifted to higher demand services. In addition, consolidation will result in a reduction of the administrative burden currently imposed on One-Stop Career Center staff by eliminating the need for duplicative personnel systems and eliminating other program management and reporting redundancies.

2. In your testimony you discussed the fact that Employment Service merit staff is hindering your state's flexibility to deliver services and further reduce administrative costs. Why is this a hindrance to the state of Florida, and what impact is it having on improving outcomes for job seekers?

The current restricted use of state merit staff employees is one of the major barriers to integrated services and administration associated with the multiple programs provided through the One-Stop Career Centers. Federal regulations restrict the use of state merit based staff to delivery of traditional labor exchange activities funded under the Wagner-Peyser Act. Florida has made great strides in restructuring its workforce service delivery system to move away from the programmatic and financial "silos" inherent in a fragmented delivery system and to achieve a truly integrated network of One-Stop Career Centers and services. The removal of this restriction will allow the state to more concretely integrate the delivery of services at its one-stop centers. The goal of such integration is better coordinated service delivery, which will result in better outcomes for job seekers. This is consistent with the USDOL's recent charge to integrate workforce system services. In addition, both WIA and Wagner-Peyser funded One-Stop Career Center staff provide core services, which are virtually indistinguishable as it relates to customer service. The special status of merit staff creates challenges to all One-Stop Career Center partners, to include morale and disciplinary problems due to disparate wages, hours, benefits and other working conditions for One-Stop staff who are essentially doing the same customer service work. Finally, elimination of dual payroll, human resources and related costs for maintaining two sets of overhead mechanisms will reduce overall administrative expenditures, thereby freeing up funds for additional services for employers and job seekers.

Raleigh, NC, April 5, 2013.

Hon. VIRGINIA FOXX, *Chairwoman,*
Subcommittee on Higher Education and Workforce Training, U.S. House of Representatives, 2181 Rayburn House Office Building, Washington, DC 20515.

DEAR REPRESENTATIVE FOXX: Thank you for the opportunity to testify before the Subcommittee on Higher Education and Workforce Training in February and for your introduction of the SKILLS Act. I am also very appreciative that you and members of your committee are allowing for more input regarding the needs of community colleges, as we have a great opportunity to do much good for many of our citizens.

I have attached to this letter the responses to the questions I received from you and Representative Hudson. If you need further clarification to my comments or have more questions, please do not hesitate to ask.

Again, thank you for this opportunity.

Sincerely,

R. SCOTT RALLS, *President,*
North Carolina Community College System.

CHAIRWOMAN VIRGINIA FOXX (R-NC)

1. Please provide some specific examples of where the lack of flexibility in the current workforce investment system has impacted local and state efforts to provide training services directly to job seekers and workers?

Response

The areas where many community colleges have difficulty with the Workforce Investment Act have been the limitations for contracting with Workforce Boards for class-size or cohort training, and the sequencing of services which can deemphasize job training as a workforce service under WIA.

Compared to the previous Job Training Partnership Act, a major WIA limitation is that it treats community colleges as just another education and training vendor, and does not provide the flexibility for direct contracting for the delivery of courses or full programs for multiple WIA participants. There are several disadvantages to this limitation. First, community colleges are typically closely engaged with employers and work with employers to develop specific training programs to meet their new hiring requirements. Consequently, if a large employer needed welders, previous JTPA workforce legislation would have allowed contracting whereby the college could develop a welding program for a group of participants through a contractual relationship with the Workforce Board. Under WIA, colleges may offer programs with their own resources and WIA participants may enroll in those programs and use their training vouchers to pay for their tuition or fees, but there is not the same flexibility for course-based contracting. This limits the occurrence of this valuable opportunity for connecting system participants with specific training that may provide coordinated, direct pathways to potential employment. The SKILLS Act would correct this limitation of the current Workforce Investment Act.

A second disadvantage of not having direct contracting is it limits the opportunities of providing services for a cohort of WIA participants. Our work on student success suggests the advantages of working with cohorts or groups of students because they identify with each other, develop relationships and in turn create their own mutual support networks. With a cohort of students, different programs and services can be organized collectively, such as our efforts in North Carolina to provide coordinated workforce development opportunities for students to gain an industry recognized credential, a career readiness certification, and employability skills training.

Finally, the Workforce Investment Act places education and training as the last potential intervention in a prescribed sequence of prescribed services. This has the effect of deemphasizing education and training as a workforce development service when the national skills gap issues suggest it should be prioritized. We have run into issues where Workforce Boards indicate that they do not have available resources for education and training services for individual training accounts when we believe it those services which would be most valuable and should be prioritized. The SKILLS Act would also correct this limitation of the current Workforce Investment Act.

REPRESENTATIVE RICHARD HUDSON (R-NC)

1. The Community College System in North Carolina is integral to the success of many people who are out of work. What areas can you identify that would allow for better communication between the job creators' needs and the community?

Response

In North Carolina as in other areas of the nation, community colleges are uniquely positioned at the front lines of workforce development and have direct contact with employers to meet their workforce needs. For example, each of our educational programs at our local colleges have employer advisory committees that meet regularly to ensure that our course and program objectives are consistent with employer demands. On a state basis, we also ensure employment engagement on statewide program changes, such as our recent statewide redesign of technical education programs or our current redesign of math programs, where we include business representatives of key industry sectors on the leadership teams for these statewide initiatives. In North Carolina, our colleges are supported to provide customized training for new and expanding employers, as well as employers making new investments in technology, which means that they not only know through data what job trends are occurring, but also have an intimate understanding of what potential employment expansions are being contemplated in their communities. Bottom line, community colleges in North Carolina and throughout the nation are the front line troops in addressing the skills gaps that limit economic recovery. Current WIA legislation does not recognize this unique role played by our nation's community colleges, in essence treating us like just another training vendor.

Stronger more integrated data systems at the Federal level would help in providing the type of information community colleges need, and policymakers desire, in determining both areas where services need to be targeted and the effectiveness

of workforce interventions. For instance, one of the areas Governor McCrory has expressed great interest is measuring and incentivizing programs that lead to jobs. However, it is problematic to do that because we do not have data sources that allow us to determine employment in fields trained. Most community college students work while in college, and our employment numbers following program completion are in turn very, very high, typically exceeding 95 percent. However, we are not able to delineate whether employment is in the field for which they were trained which limits accurate evaluation. We can discern what industry they may be working in, but that cannot substitute for the field, because for example, maintenance workers are employed in hospitals and hotels, and information technology specialists are employed in manufacturing companies. Bottom line, data limitations and access do create barriers to analysis.

2. What is the federal government doing right now that stands in the way of the North Carolina Community College System doing what it is exactly supposed to do?

Response

Data indicates that community colleges have been the most effective sector in keeping costs of college down and preventing the higher education "bubble." (For example, see data from the Delta Cost Project). However, this also means that per student expenditures at community colleges are vastly lower than those found at four-year colleges and often even at public schools. This has impact, particularly in providing programs needed in "job driver" areas such as health care (i.e., nursing, radiography and dental assistants, etc.) and technician programs (i.e., machining, maintenance, advanced manufacturing, HVAC, etc.) that have high costs, require smaller class sizes and where you have a middle-skills gap. The current WIA system does not provide for support of resources to community colleges for providing these needed programs. Tuition and fees, paid for through the Individual Training Account vouchers that WIA participants receive, support participation in community college programs, but frequently do not cover the costs. This is particularly the case in low tuition states like North Carolina, where tuition amounts to less than 25 percent of the cost of delivering the training. States that maintain low tuition should be encouraged to maintain those low tuition rates, with flexibility granted that allows them to use Federal funding to support community college costs for equipment and instructors in high cost areas where significant skill gaps exist. Otherwise, it creates a perverse incentive for community colleges to increase their tuition costs so that they can capture more of the actual costs of providing education and training programs. It also means that under current WIA funds can be used to support administrative overhead costs, when perhaps they could be more effectively used by states to support the costs of providing an effective training delivery network through their community colleges, absent an increase in tuition and fees.

There seems to be increasing recognition at the Federal level of the importance of investing in community college job training and education as evidenced by the competitive grants made available through the Department of Labor's Trade Adjustment Assistance Community College Training Grant Program. However, this investment should be incorporated into the nation's overall system for workforce development, not just provided as a temporary, add-on competitive grant program that does not reach the vast majority of community colleges.

3. How can the committee foster greater coordination and collaboration among federal, and North Carolina state and local workforce development programs, so that people like myself and our newly elected Governor, Pat McCrory, can work more effectively together?

Response

The committee should give greater credence to the role community colleges play as part of state and local workforce systems, and recognize them as such at the national level by deeming them as a central part of the nation's workforce development system, not just as another training vendor which essentially is what the Workforce Investment Act currently does. The previous Job Training Partnership Act was much better in recognizing the role of community colleges than the Workforce Investment Act,. Under the current Workforce Investment Act, there is too often a disconnect in too many places between community colleges and workforce boards because the federal legislation does not acknowledge nor really speak to the unique role played by community colleges, other than in regards to board inclusion. Consequently, when individuals at the Federal level refer to the workforce system, they may or may not incorporate community colleges, when at the state or local level, community colleges are almost always central players in the workforce system. Resolving this disconnect at the federal level with greater recognition of the national role of community colleges in the nation's workforce development infrastructure, I

believe, would be an important first step in gaining greater coordination and collaboration among federal, state and local officials and workforce development programs.

[Whereupon, at 12:05 p.m., the subcommittee was adjourned.]