

**THE FUTURE OF WORK: ENSURING
WORKERS ARE COMPETITIVE IN A
RAPIDLY CHANGING ECONOMY**

HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION AND
WORKFORCE INVESTMENT

COMMITTEE ON EDUCATION
AND LABOR

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

HEARING HELD IN WASHINGTON, DC, DECEMBER 18, 2019

Serial No. 116-49

Printed for the use of the Committee on Education and Labor



Available via the: <https://edlabor.house.gov> or www.govinfo.gov

U.S. GOVERNMENT PUBLISHING OFFICE

42-483 PDF

WASHINGTON : 2021

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C O N T E N T S

	Page
Hearing held on December 18, 2019	1
Statement of Members:	
Davis, Hon. Susan A., Chairwoman, Subcommittee on Higher Education and Workforce Investment	1
Prepared statement of	4
Smucker, Hon. Lloyd, Ranking Member, Subcommittee on Higher Edu- cation and Workforce Investment	5
Prepared statement of	6
Statement of Witnesses:	
Gattman, Ms. Nova, Deputy Director for External Affairs, Workforce Training and Education Coordinating Board, Olympia, WA	26
Prepared statement of	28
Harris, Mr. Seth D., J.D., Visiting Professor, Cornell Institute for Public Affairs, SE, Suite 310, Washington, D.C.	8
Prepared statement of	10
Markell, Mr. Brad, Executive Director, AFL-CIO Working for America Institute, Washington, D.C.	61
Prepared statement of	63
Paretti, Mr. James A., Jr., Shareholder, Littler Mendelson P.C., Treas- urer, Emma Coalition Washington, D.C.	41
Prepared statement of	44
Additional Submissions:	
Jayapal, Hon. Pramila, a Representative in Congress from the State of Washington:	
Report: Domestic Workers Bill: A Model for Tomorrow’s Workforce	82
Link: Future of Work Task Force 2019 Policy Report	99
Courtney, Hon. Joe, a Representative in Congress from the State of Connecticut:	
Sec. 4013 Extending Federal Pell Grant Eligibility of Certain Short- Term Programs	102

**THE FUTURE OF WORK: ENSURING
WORKERS ARE COMPETITIVE IN A
RAPIDLY CHANGING ECONOMY**

**Wednesday, December 18, 2019
House of Representatives,
Subcommittee on Higher Education
and Workforce Investment,
Committee on Education and Labor,
Washington, D.C.**

The subcommittee met, pursuant to call, at 10:18 a.m. p.m., in Room 2175, Rayburn House Office Building, Hon. Susan Davis [chairwoman of the subcommittee] presiding.

Present: Representatives Davis, Courtney, Takano, Jayapal, Harder, Levin, Omar, Trone, Lee, Bonamici, Adams, Norcross, Scott (ex officio), Smucker, Guthrie, Grothman, Stefanik, Banks, Walker, Comer, Watkins, Meuser, and Foxx (ex officio).

Staff Present: Ilana Brunner, General Counsel, Health and Labor; Emma Eatman, Press Assistant; Eli Hovland, Staff Assistant; Jaria Martin, Clerk/Special Assistant to the Staff Director; Katie McClelland, Professional Staff; Richard Miller, Director of Labor Policy; Max Moore, Office Aide; Banyon Vassar, Deputy Director of Information Technology; Rachel West, Senior Economic Policy Advisor; Courtney Butcher, Minority Director of Member Services and Coalitions; Akash Chougule, Minority Professional Staff Member; Dean Johnson, Minority Staff Assistant; Amy Raaf Jones, Minority Director of Education and Human Resources Policy; Hannah Matesic, Minority Director of Operations; Audra McGeorge, Minority Communications Director; Jake Middlebrooks, Minority Professional Staff Member; Carlton Norwood, Minority Press Secretary; Chance Russell, Minority Legislative Assistant; and Mandy Schaumburg, Minority Chief Counsel and Deputy Director of Education Policy.

CHAIRWOMAN DAVIS. The Committee on Education and Labor will come to order.

We want to welcome everyone this morning. Thank you so much for being here.

I note that a quorum is present.

The committee is meeting today for the last hearing of the decade to receive testimony on The Future of Work: Ensuring Workers are Competitive in a Rapidly Changing Economy. Really important

work that we are doing and, you know, it is telling that here we are trying to look into the future but dealing today with this issue.

Pursuant to Committee Rule 7(c), opening statements are limited to the chair and the Ranking Member. This allows us to hear from our witnesses sooner and provide all members with adequate time to ask questions.

I want to recognize myself now for the purpose of making an opening statement.

We are gathered today for the committee's second of three "future of work" hearings. These hearings provide committee members the opportunity to hear from experts and stakeholders and discuss how to provide all workers access to the tools, support, and protections needed to thrive in today's rapidly changing economy.

Today, we will discuss Congress' responsibility to address worker displacement by expanding access to lifelong learning and ensuring that American workers can remain competitive as the nature of work changes.

There are a wide range of factors that cause workers to become displaced. Recessions, trade, climate change, automation are just some of the reasons why Americans become disconnected from their jobs, their industries, or their workforce. Whatever that cause may be, nearly all displaced workers and their families face a common set of challenges. Financial hardship, poor health, and reduced life expectancy are common consequences for all displaced workers.

Workers who lose their jobs can also suffer lower and less stable long-term earnings and may become trapped in a cycle of low-wage, low-mobility jobs. Today, some 53 million workers age 18 to 64, or 44 percent of the workforce, have median annual earnings of \$17,950 per year. And research shows that over half of these workers will remain in this low-wage bracket even when they transition to another job.

Given the severe consequences of worker displacement, you might assume that we have a robust, integrated, and well-funded system to help workers build their skills and get back into the workforce, but, unfortunately, you would be wrong.

Although worker displacement is a familiar and ongoing challenge, our current policy response consists of a thin patchwork of programs and services that are poorly integrated and increasingly underfunded.

Federal investments in workforce training and employment programs have fallen behind other countries, and they continue to decline. We spend only about 0.1 percent of our GDP on workforce development programs, compared to an average of 0.6 percent in our peer industrialized nations. And while the U.S. labor force has grown by roughly half over the past four decades, Federal investment in workforce development has fallen by two-thirds.

At the same time, employers' investment in workforce training has also decreased. From 1996 to 2008, the percentage of workers receiving employer-sponsored training fell by 42 percent. Let me say that again. The percentage of workers receiving—this is from 1996 to 2008—the percentage of workers receiving employer-sponsored training fell by 42 percent. That is a staggering number to remember.

Lower skilled workers who could benefit the most from training often receive the least, as employers direct most investment toward workers who already hold high-skilled and managerial positions.

Adequate investment is not the only challenge. The existing patchwork of policies and programs makes it difficult for displaced workers to access the resources that they need.

Under the current system, eligibility for benefits and services is geared toward workers who have suffered only specific causes of displacement. Workers affected by trade receive the most support than others, and they would probably tell you that is also not adequate. The burden generally falls on the worker to prove the cause of their displacement and then find which programs or services they are eligible to receive.

As automation and other emerging trends continue to disrupt our economy in new ways, we must reshape workforce programs to help all workers at risk of displacement secure in-demand skills. Reskilling alone is insufficient to ensure workers can remain competitive. We must explore policies to proactively prevent displacement, enhance worker supports like career guidance, and promote lifelong learning.

Today, our witnesses will also help us discuss policies Congress could pass to ensure workers threatened by displacement are not left to fend for themselves. We know, for example, that we must substantially increase Federal investments in workforce development. And, in fact, the Council of Economic Advisers reported that the U.S. would have to spend \$80.4 billion more per year to match the average spending on workforce programs by our peer industrialized countries relative to GDP.

We also must make it easier for workers to locate the resources to transition between jobs or build new skills. Improving data collection methods and increasing credential transparency in our workforce system would be one good example, I think, that would match job seekers with employers, inform career navigation services, and help workers find sustainable career pathways.

We must build from what we know works, like Trade Adjustment Assistance Community College and Career Training, or TAACCCT grants, and expand career navigation supports.

And finally, Congress must ensure that resources for lifelong learning programs, which help workers access education and training opportunities, can be accessed by all workers and in all parts of the country.

While there is a cost to these actions, inaction would come at a far greater cost to working families. Well-prepared workers are better equipped to grow our economy and contribute to their communities. The bottom line is clear. Congress must invest in a system that brings workforce systems, employers, labor, and educators together to ensure the success of workers in the future.

I want to thank all of you again, thank our witnesses for being here.

And I now yield to the Ranking Member, Mr. Smucker, for an opening statement.

[The statement of Chairwoman Davis follows:]

**Prepared Statement of Hon. Susan A. Davis, Chairwoman, Subcommittee
on Higher Education and Workforce Investment**

We are gathered today for the Committee's second of three "future of work" hearings. These hearings provide Committee Members the opportunity to hear from experts and stakeholders and discuss how to provide all workers access to the tools, support, and protections needed to thrive in today's rapidly changing economy.

Today, we will discuss Congress's responsibility to address worker displacement by expanding access to lifelong learning, and ensuring that American workers can remain competitive as the nature of work changes.

There are a wide range of factors that cause workers to become displaced. Recessions, trade, climate change, and automation are just some of the reasons why Americans become disconnected from their jobs, their industries, or the workforce.

Whatever the cause, nearly all displaced workers and their families face a common set of challenges. Financial hardship, poorer health, and reduced life expectancy are common consequences for all displaced workers.

Workers who lose their jobs can also suffer lower and less stable long-term earnings, and may become trapped in a cycle of low-wage, low-mobility jobs. Today, some 53 million workers age 18 to 64 – or 44 percent of the workforce – have median annual earnings of \$17,950 per year. And research shows that over half of these workers will remain in this low wage bracket even when they transition to another job.

Given the severe consequences of worker displacement, you might assume we have a robust, integrated, and well-funded system to help workers build their skills and get back into the workforce. Unfortunately, you would be wrong.

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At the same time, employers' investment in workforce training has also decreased. From 1996 to 2008, the percentage of workers receiving employer-sponsored training fell by 42 percent. Lower-skill workers who could benefit the most from training often receive the least, as employers direct most investment toward workers who already hold high-skilled and managerial positions.

Adequate investment is not the only challenge. The existing patchwork of policies and programs makes it difficult for displaced workers to access the resources they need.

Under the current system, eligibility for benefits and services is geared towards workers who've suffered only specific causes of displacement – workers affected by trade receive the most support that others. The burden generally falls on the worker to "prove" the cause of their displacement and then find which programs or services they're eligible to receive.

As automation and other emerging trends continue to disrupt our economy in new ways, we must reshape workforce programs to help all workers at risk of displacement secure in-demand skills.

Reskilling alone is insufficient to ensure workers can remain competitive. We must explore policies to proactively prevent displacement, enhance worker supports like career guidance, and promote lifelong learning.

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We also must make it easier for workers to locate the resources to transition between jobs or build new skills. Improving data collection methods and increasing credential transparency in our workforce system, for example, would better match job seekers with employers, inform career navigation services, and help workers find sustainable career pathways.

We must build from what we know works, like Trade Adjustment Assistance Community College and Career Training, or TACT grants, and expanded career navigation supports.

Finally, Congress must ensure that resources for lifelong learning programs, which help workers access education and training opportunities, can be accessed by all workers, and in all parts of the country.

While there is a cost to these actions, inaction would come at far greater cost to working families. Well-prepared workers are better equipped to grow our economy and contribute to their communities. The bottom line is clear: Congress must invest in a system that brings workforce systems, employers, labor, and educators together to ensure the success of workers in the future.

Thank you, again, to our witnesses for being with us today. I now yield to the Ranking Member, Mr. Smucker, for an opening statement.

Mr. SMUCKER. Thank you for yielding.

Today, we are here to discuss the future of work and how Federal policies and Federal programs can help to ensure that workers can remain competitive in a rapidly changing economy.

There is a lot of good news here. American workers are benefiting from a strong economy ushered in by Republican pro-growth policies. Wages are on the rise. Jobs are being created, and unemployment is at a 50-year low.

Thanks to this thriving economy, displacement rates are lower than they have been in years. Numbers from the Bureau of Labor Statistics illustrate that job separations today are largely voluntary. However, displacement continues to occur, and it will be unavoidable as technology evolves and the skills needed to compete in the labor market change.

While we must acknowledge the problems associated with displacement and work to address them, our first step must be to help workers to acquire the skills and knowledge they need to get off the sidelines and into one of the millions of jobs that are open today across the Nation.

According to a 2018 survey of U.S. employers, nearly half of all job creators struggled to hire employees with the right skills for the job, which has led to 7 million unfilled positions throughout the country and a substantial skills gap that plagues our workforce.

Earlier this year, this committee heard from Daniel Pianko, co-founder and managing director of University Ventures, a company working to transform the pathway from higher education to employment. Pianko said in his testimony: "The skills gap is exacting a heavy toll on American families and institutions. It is impeding economic growth, promoting generational inequity, jeopardizing the American Dream, and creating real anxiety about the future of work."

Fortunately, we know that skills-based education, like apprenticeships, are proven to help address the growing skills gap that we currently face. That is why my Republican colleagues and I have taken steps to advance work-based learning opportunities, including further integrating our education and workforce development systems, so that we can provide workers with the skills necessary to fill those millions of unfilled jobs. These efforts will aid all workers, including displaced workers.

Thanks to the Trump administration, the Task Force on Apprenticeship Expansion is also working on solving the issues that put up barriers to entry and bureaucratic red tape for those who wish to develop apprenticeship programs. Specifically, the Task Force recommended giving businesses greater flexibility in their apprenticeship programs to meet the varying needs of different industries.

After all, employers know what skills their employees need best to excel in the workplace.

We should build on these successes by advancing policies that make it more attractive and easier to invest in workers. Rather than promoting policies that burden businesses and drive up costs, committee Republicans will continue to champion reforms that expand opportunities for flexibility, innovation, and entrepreneurship, to give workers and job seekers opportunities to compete successfully in the 21st century economy.

I want to thank the witnesses for coming today, and I look forward to hearing from each of you.

[The statement of Mr. Smucker follows:]

**Prepared Statement of Hon. Lloyd Smucker, Ranking Member,
Subcommittee on Higher Education and Workforce Investment**

Today, we are here to discuss the future of work and how we can ensure workers are competitive in a rapidly changing economy.

Here's the good news. American workers are benefitting from a strong economy ushered in by Republican pro-growth policies. Wages are on the rise, jobs are being created, and unemployment is at a 50-year low.

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According to a 2018 survey of U.S. employers, nearly half of all job creators struggle to hire employees with the right skills for the job, which has led to seven million unfilled positions throughout the country and a substantial skills gap that plagues our workforce. Earlier this year this committee heard from Daniel Pianko, co-founder and managing director of University Ventures, a company working to transform the pathway from higher education to employment. Pianko said in his testimony, 'The skills gap is exacting a heavy toll on American families and institutions. It is impeding economic growth, promoting generational inequity, jeopardizing the American Dream, and creating real anxiety about the future of work.'

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I want to thank the witnesses for coming today and I look forward to hearing from them.

CHAIRWOMAN DAVIS. I want to thank the gentleman for his statement.

Without objection, all other members who wish to insert written statements into the record may do so by submitting them to the Committee Clerk electronically in Microsoft Word format, usually within 14 days, but since we are meeting here and that falls on January 1, we will grant time up until January 6 at 5 o'clock.

I am pleased to recognize my colleague, Representative Jayapal, to briefly introduce her constituent who is appearing before us as a witness today.

Ms. JAYAPAL. Thank you, Madam Chair.

And I am so proud to welcome Nova Gattman from Washington State. Ms. Gattman is the deputy director for external affairs on the State's Workforce Training and Education Coordinating Board. She played a key role in coordinating and contributing to the State's Future of Work Task Force, which brought together business leaders, unions, worker advocates, academic experts, and elected officials. The Task Force just issued a very comprehensive report that I will be submitting for the record on the future of work.

Ms. Gattman was also the co-chair of Washington's National Governors Association Policy Academy on Work-Based Learning, which played a key role in launching Governor Inslee's Career Connect Washington Project.

I had the opportunity to work with Ms. Gattman when I was in the State Senate, and delighted to have your testimony here today. Welcome.

CHAIRWOMAN DAVIS. Thank you.

And I will now introduce the remaining witnesses. Seth Harris is an attorney in Washington, D.C., and a visiting professor at Cornell University's Institute for Public Affairs. Previously, he served as the Acting U.S. Secretary of Labor and a member of President Obama's Cabinet, by the way, and Deputy U.S. Secretary of Labor from 2009 to 2014.

James Paretti is a shareholder in the Washington, D.C., office of Littler Mendelson PC and a member of the firm's Workplace Policy Institute. He is also a member of the board of directors of the Emma Coalition and is testifying today on behalf of the Emma Coalition.

Brad Markell is the executive director of the AFL-CIO Working for America Institute and the executive director of the Industrial Union Council at AFL-CIO.

We appreciate all of you being here and look forward to your testimony. And I want to especially thank those of you who have traveled to be here with us today.

I want to remind the witnesses that we have read your written statements and they will appear in full in the hearing record. Pursuant to Committee Rule 7(d) and committee practice, each of you is asked to limit your oral presentation to a 5-minute summary of your written statement.

I need to remind the witnesses that pursuant to Title 18 of the U.S. Code, section 1001, it is illegal to knowingly and willfully falsify any statement, representation, writing, document, or material fact presented to Congress or otherwise conceal or cover up a material fact.

Before you begin your testimony, please remember to press the button on the microphone in front of you so that it will turn on and the members can hear you. As you begin to speak, the light in front of you will turn green, and after 4 minutes, the light will turn yellow to signal that you have 1 remaining minute. When the light turns red, your 5 minutes have expired and we ask that you please wrap up.

We will let the entire panel make their presentation before we move to member questions. And when answering a question, please remember to once again turn your microphone on.

I will first recognize Mr. Harris.

I would like to inform you that Ms. Wild and Ms. Schrier will be joining us at this hearing, Members from other subcommittees.

Mr. Harris.

**STATEMENT OF SETH D. HARRIS J.D., VISITING PROFESSOR,
CORNELL INSTITUTE FOR PUBLIC AFFAIRS, SE, SUITE 310,
WASHINGTON, D.C.**

Mr. HARRIS. Thank you, Madam Chair, Ranking Member Smucker, and Members of the subcommittee. Thank you for the opportunity to testify today. I will share some lessons I learned while overseeing the Labor Department's workforce development programs and leading the Department's response to the Great Recession and its aftermath.

Of course, economic catastrophes like the Great Recession are not the only causes of worker displacement. Trade and technology are also important. They have combined to shift employment growth from middle-skill occupations toward low-skill and high-skill occupations, but worker dislocation has many causes.

Workers face relentless change, which puts them at continual risk. Technologies, products, and services, markets, transportation systems, and capital investment all evolve, often unpredictably. But American workers' needs do not change. They always need sufficient income to support themselves and their families. They also need an opportunity to secure a place in the American middle class through hard work, if they are able.

Greater opportunities to acquire skills and knowledge will enable working people to respond to dislocations and change. Without those opportunities, middle-skill workers risk slipping out of the middle class, and workers in low-wage, low-skill jobs, who are most likely to cycle into similar jobs rather than moving to higher skill jobs, risk being permanently locked out of the middle class.

Unfortunately, the workforce development system struggles to help all who need it. It has a patchwork design. Programs serve only particular populations of workers: Dislocated, disadvantaged, ex-offenders, trade-affected workers, out-of-school-youth and others. Too many cannot find a place in any of those programs.

And even eligible workers are challenged, because the system is grossly underfunded. Since 2001, Congress has slashed funding for many programs. Hundreds of thousands more workers could have been trained if Congress appropriated at the authorized or fiscal 2001 levels for Workforce Innovation and Opportunity Act programs.

Inadequate funding also skews services away from job training. In the first quarter of 2019, only 12 percent of exiters and 19 percent of program participants in the WIOA Dislocated Workers Program received training services.

Here are four additional and fundamental challenges. First, learning while working is both expensive and demanding. Most workers have neither the time nor the money to pursue the credentials they need; second, the landscape of education and training credentials is complex, too complex for ordinary workers to sort out on their own; third, career pathways are difficult to navigate, and most workers get little guidance; fourth, workers do not have a guarantee in most instances that more education or training will result in a better job.

The failure to address these challenges has contributed to the disturbing fact that rates of upward income mobility in the United States, that is, doing better than our parents, have been cut almost in half over the course of two generations.

Let me suggest seven solutions. Solution one: Unions make a huge difference in education and training. More unions and union members would mean more skilled and knowledgeable workers with career pathways. By contrast, unregulated industry recognized apprenticeship programs will undermine successful registered apprenticeships and not increase success.

Solution number two: Let's stop pretending that workers can finance their own education and training. Congress must substantially increase appropriations for the WIOA programs and Pell Grants and open Pell Grants to those seeking nondegree credentials.

Solution number three: We must have flexible delivery systems that fit with workers' lives, but only if we can provide a style of education that fits their learning styles. Let's start a national dialogue about what workers need to succeed.

Solution number four: We need a radical transparency movement around credentials. Everyone must share their data about credentials and their outcomes. The U.S. Government should require public disclosure of these data.

Solution number five: We must aggressively expand the public workforce system's existing cadre of career navigators to help workers find their career pathways. Simply, we have evidence that it works.

Solution number six: We need labor market intermediaries that can help employers get organized to work with training providers. The Trade Adjustment Assistance Community College Career Training program was a success. You should re-create it.

Solution number seven: Let's break down the distinction between pursuing a labor market credential and pursuing an educational degree. Prior learning assessment and articulation agreements should be the rule, not the rare exceptions.

Those are my recommendations, Madam Chair. I look forward to your questions.

[The statement of Mr. Harris follows:]

**Testimony of Seth D. Harris
Former Acting U.S. Secretary and Deputy U.S. Secretary of Labor
House Education and Labor Committee
Subcommittee on Higher Education and Workforce Investment**

**Hearing – “The Future of Work: Ensuring Workers are Competitive
in a Rapidly Changing Economy”**

December 18, 2019

Chairwoman Davis and Ranking Member Smucker, thank you for the opportunity to share my views with the subcommittee about the future of work and America’s workforce development system.

I spent four and one-half years as the Deputy U.S. Secretary of Labor and the Labor Department’s chief operating officer, and six months as Acting U.S. Secretary of Labor and a member of President Obama’s cabinet. During that time, I oversaw the work of the Employment and Training Administration (ETA) and the Veterans Employment and Training Service (VETS). These agencies worked cooperatively with the leaders of other departments in the executive branch that fund and manage workforce development programs.

Perhaps most important, I led the Labor Department’s response to the Great Recession and the destruction wrought by irresponsible and corrupt behavior in the financial and mortgage markets and government’s failure to properly regulate those markets. Along with a more than 4 percent decline in gross domestic product, the recession’s destruction of capital and the resulting freeze in capital markets caused 8.7 million Americans to lose their jobs and drove the unemployment rate to 10 percent at its peak in October 2009, up from its pre-recession level of 5 percent. The recession would have been much deeper and the job loss more egregious absent Congress’ enactment of President Obama’s American Recovery and Reinvestment Act (Recovery Act), which stimulated renewed economic growth and commenced 110 months of private-sector job growth in the U.S. economy and counting. Leading during the Great Recession and its aftermath, and implementing the Labor Department’s portion of the Recovery Act, gave me first-hand experience with the policies and tools that were available and the limitations of the existing workforce system in responding to large-scale change.

The Labor Department played a central role working with Vice-President Biden, who successfully led the governmentwide Recovery Act implementation efforts. With tens of billions of dollars in added unemployment benefits and billions of dollars in additional workforce development funds, we served tens of millions of Americans with cash assistance, job placement

assistance, and job training to help Americans transition from jobs lost through no fault of their own that were never coming back. The Great Recession had lasting consequences, including shifting the mix of jobs in the American economy, and workers needed the Labor Department's help to adjust.

Of course, catastrophic economic events like the Great Recession are not the only ways in which workers are displaced in the American economy. Workers can lose jobs permanently due to any number of causes: climate change, outsourcing, employers' failure to provide flexible policies that allow workers to care for their own or family members' health crises, changes in product and service markets, firm and financial mismanagement, and occupational injuries or illnesses, among others. Trade and technological change are also important causes of displacement that tend to grab the headlines away from these other common causes that present many of the same challenges for workers and the American economy.

American workers and employers need a workforce development system that allows workers to transition from lost jobs to new jobs in their regional economies, in addition to helping those in poverty or trapped in lesser skilled jobs to climb into the middle class.

While I am speaking only for myself today, my views are informed by my experience in the Labor Department and, during the six years since my departure from government, as an advisor to providers in the education and workforce development community and as an observer of these programs.

Workers Need Help Even if There is No Technology-Driven Job Apocalypse

There are only two constants in the world of work and the American labor market. The first is change. Work-related technologies continue to evolve. New products and services are developed while existing ones are refined or abandoned. Markets for products and services adjust to the needs and desires of consumers and businesses as well as the exigencies of transporting raw materials, intermediate products, finished goods, services, information, and people around the world. Capital investment shifts from business to business and industry to industry in search of the best returns consistent with investors' risk tolerance.

The second constant is the American worker. Regardless of the time or town in which they live, American workers must have sufficient income and other resources (like health insurance) to support themselves and their families as well as an opportunity to secure a place in the American middle class through hard work, if they are able. Whether workers climb into the middle class from poverty or from out of the labor market (which is increasingly difficult, see my discussion below), or if they begin life in the middle class, the constancy of the change swirling around them means that workers cannot stand still. They must be able to progress if they are to remain economically secure.

More specifically, workers must have the ability to expand their skills and knowledge to respond to changes in their workplaces, their occupations, their industries, and the broader labor market. They must have an opportunity to secure better lives for themselves and their families. Without access to new skills, knowledge, and career ladders or lattices, workers risk displacement, losing their jobs and careers, and slipping or remaining locked out of the middle class.

This understanding of the future of work and American workers is quite different from the view propounded by some that the United States is at risk of a massive acyclical (i.e., outside the ordinary business cycle) loss of employment triggered by new technologies like artificial intelligence. I see no evidence suggesting such an event. America is at least four decades into a technology revolution that included the birth and massive expansion of the commercial internet. The internet and other developments, in turn, facilitated the globalization of production, labor markets, and product and service markets. In fact, it has been six decades since the invention of the shipping container, which radically changed the international trade in goods. At no point during these many decades has technology caused a huge acyclical decline in U.S. employment. Other than arm-waving and apocalyptic doomsaying, I have not heard any argument that satisfactorily explains why the future of technology and America's total employment will be radically different from our recent past.

Certainly, there have been large and painful dislocations. For example, during my time as Acting Secretary of Labor, I toured the Arcelor Mittal USA steelmaking plant in Cleveland, Ohio. Through robotics and machine-driven manufacturing, and after bankruptcies, the plant had reduced the number of unionized steelworkers it employed by three-quarters while productivity and production increased dramatically. This story of employment contraction, and worse stories of plant closures and the loss of entire workforces, have been repeated in communities across the United States over the past four decades. There have been predictions of similar dislocations in the future, for example, when autonomous vehicles become commonly available.¹ There is little question that globalization and technology can and do conspire to throw American workers out of their jobs. We should also acknowledge that involuntary job displacement tends to fall most heavily on already vulnerable workers and, as a result, contributes to significant racial disparities in unemployment.²

For the American labor market as a whole, these dislocations and other causes also have resulted in meaningful job polarization: employment has shifted from middle-skill occupations toward low-skill and high-skill occupations. According to a study for the Kansas City Federal Reserve Bank, the percentage of total employment in middle-skill occupations in the United States

¹ See, e.g., Erica L. Groshen et al., "Preparing U.S. Workers and Employers for an Autonomous Vehicle Future," (Securing America's Future Energy June 2018), available at <https://aworkforce.secureenergy.org/wp-content/uploads/2018/06/Groshen-et-al-Report-June-2018.pdf>.

² See, e.g., Heidi Kaplan, "Examining the Role of Job Separations in Black-White Labor Market Disparities," 2019 Federal Reserve System, available at <https://www.investinwork.org/-/media/Files/reports/examining-the-role-of-job-separations-in-black-white-labor-market-disparities.pdf?la=en&>.

dropped from 54.9 percent in 1994 to 43.1 percent in 2017. Meanwhile, the percentage of employment in high-skill occupations rose from 30.4 percent in 1994 to 39.2 percent in 2017, and the percentage in low-skill occupations rose from 14.7 percent in 1994 to 17.7 percent in 2017.³ In sum, workers' challenge of making progress to remain secure in the middle class has been made much more difficult as middle-class jobs have become harder to find. They face a meaningful risk of slipping into low-wage low-skill employment if they cannot acquire the skills and knowledge needed to keep them in the remaining middle-wage middle-skill jobs or to propel them into the growing number of high-wage high-skill jobs.

For the estimated 53 million Americans currently in low-wage low-skill jobs, the unfortunate reality is they are far more likely to cycle into another low-wage low-skill job than to secure a middle-wage middle-skill job. Skills development interventions can change this pattern and give workers a pathway into the middle class, especially if these strategies are fully inclusive of vulnerable and excluded populations, like racial and ethnic minorities, and carefully targeted to the local labor market and regional economic development opportunities, among other things.⁴

The Existing Workforce Development System is Neither Structured Correctly Nor Funded Adequately to Help Workers Meet the Challenges of Job Dislocation and Access to Middle-Class Jobs Throughout Their Careers

America's workforce development system should be a principal contributor to helping workers acquire the skills and knowledge they need and navigate career pathways. Unfortunately, the system struggles to serve this purpose for all the workers who need its help. It was patched together rather than planned and it is grossly underfunded. In particular, it does not have sufficient resources to provide desperately needed guidance about career pathways and skills development opportunities to all the workers who need it.

The workforce development system's patchwork design consists of a long list of programs dedicated to particular populations of workers. For example, within the Labor Department, ETA manages or regulates programs for dislocated workers, disadvantaged adults, disadvantaged youth, and workers displaced by disaster or emergency, as authorized by the Workforce Innovation and Opportunity Act (WIOA); disadvantaged youth in Job Corps; a variety of workers served by the American Job Centers and workforce investment board systems; any workers seeking help in the Wagner-Peyser public employment service program; ex-offenders in specialized programs; migrant and seasonal farmworkers in specialized programs; trade-affected workers under the Trade Adjustment Assistance (TAA) program; entry-level workers in selected industries enrolled in Registered Apprenticeship programs; and unemployed workers through the

³ Didem Tuzemen, "Job Polarization and the Natural Rate of Unemployment in the United States," Kansas City Federal Reserve (Mar. 2018), available at <https://www.kansascityfed.org/-/media/files/publicat/reswkpap/pdf/rwp18-03.pdf>.

⁴ Marcela Escobari et al., "Realism About Reskilling: Upgrading the career prospects of America's low-wage workers" (Brookings Institution Dec. 2019), available at <https://www.brookings.edu/wp-content/uploads/2019/11/Realism-About-Reskilling-Final-Report.pdf>.

nation's unemployment insurance system. VETS manages the Disabled Veterans Outreach Program (DVOP) and the Local Veterans Employment Representative (LVER) program. The DVOP and LVER programs provide added assistance to America's veterans through the American Job Centers and, in cooperation with the Department of Veterans Affairs, some other veterans-focused programs.

Workers who are not in the specified categories are not served by these programs. Workers ineligible for one program may be able to secure services from other programs, but large numbers of workers cannot find a place in any of these programs, including workers at risk of displacement in the near future who may not be currently unemployed.

In addition, even eligible workers are challenged to secure services from systems that simply do not have sufficient funding. According to a study by the National Skills Coalition, WIOA funding has been cut by 40 percent, Career and Technical Education funding by 29 percent, and Adult Basic Education funding by almost 15 percent since 2001.⁵ The NSC found that, if Congress had funded WIOA at *authorized levels* in FY2018, programs could have trained 150,000 more workers in 2018. If Congress had funded WIOA at *FY2001 levels* in FY2018, programs could have trained 540,000 more workers in 2018. The result is that many workers do not get the services they need and employers need them to receive.

A few examples will illustrate some of the problems in the design of the "system" we have backed into:

- A student seeking a college degree can be eligible for a Pell Grant. A worker seeking a non-degree credential cannot. As a result, adult workers who need a short-term credential to move into a new job may not be able to afford to attain that credential.
- The lack of resources in the public workforce system skews the services provided to workers *away from job training*. Lower cost basic career services are, out of necessity, favored over enrollment in more costly skills training programs because the system is grossly underfunded. Simply, this is the only way the system can provide *some* service to the people seeking its help. For example, in the first calendar quarter of 2019, only 12 percent of "exitors" and 19 percent of all program participants in the WIOA dislocated workers program received training services.⁶
- Some workers who can prove they lost their jobs due to trade can be eligible for a reasonably comprehensive package of benefits from the TAA program, including underutilized relocation assistance and wage subsidies. A worker who loses her job due

⁵ National Skills Coalition, *Investment in America's Workforce: A National Imperative for the 21st Century*, available at <https://nationalskillscoalition.org/federal-policy/body/CIAW-Invest-in-AW.pdf>.

⁶ Author's calculations based on Employment and Training Administration, U.S. Department of Labor, *National Quarterly Report-WIOA Dislocated Worker, PY 2018 – Qtr 3/31/19*, available at https://www.doleta.gov/performance/results/Quarterly_Report/2018/Q3/WIOA_Dislocated_Worker3_31_2019Rolling_4_QuartersNQR.pdf.

to poor management by her employer or changes in the product market will not receive TAA benefits, but might be eligible for a much thinner set of WIOA dislocated worker services. Further, the proof standards are high for TAA eligibility and overall spending on TAA is capped; so, even trade-affected workers who should be eligible may not receive TAA services.

- If a worker is eligible for dislocated worker services, she must compete with other workers for her local area's share of only \$1.25 billion appropriated for these services in Program Year 2019. Even with the lowest unemployment rate in 50 years, more than 200,000 American workers file an initial claim for unemployment benefits *every week*. Many may not need or qualify for dislocated worker services, but if even a small percentage do, \$1.25 billion will be spent much too quickly and some workers will receive no help or languish on waiting lists.
- Incumbent workers and workers whose skills, interests, or opportunities lead them to consider changing career paths are unlikely to find a federally funded job training program for which they are eligible.

The patchwork design and underfunding of the federally supported workforce development system are only two of the problems workers face. Please permit me to identify four additional and fundamental challenges that I believe this committee could help to address.

1. Learning while working is both expensive and demanding. Most workers have neither the time nor the money to pursue the credentials they need.

In families with limited resources, workers must support themselves, often their immediate families and, sometimes, even extended family. Yet, most workers' real wages have been stagnant for the past four decades. They are struggling to get by even without the added cost of education and training. For example, according to the Federal Reserve, forty percent of Americans would struggle to pay a \$400 emergency expense.⁷

Unlike categorical workforce development programs, community colleges generally accept workers into academic and workforce development programs regardless of the reason that causes them to enroll. However, according to the U.S. Department of Education's National Center for Education Statistics, the average total cost of tuition, fees, room and board rates for full-time undergraduate students in public two-year colleges exceeded \$10,000 in 2015-2016⁸ --- more than the maximum Pell Grant and more than many poor, working class, and middle class families can afford without accumulating significant debt, assuming they can qualify. As noted

⁷ Board of Governors of the Federal Reserve System, Report on the Economic Well-Being of U.S. Households in 2018 (May 2019), available at <https://www.federalreserve.gov/publications/2019-economic-well-being-of-us-households-in-2018-dealing-with-unexpected-expenses.htm>.

⁸ National Center for Education Statistics, Tuition Costs of Colleges and Universities 2016-17, available at <https://nces.ed.gov/fastfacts/display.asp?id=76>.

above, workers are not permitted to seek a Pell Grant unless enrolled in a degree program, so workers in workforce development programs face a greater challenge affording their studies.

Money to pay bills is not the only thing in short supply for working families. You often hear well-paid professionals like me jokingly say “time is money.” If you are an hourly worker in America, it is not a joke. It is literally true. Most workers have only a limited ability to take time away from earning money to seek credentials, skills, and knowledge. The opportunity costs are simply too high. This is especially true given that the current population of college students is the most diverse in history, including a large percentage who are older than 25 (37%), working while in college (64%), or parenting (24%).⁹ The cost of education and training *in addition to* the ordinary costs of living are simply too high for many poor, working-class, and middle-class families.

2. The landscape of education and training providers is complex --- almost certainly too complex for an ordinary worker to sort out on his or her own.

A recent report from Credential Engine estimates that the United States has at least 738,428 unique credentials across 17 separate subcategories.¹⁰ Given this huge volume of credentials, how are workers supposed to know which credentials will help them get a good job and which will not? How are workers supposed to know which credentials are “industry-recognized” --- the buzz phrase of the past several years? There is no public resource that will tell them. Yelp doesn’t publish reviews of all 730,000+ credentials. Credential Engine is hard at work on a process, but they are just getting started, and the critical indicator will be whether employers and workers put it to use.

Even more important, employers are rarely clear about which credentials they value, often because the employers do not know what competencies are certified by many of the credentials offered by education and training providers. Further, too many employers cannot clearly articulate what competencies they need or want. That is part of why employers tend to grossly *overvalue* bachelor’s degrees. While I am a strong advocate for universal college access and aggressive efforts to increase the college completion rate, some jobs do not require a four-year college degree, even if the employer makes the degree a requirement in its position description.

3. Career pathways are difficult to navigate and ordinary workers get little guidance.

Exacerbating the problem caused by the proliferation of credentials in our country is the confusion about which credentials can and should be stacked on top of one another to create a ladder to a better career. “Stackability” begins with a recognition that the acquisition of job-

⁹ Higher Learning Advocates, “101: Today’s Students” (Sept. 2019), available at <https://higherlearningadvocates.org/wp-content/uploads/2019/09/Todays-Students-101.pdf>.

¹⁰ Credential Engine, Counting U.S. Postsecondary and Secondary Credentials - A 2019 Report (Sept. 2019), available at https://credentialengine.org/wp-content/uploads/2019/09/Counting-US-Postsecondary-and-Secondary-Credentials_190925_FINAL.pdf.

related skills and knowledge can and should continue throughout many workers' careers and not be confined to their teens and twenties. Stackability also posits there are career pathways leading to success that can begin with almost any credential that will help an adult to get a first job producing an income. That income becomes the funding source for living expenses and, potentially, for additional training and credential attainment --- a certificate, a registered apprenticeship, a license, a further degree. With an additional credential or degree, the worker can get a better and higher paying job. With more money in their pockets, the possibility of a virtuous cycle emerges. Workers learn new skills and move up the career ladder --- either continuing into more senior-level roles or moving "horizontally" into a new career path. Over the course of their career, they continue to learn, getting as many credentials as they need to advance toward their goals.

Some people are fortunate enough to be born into families with resources that can support them while they pursue a degree or a credential, and perhaps more than one degree or credential. But for the families who do not have sufficient resources and for people who do not have family support, stackability appears to offer a means of building a career and cementing a place in the middle class. But sadly, that is not what has been happening.

Thomas Bailey and Clive Belfield of Columbia University used 2014-2015 data from the National Student Clearinghouse to provide some visibility into how few Americans have relied on stackability --- defined as acquisition of some education and training "award" including at least one non-degree credential. Bailey and Belfield estimated that only 3 percent of Americans receiving some kind of education and training award were building a skills and credentials "stack" that included a non-degree certificate or credential. Their analysis of data from the National Longitudinal Survey of Youth 1997 cohort was roughly consistent with the results from the NSC data.¹¹

One contributor to this disappointing result is that, after all the years during which the workforce development system and its advocates have touted career pathways, clearly articulated and well-developed career pathways are not common in the American economy. There are too few occupations in which a worker can start down a career path with a clear road map that will allow them to know where that path leads and what are the reliable rest stops along the way. There are some, even outside union-sponsored employer-funded registered apprenticeship, training, and upskilling programs. Nursing is a well-known example. Yet, the examples are less common than the counter-examples.

¹¹ Thomas Bailey and Clive R. Belfield, "Stackable Credentials: Awards for the Future?," CCRC Working Paper No. 92 (Apr. 2017), available at <https://ccrc.tc.columbia.edu/media/k2/attachments/stackable-credentials-awards-for-future.pdf>.

4. Workers do not have a guarantee in most instances that more education or training will result in a better job.

When it comes to something as important as their time, their careers, and their economic future, workers are usually pretty discerning, or at least risk averse. They will not invest in human capital acquisition unless they can be confident of a return on that investment. In fact, that is a very important reason registered apprenticeships are such a successful model: employers commit to hiring the workers who finish their registered apprenticeship programs. In other words, there is something like a guarantee given at the front-end of an apprenticeship paying less-than-full wages that the training will lead to a long-term job that will pay higher wages. That is a worthwhile investment for workers.

The same can be said of most employer-provided skilling and re-skilling programs. In most instances, although not all, an employer provides training because it will make the worker more productive or to facilitate a promotion or job transfer which drives more profit for the employer's bottom line. With a better match between skills and job, the worker should expect to earn more and have greater job security. That is also a worthwhile investment for workers.

Yet, too few education and training programs lead to a guaranteed or near-guaranteed return like a registered apprenticeship or employer-provided training. The exceptions are occupations for which there are high levels of excess demand, like nursing, welding, and various occupations around software engineering and coding, in which the market essentially guarantees a job.

I believe all these challenges in the American workforce development system, and perhaps others, have contributed to disturbing societal outcomes. Most important, rates of upward income mobility in the United States have fallen sharply since the beginning of World War II. According to an excellent study published by Professor Raj Chetty and several co-authors in 2016, the fraction of children who earn more than their parents fell from 92% among Americans born in 1940 to 50% among Americans born in 1984.¹² In other words, economic mobility in America -- doing better than our parents --- has been cut almost in half over the course of two generations. If the United States had a fully successful workforce development system, economic mobility would be greater than it is today.

Reforming the Workforce Development System to Benefit Workers and Employers

As I suggested above, I believe there are actions this subcommittee and Congress could take to help workers overcome many of these challenges.

¹² Raj Chetty et al., "The Fading American Dream: Trends in Absolute Income Mobility Since 1940," NBER Working Paper 22910 (Dec. 2016).

Solution #1 – Unions make a huge difference in education and training.

The success of registered apprenticeships and other labor-management training and job placement programs do not just happen to include unions. They are successful *because* of unions. The reasons are obvious:

- Unions raise wages and guarantee benefits, including a sufficient amount of time off for skills development and knowledge acquisition.
- Unions bargain with employers about investments in job training and career ladder development.
- Unions force employers to base their decisions about which workers receive training and promotions up career ladders, as well as disciplinary decisions, on facts and evidence rather than bias or personal preference.
- Unions participate in building job training programs that succeed because, if they don't succeed, their members will elect new leaders.

I can offer evidence based on my own experience working for the Seafarers International Union in the 1980s. The SIU is a union of merchant mariners. Young people from around the country, most of whom may not be prospects for traditional higher education, enroll in the Seafarers Harry Lundberg School of Seamanship in Piney Point, Maryland. The Lundberg School is run by the union and financed by the companies whose employees it represents. Most people just call it "Piney Point."

Piney Point offers a pseudo-military work-based learning model. Entry-level trainees are called "cadets." They wear uniforms and learn the basics of seafaring in context. After several weeks of training, cadets are placed by the union in an apprenticeship with one of their companies. They are paid union wages with full benefits. After shipping out in an apprentice-level position for some period of time, they can return to Piney Point to "upgrade" --- known in the workforce development world as "upskilling" or "reskilling." Many members plan their careers around upgrading opportunities at Piney Point. Then, with a new credential in hand, they know they can ship out in a higher-skilled, better paying job for another period of several months, and then return to Piney Point to earn another specialized credential.

Piney Point solves a lot of the challenges for SIU members that other workers encounter in the workforce development system:

- SIU members are not challenged by the cost of education and training or paying living expenses while training. Their employers pay the cost of their training by making per capita contributions to a fund for Piney Point. They also have jobs with union wages and benefits pursuant to a collective bargaining agreement that gives them both substantial financial resources and time off from work to pursue training.

- SIU members do not have to guess which skills and credentials to pursue. They know exactly what skills and credentials they need to make themselves more valuable to their employers. Their union and the employers with which it works have solved this problem.
- SIU members also do not navigate career pathways on their own. They had clear and well-established career pathways even before the phrase “career pathways” had been coined. Those career pathways have been married to a skills acquisition curriculum. As a result, SIU members know exactly how they can climb career ladders by acquiring well-defined competencies and credentials.
- SIU cadets and members know that, if they invest in skills development, it will result in a better job. Cadets make that investment when they enter Piney Point’s apprenticeship program and it pays off. Members make that investment when they return to Piney Point again and again to upgrade. Earning a credential at Piney Point is like putting money in the bank.

Most fundamentally, if job training is about upward mobility, then it is a core and necessary part of unions’ mission. Simply, if we had more unions and union members, we would have more workers able to access successful skills and knowledge acquisition programs to advance up well-defined and rational career ladders. Further evidence can be found in the building and construction trades’ apprenticeship programs and labor-management skilling, upskilling, and reskilling programs from the hospitality industry to the health care industry. For those who consider themselves budget hawks, labor-management programs are the best possible solution: taxpayers don’t foot the bill; employers and their unionized employees do.

By contrast, we will not have more success by watering down and undermining successful registered apprenticeships with unregulated and accountability-free Industry-Recognized Apprenticeship Programs. That’s a false solution in search of a problem.

One means of advancing this solution would be for Congress to enact the Protecting the Right to Organize (PRO) Act. The PRO Act would help to reverse the long-term decline in union density and give workers a free and fair choice to organize a union and bargain collectively with their employers about skills acquisition, career pathways, and many other issues. That is the promise of the National Labor Relations Act. The PRO Act will help us to achieve that promise.

Solution #2 – Let’s stop pretending that workers can finance their own education and training --- stackability or not.

We are not going to strengthen the middle class and improve economic mobility into the middle class by blaming the workers who are stuck in a system that makes it difficult for them to mobilize. The problem is not that workers are failing to exert enough effort or to make the necessary investments. You cannot invest money and time you do not have.

Employers and government must substantially increase their investments in workers’ skills acquisition. They also benefit: productivity increases, recruitment costs due to unnecessary

turnover decline, tax revenues rise as wages rise, and social insurance costs drop as the number of beneficiaries decline with more Americans earning a good living. If employers and government are going to reap a return from workers' skills acquisition, then they should be expected to make an appropriate level of investment.

One part of this solution would be to increase substantially the amount of funding appropriated to the WIOA programs and Pell Grants. Making Pell Grants available for those seeking non-degree credentials also would be an important step forward. But let me hasten to add that expanding eligibility for Pell Grants requires that Congress increase appropriations for Pell Grants. Otherwise, we are robbing Peter to fund Paul rather than providing skills and knowledge acquisition opportunities to both Peter and Paul.

Equally important, Congress should facilitate new funding models that will not pile on to the \$1.5 trillion student debt load that is already weighing down millions of American borrowers. I think public funding should come first, but I also find income sharing agreements between education providers and students to be an interesting alternative. We also have enough good evidence of the effectiveness of Lifelong Learning and Training Accounts --- 401(k)-like plans funded by workers, employers, and government that could be used by workers to pay for education and training opportunities --- that they should be made widely available. Representative Suzan DelBene and Senators Mark Warner and Chris Coons have proposed legislation --- the Lifelong Learning and Training Accounts Act of 2019 (H.R. 4017 and S. 539) --- that is pending in the Ways and Means Committee. It should advance as soon as possible with this subcommittee's support.

Solution #3 – We must have flexible delivery systems that fit with workers' lives, but only if we can provide a style of education that fits their learning styles.

Workers who are balancing work, family, and life need education and training programs that can accommodate their schedules, which often are unpredictable and beyond their control. The more flexible we can be, the better off they will be. We must also acknowledge, however, that asynchronous distance learning is not a panacea. I am a distance learning educator myself. In fact, it is entirely possible that someone somewhere is right now studying in the certificate program I co-created with eCornell, Cornell University's distance learning subsidiary.

Yet, not everyone can learn using distance methodologies. Further, some job skills --- like phlebotomy and welding, to name just two --- are difficult to deliver remotely, if only because of equipment needs. Rural areas and economically distressed areas face unique challenges with broad band and comprehensive access to the Internet. Without high-speed Internet access, distance learning is a recipe for frustration and failure.

I acknowledge that education and training providers cannot deliver customized courses to every student, but this subcommittee should encourage a dialogue with workers, students, and employers about what they need and how they can succeed. Unless we are going to pay people to

acquire more skills, which is where I would like the dialogue to begin, we need to focus on flexibility. Some providers may have already started that dialogue. The dialogue needs to expand across the country.

Solution #4 – We need a radical transparency movement in American workforce development.

Most workers and employers make their employment and other workplace decisions based on credentials --- that is, certifications that workers have acquired particular knowledge and competencies. I think we can agree that, if they are going to be this important, credentials should convey meaningful information. No one considering a credential should have to guess at *what* knowledge and *which* competencies it certifies.

How can we get this information? The solution is obvious: everyone in the workforce development ecosystem must disclose what they know.

- Employers should disclose the credentials they value and the credential providers they rely on. Simply cataloguing the credentials possessed by their incumbent employees would be a start. Publicly disclosing the competencies they need now and expect to need in the future would be even better. If employers were to come together by industry and establish a common taxonomy of competencies and credentials organized by occupation, that would be best of all.
- I am confident that the leading job search sites --- LinkedIn, Monster, Indeed, and others --- have valuable data, at a minimum, about the relationships between credentials and jobs. They should be enlisted in this effort, as well, probably by their employer-customers.
- Training providers, especially those receiving public money in any form, should be required to disclose to the public, in detail, the competencies their credentials certify and the list of employers with whom they have placed program graduates. If the providers' lists are different from the employers' lists, any agency providing government funding to those providers should launch an audit.
- Most important, the federal departments that fund the largest public education and training systems --- the U.S. Departments of Labor, Education, Veterans Affairs, and Defense --- should require every state to do what Washington state and several others have already done: match wage records to workers' credentials and degrees, and then publicly report which credentials lead to good jobs and good wages. I am told that Washington's public disclosure of this information has thinned the herd of credentials and credential providers, and that the web page containing this information has had millions and millions of hits. Let's take the hint and mandate this system nationally.

Solution #5 – We must invest aggressively in expanding and improving the existing cadre of career navigators within the public workforce system who can help workers figure out how to get where they want to go.

When I worked in the Labor Department, we hired Mathematica and several partners to conduct a gold-standard study of WIA's (now WIOA) adult and dislocated worker programs. The results were issued in May 2017.¹³ One of the clearest conclusions of that study was that intensive services work.

Intensive services --- which WIOA calls "Individual Career Services" --- include comprehensive assessments, job search assistance, development of career and service plans, one-on-one career counseling and case management, placement in work experience positions, and some short-term training. The gold standard study showed that providing these services increased earnings over a 30-month follow-up period by between \$3,300 to \$7,100 --- that was 7 to 20 percent per customer. That's a great start to upward mobility.

Impaq undertook three studies of the Labor Department's Reemployment and Eligibility Assessment or REA program beginning in 2008.¹⁴ REAs were an intervention in the unemployment insurance system. UI beneficiaries were provided with one-on-one interviews in person, which included a review of ongoing UI eligibility, provision of current labor market information, development of a work-search plan, and referral to reemployment services and/or training, as needed. The Impaq studies found that REAs helped workers find jobs more quickly and shortened spans of unemployment and the amount of UI benefits collected.

In FY 2015, Congress expanded the program to become Reemployment Services and Eligibility Assessments (RESEA) by authorizing states to provide additional services, including orientation to available services, development of an individual reemployment plan, career and labor market information, registration with the state's job bank and Employment Service, and appropriate job referrals and/or job search assistance. In other words, RESEAs are intensive services. To its great credit, Congress authorized ten years of appropriations for the RESEA program at meaningfully expanded levels in the Bipartisan Budget Act of 2018.

We know this intervention works. Congress has already made investments based on that evidence-based conclusion. The solution is clear: make the program universal. Every poor, lower-income, and middle-class worker --- every one --- should have ready access to intensive services, and not just when they are unemployed. Further, as a necessary part of these intensive services in this data-rich era, every worker should have ready access to high-quality, easy-to-

¹³ Kenneth Fortson et al., "Providing Public Workforce Services to Job Seekers: 30-Month Impact Findings on the WIA Adult and Dislocated Worker Programs." (Mathematica Policy Research May 30, 2017).

¹⁴ Marios Michaelides et al., "Impact of the Reemployment and Eligibility Assessment (REA) Initiative in Nevada," (Impaq Jan. 2012); Eileen Poe-Yamagata et al., "Impact of the Reemployment and Eligibility Assessment (REA) Initiative (Impaq June 2011); Jacob Benus et al., "Reemployment and Eligibility Assessment (REA) Study-FY 2005 Initiative-Final Report (Mar. 2008).

understand labor market information. I would put the public workforce system and public data resources at the center of this effort, but I would also include private entities like LinkedIn and other private vendors to offer the data insights and analyses they have developed.

Solution #6 – We need labor market intermediaries that can help employers get organized to work with training providers so the providers can marry curriculum to competencies and jobs.

When I was the Acting Secretary of Labor, I traveled the country distributing millions of dollars to community colleges that had won competitive grants under the Trade Adjustment Assistance Community College Career Training (TAACCCT) program. These grants --- \$2 billion distributed over four years in 256 grants awarded through four rounds to 630 community colleges and a total of 729 colleges and universities --- were essential to giving workers an opportunity to rebuild their careers and for employers to find the skilled workers they needed after the massive displacement and unemployment caused by the Great Recession. The purpose of the grants was to bring together community colleges, the public workforce system, and employers in local and regional industries to develop new programs and curricula that would train trade-affected workers and others in the skills and competencies required to fill in-demand jobs in their regions. Funding for TAACCCT grants expired in 2018.

The intermediary does not have to be a community college president, although they are an excellent option. It can be a union. It can be a four-year college dean or senior vice-president. It can be the local workforce investment board. It can be a mayor or a local, regional or state economic development agency. Someone must undertake the coordination and facilitation role and help all the involved parties to understand the benefits they will derive individually and collectively from working together. Then, this intermediary must help to build the plan and find the resources to fund that plan.

The Labor Department required third-party evaluation of the TAACCCT grants as part of a larger effort in the department during the Obama Administration to emphasize our commitment to evidence-based, data driven decision-making. A meta-analysis by the New America Foundation of the currently available TAACCCT grant evaluations found statistically significant evidence that the program successfully improved program completion, credential attainment, and employment outcomes for workers who completed those programs.¹⁵ With funding from the Labor Department, Abt Associates and the Urban Institute separately conducted a perspectives survey of employer participants and gleaned a long list of valuable lessons about how to approach, build, and sustain strong partnerships with business that were learned from the

¹⁵ Grant Blume et al., "Estimating the Impact of Nation's Largest Single Investment in Community Colleges Lessons and Limitations of a Meta-Analysis of TAACCCT Evaluations" (New America last updated Oct. 7, 2019), available at <https://www.newamerica.org/education-policy/reports/estimating-impact-taacct/>.

TAACCCT program.¹⁶ I understand that a nationwide impact study of the TAACCCT grant program is still forthcoming.

Our experience with the TAACCCT program tells us that the availability of competitive grant funding can catalyze local and regional intermediaries to step forward and forge the partnerships that are necessary to help workers, employers, and communities build successful workforce development programs. This committee should explore ways of re-creating this successful strategy.

Solution #7 – Let’s break down the distinction between pursuing a labor-market-credential and pursuing an educational degree.

The shortest distance between two points is a short distance. So, our goal should be to help workers who have acquired skills and knowledge *in any setting* to be able to use the skills and knowledge toward credential and degree attainment.

In particular, work experience and life experience teach us valuable lessons. Colleges should credit that experience just as they credit classroom and work-based learning. This committee can require Prior Learning Assessment --- that is, academic credit for life experience --- as a means of accelerating workers’ acquisition of two-year community college occupational certificates and two- and four-year college degrees. I was proud that the Labor Department’s TAACCCT grants promoted PLA. Every federal education and training grant should.

At the same time, this committee should require that articulation agreements between education and training providers are the norm for which there are very few exceptions. It is already hard enough for adult workers to take the time and spend the money required to participate in education and training. We should value all their investments by shortening their time to a credential or degree by crediting their prior educational experience wherever they pursue education and training.

Conclusion

I do not mean to suggest that these seven proposals will overcome all the challenges that workers and employers experience with skills and knowledge acquisition today. There are others. But these proposals should help to address some of the fundamental challenges I have described in my testimony. They would be a good starting place for your consideration of the reauthorization of WIOA and other legislation you will consider in the coming months and years.

My most important message today is that ensuring American workers have a sufficient opportunity to acquire the skills and knowledge they need to secure their place in the middle

¹⁶ Abt Associates and the Urban Institute, “The Employer Perspectives Study: Insights on How to Build and Maintain Strong Employer-College Partnerships Trade Adjustment Assistance Community College and Career Training (TAACCCT) Round 4 Evaluation,” DOL-ETA-14-F-00013 (Oct. 2018)

class is a serious challenge; however, it is a challenge we can overcome. It is a public-policy problem that is susceptible to public-policy solutions.

Finding those solutions is not the hard part. Gathering the will to implement those solutions is where the real challenge lies. I, for one, hope you will do it. And I offer my help in your efforts to get it done.

I look forward to your questions.

**CHAIRWOMAN DAVIS. Thank you very much.
And, Ms. Gattman.**

STATEMENT OF NOVA GATTMAN, DEPUTY DIRECTOR FOR EXTERNAL AFFAIRS, WORKFORCE TRAINING AND EDUCATION COORDINATING BOARD, OLYMPIA WA

Ms. GATTMAN. Thank you, Chairwoman Davis, Ranking Member Smucker, and Members of the subcommittee, for the opportunity to testify on behalf of Washington State's future of work efforts. My name is Nova Gattman. I am the deputy director for external affairs at Washington's Workforce Board.

Washington is often associated with large IT companies, like Microsoft or Amazon. However, Washington is an incredibly diverse State. IT is only our tenth largest industry sector in the State. Agriculture is actually our second largest export sector after aerospace. And one challenge that we face is that economic prosperity is not equally distributed.

Unfortunately, the jobs that are most likely to be automated are the same jobs that are most prominent in the rural areas in the State that are currently experiencing higher unemployment and lower wages. Washington is committed to addressing these disparities by increasing support for workers and building an economy that works for businesses, workers, and communities.

Our Future of Work report highlights that 65 percent of the jobs today's kindergartners will hold when they become adults do not exist today. And one critical aspect of preparing for the future of work are opportunities for career-connected learning. Governor Inslee's Career Connect Washington initiative envisions every student in Washington participating in career-connected learning. This program includes local grants to develop and build capacity in every sector and increased enrollment funding. Since 2017, 78,000 career-connected learning experiences have already been made possible through this work.

Additionally, our State passed legislation this year that would allow over 110,000 students to participate in higher education over the next 4 years, and this includes the student cost of participating in registered apprenticeship programs. Also of note, uniquely, our State's program has no age limits, and so this benefits not only an 18-year-old traditional student seeking a 4-year degree, but also a 45-year-old mid-career worker who is seeking retraining or upskilling opportunities.

In terms of Washington's public workforce development system, we are most successful when we can begin working with businesses and workers long before business shuts its doors or an individual seeks unemployment insurance. A significant challenge is that the current reactive system of Federal supports are primarily focused on identifying mass layoffs that qualify for funding.

To be effective as we prepare for the future of work, our systems must look towards anticipating and addressing sector shifts and identifying groups of workers at risk.

And now I would like to speak about Washington's Future of Work Task Force, which is staffed by our State's Workforce Board, and its policy recommendations. The Task Force included four members from the legislature, six from business, and six from labor. We were the first State in the Nation to convene a legislative task force focused on this topic.

The Task Force came up with five broad policy areas and 17 specific recommendations. These include: Enhanced worker training and lifelong learning opportunities; two, understanding and setting guidelines on deploying advanced technologies and starting with a State government workforce; three, examining how to modernize worker support systems to support the changing nature of work and increasing career mobility for many individuals; four, re-imagining career and credentialing pathways to allow for validation and comparison of the value of educational opportunities; and finally, deploying economic development resources to support small and midsize businesses, especially in our more rural regions.

Some key recommendations that might be of interest from those topic areas. First, incumbent worker training. The best way to ensure that our workers aren't being left behind is to ensure that they have the skills to grow with their employers and in their careers. Our incumbent worker training programs are popular with businesses, but the limited funds run out quickly. The Task Force recommends that we fund the unmet employer applications this year and supports a likely request for \$25 million for our State in 2021.

Lifelong learning accounts, or LiLAs, is another key strategy. LiLAs are portable employee-owned accounts that help pay for education and related expenses, with employers and employees both contributing to the accounts. Washington was one of the first States in the country to initiate a LiLA program, with the support of then-State senator Derek Kilmer, who is, of course, now your colleague, Representative Kilmer. One rural healthcare employer estimated that LiLA saved him over \$70,000 in retention costs just in the first year of using the program.

Another recommendation recognizes the role that libraries play in our communities as a hub for those with limited access to the internet or other resources, and calls for support to allow local libraries to provide access to training, education, and business development resources.

The Task Force also supports expanding the use of collaborative applied research, which pairs a business and its workers with a college or university to work together to develop new products or solve a business problem.

In conclusion, although our work was focused on developing the best future work policies to promote shared prosperity among the residents of Washington, I hope these recommendations can help serve as helpful blueprints for those of you here today.

Thank you for the invitation to share Washington's story, and I am happy to answer any questions.

[The statement of Ms. Gattman follows:]



U.S. House of Representatives – Higher Education and Workforce Investment Subcommittee

**Testimony of Nova Gattman
Deputy Director for External Affairs,
Washington State Workforce Training and Education Coordinating Board**

**Submitted to the Higher Education and Workforce Investment Subcommittee
of the Committee on Education and Labor
U.S. House of Representatives
Hearing on The Future of Work: Ensuring Workers are Competitive in a Rapidly Changing
Economy
December 18, 2019**

Thank you, Chairwoman Davis, Ranking Member Smucker, and members of the Subcommittee for the opportunity to testify on Washington State's future of work efforts. I am Nova Gattman, Deputy Director for External Affairs at Washington's Workforce Training and Education Coordinating Board.

Today, I would like to share with you a snapshot of the workforce and economy of my home state, some ways we are already preparing for the jobs of the future, and recommendations from our newly released 2019 report¹ by Washington's Future of Work Task Force.

Washington State's Diverse Geography and Demographics

For those of you who are less familiar with our state, the most prominent players that come to mind may be companies like Microsoft, Amazon, or Starbucks – all large companies known for their innovation in the technology world. However, Washington is incredibly diverse in both its industries and topography, and there is much more to our complex state than the technology sector alone.

On the left side of the Cascade Mountains, Washington boasts stunning forests and ocean along with our most populous cities and counties. Spanning right of the Cascades are desert and irrigated farmland that make up an expansive rural region. Both regions are critical to our state's economy and pose unique workforce challenges we must account for as we prepare for the future.

¹ Wilcox, J & McMurran, L. (2019) *Exploring and Developing Policies for Shared Prosperity among Washington's Businesses, Workers, and Communities*. Olympia: Workforce Training and Education Coordinating Board. <https://www.wtb.wa.gov/wp-content/uploads/2019/12/Future-of-Work-2019-Final-Report.pdf>



While Washington State is often associated with the Information Sector, which has the highest median annual pay at \$172,895, it is actually only our 10th most populous industry sector. Our leading industry sectors per capita include Government, Healthcare and Social Assistance, Retail, and Manufacturing. Agriculture typically is the second largest export category for the state (in terms of value), after aerospace. Our state leads the nation in the production of apples, cherries, hops, mint, and pears, and ranks second in grapes, onions, peas, potatoes, and raspberries.

One challenge we face is that economic prosperity is not equally distributed across these diverse regions and industry sectors. For example, the average annual pay in King County (home to Seattle, accounting for the largest share of Washington's population) is \$88,460 compared to \$47,933 outside of the Central Puget Sound. While unemployment can be as low as 2.7 percent in King County, some of our rural counties have experienced disproportionately high unemployment and poverty rates as compared to more populous ones, with unemployment rates as high as 9.6 percent and poverty rates as high as 28 percent². Additionally, even among the most prosperous areas of Washington, many people of color and those with lower education attainment levels still face higher barriers to success as the economy, workforce, and industries of our state evolve with changing technology.

Since taking office, Governor Inslee has committed to addressing these disparities by increasing support for all working people of Washington. Washington State is working to build an economy that works for businesses and workers alike, partnering with business to transition our workforce to meet the demands of the future. Our state has led the nation on advancing labor standards by passing landmark legislation for long-term care coverage, improving overtime protections, and taking action to limit non-compete clauses, among other efforts.

Most recently, Governor Inslee has targeted education funding to link Washington youth to career-connected learning opportunities that prepare them for high-demand, high-wage jobs. This year, the governor signed the Workforce Education Investment Act, one of the most progressive higher education investments in the country. With appropriations totaling \$375 million, and a nearly one billion dollar investment planned over the next four years, the act guarantees financial aid for more than 110,000 qualified students in Washington to attend college and registered apprenticeships for free or at a discounted rate. Washington is the first state in the nation to include the student costs of registered apprenticeships as an option for students who qualify for a financial aid program of this magnitude.

Uniquely, our state's program has no age limit. This financial aid can serve an 18-year old traditional student seeking a four-year degree, or a 45 year old mid-career worker seeking

² Statistics were calculated by the Washington Workforce Training and Education Coordinating Board using Public Use Microdata Samples (PUMS) from the U.S. Census Bureau, 2017 American Community Survey (5-year data).



retraining or upskilling opportunities to keep pace with technology changes in their workplace – making it a key tool to prepare our workforce for the future of work at any stage in life. In addition, the act also created and funded the Career Connect Washington framework, which I will briefly describe.

Career Connect Washington and the Washington College Grant

Today's economy and workplace has placed more demands on workers as the nature of work evolves at ever-increasing rates with the advent and implementation of new technology in the workplace. At the same time, market forces such as private equity buyouts of traditional brick-and-mortar stores, outsourcing, and international trade are compounding these technological challenges for workers. To remain relevant in this competitive environment, workers increasingly require new training and skills development or risk being displaced.

Our Future of Work report highlights that 65 percent³ of the jobs today's kindergarteners will hold when they become adults do not exist today. Given the disruption today's workers are likely to encounter throughout their careers given our rapidly changing economy, it's critical that we are preparing our young people with the capacity for critical thinking, creative problem solving, and experience applying what they learn from a workplace setting in their education. Washington is poised to prepare the next generation with key skills like these through Governor Inslee's new Career Connect Washington initiative.

The ambitious ten-year goal of Career Connect Washington is to ensure every student in Washington participates in career-connected learning. This is supported in four primary ways:

- 1) Providing **local grants** to develop career-connected learning programs like registered apprenticeship and paid internship opportunities, and build capacity in existing programs to scale up opportunities in every sector – from healthcare to information technology – to fit the unique needs of each Washington region.
- 2) Connecting and building on our community and technical college programs and career and technical education (CTE) programs in K-12 through **increased enrollment funding**, expansion of after school and summer school career-connected learning programs, dual credit fee waivers (the fee students or the school would normally pay to a college or university for the college credit received from a course), and other similar changes to make participating in these programs as easy as any other academic program in a school.

³ World Economic Forum. (2016). The Future of Jobs: The Future of Jobs, Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution. Geneva: World Economic Forum.



- 3) **Increasing awareness** among students of what opportunities are available for career-connected learning and **supporting businesses** that want to get involved.
- 4) **Coordination by a planning team** including government and education experts, labor leaders and members of the business community. In particular, guidance from a business leadership team representing diverse industry sectors helps to build buy-in among the business community and provide insight on policy implementation.

By the broadest count, since 2017, 78,190 career-connected learning experiences have already been made possible through this work, and at least 17 new employers have begun using registered apprenticeship.

Current Supports for Dislocated Workers and Mid-Career Upskilling Efforts

Washington's public workforce development system, or talent pipeline development system, includes the K-20 education system, registered apprenticeship and other credential providers, as well as the network of support services needed to ensure every Washingtonian has equitable access to, and the ability to benefit from, education and training. As a critical part of this system, the Washington Employment Security Department (ESD) administers a host of federal and state programs to help workers at various stages in their career, such as Unemployment Insurance, Workforce Innovation and Opportunity Act programs including the Dislocated Worker Program and Wagner-Peyser Employment Services Program, Trade Adjustment Assistance, Rapid Response Services, in addition to administering Washington's new Paid Family Medical Leave Program. These programs are particularly important to mitigate adverse impacts, such as eviction, loss of health insurance and food insecurity, that workers are at higher risk for when experiencing layoffs or dislocation from work for other reasons, and connect them with sustainable career opportunities.

Washington is an excellent place for business and for workers, which helps our state develop key relationships to best support dislocated workers. Our state has a strong partnership with organized labor, which helps ESD gather business intelligence and information directly from impacted workers to initiate contact with workers eligible for services as early as possible. One area where we take a unique approach is in Rapid Response events, which are triggered by potential layoffs. During these events ESD funds peer workers who are already receiving services to engage other employees being laid off, who are therefore able to gather information from someone in a similar situation first, rather than the employer or the state.

Another successful feature of our Rapid Response program has been increased employment contracts. This strategy employs statewide Rapid Response funds awarded through contracts to local Workforce Development Boards to improve dislocated worker participant outcomes, expand layoff aversion activities, and improve Rapid Response services for workers and



businesses. Several promising pilots in 2016 led to statewide implementation in 2017 and beyond. Preliminary implementation data suggests participant enrollments have increased by 69 percent, while participant employment two quarters after exit have increased by 78 percent.

We have found we are most successful in supporting the needs of our customers in the workforce system when we can begin working with them as early as possible – long before a business shuts its doors or an individual seeks Unemployment Insurance. For example, a mid-size drone supplier in rural southwest Washington was struggling to find the workforce they needed to expand their company. This was a region of our state with limited industry diversity and postsecondary education access. The company was considering a move out of state until the Workforce Board was able to approach them with funding through an upskill-backfill initiative, funded by Governor Inslee's Statewide Activities Fund from the Workforce Innovation and Opportunity Act. This project helped them to skill-up not only their current workforce, but this training led to an expansion of the plant, and plans to hire approximately 300 more workers from the area in the next year.

While our workforce development system seeks to be as proactive as possible in how we serve both workers and businesses, a significant challenge is the reactionary nature of the federal funding streams we use to serve workers facing displacement due to shifts in labor market.

The current system of federal supports we use to proactively intervene with workers and businesses upstream are primarily focused on identifying mass layoffs that qualify for funding, informing the effected group of workers, and providing assistance to avoid or mitigate mass layoffs and assist workers. Unfortunately, this means smaller layoffs and individual job losses due to rapidly evolving market changes and changes to technology do not receive the same support. To be effective as we prepare for the future of work, our workforce development systems – both at the national and state levels – must move beyond responses to single employers and look towards anticipating and addressing sector shifts and identifying groups of workers at risk. With a more intentional and proactive approach, our systems can provide more targeted worker supports to prepare workers to grow with their companies as they evolve in the future of work – rather than waiting to respond to mass layoffs.

Paid Family Medical Leave

Another way that Washington is leading the way to better support workers and employers in a rapidly changing economy is through the introduction of our Paid Family Medical Leave program. Building on the lessons learned from four states who introduced programs before us, Washington developed one of the strongest and most generous Paid Family and Medical Leave programs in the nation for both employers and employees. The key aspects of our program include:



- **Generous allotment of leave:** Washington has one of the most generous benefits of any Paid Family and Medical Leave program in the nation. Workers are allowed up to 12 weeks off for either family or medical leave, or 16 weeks if they experience both events in a given year.
- **Shared cost by employers and employees:** The program is funded by a small premium (0.4 percent of an employee's wage) that is shared by the employer and employee – similar to health insurance. Employees pay roughly two-thirds of the total premium while employers pay about one-third.
- **Higher wage replacement for lower-wage workers:** Other states with paid family leave found low-wage workers often could not afford to take the benefit because the wage replacement was too low. To address this effect, Washington made progressive wage replacement, where lower-wage workers receive a higher percentage of their income while on leave, is a cornerstone of the program. The average worker in Washington will receive up to 90 percent of their weekly wage when they take Paid Family and Medical Leave.
- **Portable benefit:** Paid Family and Medical Leave in Washington is portable – ensuring all hours worked, even across multiple jobs, count toward eligibility, and the benefit isn't lost if you change jobs.
- **Medical and family leave in one:** Washington State's program is the first Paid Family and Medical Leave program in the U.S. to be built without an existing temporary disability program in place – ensuring all workers have coverage for both personal medical and family reasons to take paid leave when they need to care for themselves or those they love.
- **Business Assistance Grants:** Available for medium-size business with 150 or fewer employees as well as for small businesses that choose to pay the employer share of the premium, these grants of up to \$3,000, ten times per year, help cover costs associated with an employee being out on leave, including paying overtime or the hiring of a temporary worker.

We are proud that workers will begin receiving benefits through Washington's Paid Family Medical Leave program starting January 1, 2020.

Washington's Future of Work Task Force

The future of work poses pressing questions for Washington's workforce, employers, and our state. In April 2018, Washington's Legislature and Governor Inslee established the Future of Work Task Force. Made up of four legislators, six business, and six labor leaders, the 16-member Task Force developed a set of policy recommendations to help Washington businesses and workers prosper together. On December 6 of this year, the Task Force released our report – the culmination of 15 months of research, stakeholder engagement, meetings,



events, and more – conducted by Washington Workforce Training and Education Coordinating Board staff and Task Force members.

Washington's Future of Work Task Force was a first in the nation project. It gave us, Washington's Workforce Board, and our many partners, the opportunity to explore the future of work as a policy idea in much greater detail. As part of this work, we engaged in an extensive literature review and found that most predictions indicate the future is not all about job elimination and robots – although there is clearly room for concern. A more likely future is one where technology changes some aspects of jobs – with the goal of freeing up humans for less-routine, safer tasks. However, the jobs most likely to be automated are the same jobs most prominent in the rural areas of the state that are currently experiencing higher unemployment and lower wages – a theme I will revisit.

Over the course of its work, the Task Force came up with five broad policy areas and 17 specific recommendations. I'll provide a description of these five policy areas, and then delve into more detail on a few that are most relevant to today's discussion.

- 1) Enhance worker training so employees can be upskilled as technology evolves, providing career advancement for employees, and enhanced productivity for employers.
 - In short, current workers need “upskilling” so they can stay on top of technology as it evolves, rather than being left behind.
- 2) Understand and set guidelines on deploying advanced technologies.
 - To better understand this, the Task Force has recommended that we review the state government workforce first to see how state employees use and adapt to new technology, with the long-term goal of developing a guide to best implement new technologies in a way that both serves business goals, but also supports the workforce.
- 3) Examine how to modernize worker support systems to support the changing nature of work for many individuals.
 - We need to examine how policies can better support workers who are increasingly mobile and ensure they receive the benefits they need while participating in a more nimble workforce.
- 4) Reimagine career and credentialing pathways for a workforce that needs access to short-term, employer-recognized training, but lacks a way to validate and compare the value of education opportunities without improved labor market data.
 - To keep our workforce prepared for the future we need to do a better job of compiling career and credentialing pathways—from short-term certificates to



four-year degrees and beyond. Even micro-credentials and badges can mean the difference between getting a job or being sidelined. However, we need to be able to sort and compare these education and training credentials so that both workers and employers know what skills and competencies to expect from these credentials.

- 5) Deploy economic development and other state resources to support small and mid-size businesses, create family-sustaining jobs in every region of the state, and ensure equitable access to those jobs.
 - We need to support more small and mid-size businesses, many of which are located in rural parts of our state, farther from our high-tech, urban hubs. Supporting these businesses can help communities thrive and keep more jobs in less populated areas where every employer and every job counts.

Job Quality

Washington has a strong labor community, with a union membership rate of to 19.8 percent of the total workforce in 2018 according to the U.S. Bureau of Labor Statistics⁴, and six leaders from that community had a significant presence on the Future of Work Task Force. While many of the previously discussed recommendations are rooted in supports and protections for workers, two discussions from the Task Force stand out as important to the role of workers as the jobs of the future take shape.

The Task Force spent a great deal of time deliberating over the concept of “job quality,” how to define it, and what it means as the nature and structure of employment changes in the future. From the idea of livable wages and benefits to the notion of how scheduling algorithms can cause disruption to workers, job quality covers many different issues. Other disruptive trends affecting worker and employer dynamics such as short-term, contracted work, and increased automation that impacts both worker productivity and autonomy, are also likely to remain a focal point for future job quality consideration. The Task Force determined this issue requires thoughtful policy review and a deeper level of exploration, including identifying promising practices across industry sectors.

Robots and software programs, fueled by advances in AI, are becoming increasingly proficient at performing an array of tasks more efficiently and accurately than the humans who created them. The collection and analysis of an immense and growing volume of data is providing new ways to conduct business and even understand human behavior. While these advances

⁴ U.S. Bureau of Labor Statistics. (2018) *Table 5. Union affiliation of employed wage and salary workers by state, 2017-2018 annual averages*. Retrieved December 16, 2019 from U.S. Bureau of Labor Statistics: <https://www.bls.gov/news.release/union2.t05.htm>



continue to fuel increased productivity and economic growth, these gains are often distributed inequitably and can result in job loss and reduced job quality if not carefully balanced. After extensive discussion on these topics, the Task Force came to agreement on two recommendations to position Washington State government as a leader in equitably balancing support of workers and use of advancing technology:

1. Perform a worker-impact audit on the selection and adoption of Artificial Intelligence (AI) and other advanced technology within Washington State government to address deployment of new technologies, worker engagement in the decision process, and equity in the workplace.
2. Upon completion of the state government audit, develop a methodology for assessing and evaluating advanced technology within state government building on the audit's findings including best or promising practices for engaging and supporting workers affected by technological changes to be implemented as standard practice in agencies.

What is clear is that advanced technologies are powerful, compelling, and present both challenges and opportunities. It's a pivotal moment for Washington policymakers, businesses, workers and consumers to deliberate thoughtfully about how to use these new technologies to serve Washington citizens productively, ethically, and responsibly – and I urge federal policy makers to do the same.

Now, I'd like to go back and elaborate on the first and last recommendation areas.

Comprehensive Worker Upskilling and Lifelong Learning

First – in the topic of comprehensive worker upskilling and lifelong learning, we have a number of recommendations to better support our workers as advanced technology, artificial intelligence, and automation become more prevalent in the workplace.

Incumbent worker training is a major component of our state's goals for preparing for the future of work. The best way to ensure that our workers aren't left behind as technology becomes more common in our workplaces is to ensure that they have the skills to grow with their employers and in their careers.

Our state's largest incumbent worker training program co-invests with business and workers on customized career training. The Job Skills Program, a dollar-for-dollar matching grant, is run through the State Board for Community and Technical Colleges and currently supports 39 projects this biennium in two completed quarterly funding rounds.

One great example of this partnership is McCain Foods, which is a food processing company based in rural eastern Washington. Using the Job Skills Program with the local Big Bend



Community College, they plan to serve 462 incumbent workers, and plan to hire 180 new employees in the next 12 months. This program is helping to ensure the success of a \$300 million expansion of the McCain Foods plant in Othello, Washington. New advances in manufacturing are creating new styles of work in this sector, which, in turn, require new and updated skills for employees, including stronger employability skills in math, science, communications, problem solving, teamwork, and customer awareness. The McCain Foods project featured upskilling of their current workers, including the technical skills needed to remain competitive with the updated technology in the plant, but also improving the leadership abilities of the workers.

Funding for this valuable program should be expanded, and the Workforce Board has asked for funds to fill the unmet employer applications for the upcoming year. Our long-term goal is to increase investments in incumbent worker training by \$25 million in the next biennium. The Task Force recommendation supports this request.

Another example in this policy area is the Task Force's recommendation to establish Lifelong Learning Accounts, or LiLAs. LiLAs are portable, employee-owned accounts that are designed to help pay for education and training expenses, with employers and employees both contributing to the accounts. They are administered by private financial institutions, community-based non-profits, or other non-government entities, and function like 401(k) plans, with employees making regular contributions that are matched by their employer. Washington was one of the first states in the country to initiate a LiLA pilot program, including the passage of state legislation sponsored by then state Senator Derek Kilmer, now Representative Kilmer. We were preceded by Maine in 2005. LiLA accounts could be used not only for tuition and training costs, but for a range of related expenses including, but not limited to, child care, books, and admission test fees. This is a critical component of the program, as workers and students often are balancing family responsibilities at the same time as their education, and these costs can often be the deciding factor between finishing a credential or degree or dropping out.

While LiLAs showed great promise, including employer reports of greater morale and lower turnover rates after their implementation, due to funding constraints brought on by the 2008 recession, the initial pilots could not be expanded. The report recommends funding the program for three to five organizations to re-start LiLAs, including support for scholarships to jumpstart the program, and the necessary counseling and career navigation services to best prepare the worker for their postsecondary goals.



Equal Access to Economic Development Resources Across Washington

Now, I'd like to highlight recommendations from the fifth policy area.

The Task Force members strongly believe that to ensure shared prosperity, we must support our businesses, particularly those small and mid-size businesses in rural areas. The lead recommendation in this area is to prioritize the use of economic, workforce, and community development resources spent by the state to support and generate family-wage jobs (an income level sufficient to support a family, including a dependent spouse and children) with a focus on rural vitality. The Task Force agreed that state-funded efforts to attract or retain business should be clear about the goal of creating family-wage jobs, and communicate this goal to prospective businesses looking to move to our state. To do this, economic, workforce, and community development policies must come into closer alignment. This could be done through the formation of a cross-agency work group to collaborate more effectively at state and local levels, including the establishment of a shared set of common goals and measures that can be used by economic, workforce, and community development sectors at both the state and local levels to make evidence-based decisions.

Additionally, being intentional in providing the right support to our rural areas was a critical piece of the Task Force's work. We learned some services are more of less beneficial to different groups or geographic areas, making additional flexibility critical to allow local areas to build the right service structures to meet the needs of their communities.

The Task Force also encourages continued investment into rural broadband – Washington invested \$21 million into this strategy in the last legislative session, and we hope to continue that work in future years. The availability of broadband opens the door to residents in more rural areas to access online resources such as job training and business development services.

Another recommendation recognizes the role that libraries play in our communities as a hub for those with limited access to the internet or other resources. The Task Force calls for pilot projects to serve underrepresented populations with access to training, education, and business development resources in public libraries, which can help fill in gaps as we work to extend our reach in broadband availability and better access to services.

The Task Force also recommends the use of Collaborative Applied Research – which pairs a business and its workers with a college or university to work together to develop innovative new products or solve a business problem. Collaborative Applied Research is successful because workers, faculty, and students engage together in the research. The benefits to the collaborators go far beyond the results of the research. Faculty are able to keep their knowledge up-to-date and transfer that knowledge to their students. Student researchers experience real-world applications of their classroom learning. Workers are recognized for their



knowledge and experience in their field, and their skills stay relevant to the trajectory their employer is taking—and they may even help define that trajectory.

The Task Force report calls for the creation of one or two pilot projects (one focused on the manufacturing sector) that utilize this model, with the goal of expansion to more areas and industries in future years.

Finally, our fifth recommendation would reinstate a State Office of Employee Ownership, which was cut during the recession. Task Force staff conducted extensive research on employee ownership, and businesses with employee ownership are more successful, generate greater income, wealth, retirement funds, and benefits for employee owners, regardless of race, gender, ability, and zip code⁵.

Further, employee ownership would help to address issues of business owners who would like to retire but have no one to purchase the business. In 2019, there were 57,730 baby boomer-owned businesses in Washington, employing 571,420 employees, and generating \$112.5 billion in sales⁶, according to research from Project Equity. With 60 percent of these owners planning to sell their business in the next decade, and only 15 percent having a succession plan in place, there is significant potential for negative economic consequences. This is particularly true for small and rural communities less able to withstand the ripple effects of losing a significant local business.

The office would provide outreach and support to businesses and workers about the value and technical aspects of employee ownership, and link them with financial institutions to help finance this changeover where needed.

If we've learned one thing from the Future of Work project, it's that we're all in this together—business, and labor, and communities—big and small. Although our Task Force was focused on developing the best future of work policies to serve the residents of Washington, I hope these recommendations can serve as helpful blueprints for other forward-looking states, and federal policy makers like those of you here today.

By working toward a shared prosperity for businesses, workers, and communities, I am confident we can keep on thriving long into the future.

⁵ National Center for Employee Ownership (NCEO). (2017). *Employee Ownership and Economic Well-Being*. Oakland, CA: National Center for Employee Ownership (NCEO).

⁶ Project Equity. (2019). *Small Business Closures Washington State*. Retrieved September 10, 2019, from Project Equity: <https://www.project-equity.org/communities/small-business-closure-crisis/washingtonstate/>



Thank you for the invitation to share some of our work in Washington exploring how to ensure our state is better prepared to address the challenges and opportunities of the future of work. I'm happy to answer any questions.



Washington's Future of Work Task Force Policy Recommendations

Comprehensive Worker Upskilling and Lifelong Learning	<ol style="list-style-type: none"> 1. (a) Support the Workforce Board's request for additional funding for incumbent worker training. (b) Extend the State Board for Community and Technical Colleges (SBCTC) Customized Training Program. (c) Establish a requirement for a worker-management oversight body for each awardee of state incumbent worker training funds. (d) Add and evaluate new outcome metrics on the Job Skills and Customized Training programs. 2. Remove the six-credit eligibility requirement from the Washington College Grant program for students co-enrolled in High School+ and I-BEST who do not have a high school diploma or equivalent. 3. (a) Fund the Lifelong Learning Accounts (LiLA) program, where employers and employees jointly fund an employee-owned educational savings account, as written in state statute (RCW 28C.18.180). (b) Provide funds to establish a career and education counseling network to support LiLA account holders and other workers who are planning for professional development and economic opportunity.
Use and Adoption of Technology in the Workplace	<ol style="list-style-type: none"> 1. Perform a worker-impact audit on the selection and adoption of Artificial Intelligence (AI) and other advanced technologies within Washington State government. 2. Develop a methodology for assessing and evaluating advanced technology within state government.
Improved Labor Market Data and Credentialing Transparency	<ol style="list-style-type: none"> 1. Extend and utilize the Workforce Board's <u>Career Bridge-Credential Engine</u> project on credential transparency and competency-based credentialing as a learning laboratory among the higher education community. 2. Add a new occupation data field to Unemployment Insurance Wage Reports, provided by employers for each W-2 employee.
Modernized Worker Support System	<ol style="list-style-type: none"> 1. Analyze the impact of existing worker benefit and protection structures, and provide recommendations to better support workers as the nature of work changes.
Equal Access to Economic Development Resources Across Washington	<ol style="list-style-type: none"> 1. Prioritize the use of state-funded economic, workforce and community development resources to support and generate family-wage jobs, with a focus on rural vitality. 2. Continue funding rural broadband efforts and seek out similar initiatives that may constitute best practices in other areas of the nation. 3. Enlist libraries to become greater hubs for community training, credentialing, and entrepreneurship/small business development. 4. Fund the development of accessible collaborative applied research (CAR) models that will bring two- and four-year college faculty and students together with small and midsize businesses and their workers to invent or adopt new technology or processes. 5. Reinstate a state office of employee ownership.

CHAIRWOMAN DAVIS. Thank you very much.
Mr. Paretto.

STATEMENT OF JAMES A. PARETTI JR., SHAREHOLDER, LITTLER MENDELSON P.C., TREASURER, EMMA COALITION, WASHINGTON, D.C.

Mr. PARETTI. Chair Davis, Ranking Member Smucker, Members of the subcommittee, good morning, and thank you for the opportunity to appear before you. My name is Jim Paretto. I am a shareholder in the law firm of Littler Mendelson, and a member of the board of directors of the Emma Coalition. My testimony here this

morning is solely on behalf of the Emma Coalition, not my firm or any of its clients.

The Emma Coalition is a nonpartisan 501(c)(3) corporation dedicated to the preparation of the American workforce for technology-induced displacement of employment, or what we call TIDE. We seek to bring together businesses, trade associations, labor, academic institutions, and policymakers to address the challenges and opportunities presented by TIDE that our workforce is already facing.

We believe that with proper preparation, employers and workers can thrive in TIDE; but if they do nothing, TIDE will overwhelm them.

Now, I am often asked, what does Emma stand for? In Washington, everything is an acronym. Well, Emma is not a what but a who, and she is the 8-year-old granddaughter of Michael Lotito, one of my partners and the president and co-founder of the Emma Coalition.

More than that, Emma represents the next generation of our workforce. Each of us in this room today has an Emma, and we owe it to all of them to ensure a skilled and prepared workforce so that all Emmas will be able to succeed.

The National Restaurant Association is also a co-founder of the Emma Coalition. The restaurant industry comprises over 1 million restaurants and outlets nationally, employing 15.3 million employees, roughly 10 percent of the U.S. workforce. Given that one in three Americans get their first job in the restaurant industry, it is at the epicenter of TIDE, and the NRA is helping its members meet its challenges. I discuss some of the ways in which it is doing so in my written testimony.

Respectfully, the question of whether TIDE will fundamentally reshape our workforce is no longer before the subcommittee. That ship has sailed. The questions now before you are when, how, and to what extent these changes will come and, most important, what can we do to prepare for them?

A few key points. First, the speed at which TIDE is changing the workplace is exponentially faster than any we have seen before. This is perhaps the most striking way in which this industrial revolution differs from the ones that have come before it and why we at Emma believe a response is urgent.

Second, disruption caused by TIDE will affect everyone, regardless of class, race, geography, age, or industry, but its impact will be felt by some individuals and in certain sectors more than others.

Third, while we might assume that only blue-collar or lower skilled occupations will be impacted by TIDE, it is clear that white-collar jobs in banking, accounting, healthcare, law, other industries will also face disruption.

Finally, while the disruption caused by TIDE may be unsettling, TIDE need not be wholly negative, and in the long run, is likely to have an overall positive effect on the labor market. That is, if we take steps to ensure that our workforce is prepared.

I am excited to be here this morning alongside the Washington State Task Force on the Future of Work. We welcomed the release of their report earlier this month, and we believe that Washington State's recognition that the time for action is now should serve as

a model for other States and localities in facing the challenges of TIDE. We are doing everything we can to put that out there.

Another group with whom we are working is America Succeeds. America Succeeds supports a national network of nonpartisan, business-led policy education toward improving—I am sorry, committed to improving public education and creating a culture of life-long learning.

In the 21st century workplace, it is no longer simply the three Rs that count. Our students must also master the four Cs of critical thinking, creativity, communication, and collaboration. We look forward to working with America Succeeds in their efforts.

We are convinced that data analytics will be crucial in responding to TIDE. We need to determine how we can use data to identify, at a granular level, which jobs are most susceptible to displacement, what jobs are likely to replace them, what skills are necessary for success in these new jobs, what sort of up-skilling is necessary to close the gap, that delta, and how do we effectively deliver what will enable displaced workers to succeed. We are actively exploring ways with data vendors to do so.

The need for workers throughout their careers to be dynamic will be paramount. We believe the concept of financial incentives for lifelong learning shows promise, as you have heard. Currently, we provide tax-favored ways to set aside money at the end of our careers through 401(k)s and IRAs, and at the start of our careers through tax-deferred savings for college. We at Emma believe we should explore the effectiveness of providing similar benefits for workers throughout their careers.

Finally, we need a national strategy. The U.S. is woefully behind in responding to the complex and interrelated issues raised by TIDE, and many view our lack of engagement not only as a matter of economic security but is one of national security. Compared to other countries, our efforts have been lagging, at best, but we are pleased and hope that today's hearing is an important first step.

At the end of the day, we know that TIDE will dramatically transform our workforce. The challenges ahead are great, but the Emma Coalition firmly believes that so are the opportunities. We stand ready to work with you, and I welcome any questions you may have.

Thank you.

[The statement of Mr. Paretto follows:]



U.S. HOUSE OF REPRESENTATIVES
COMMITTEE ON EDUCATION & LABOR
SUBCOMMITTEE ON HIGHER EDUCATION & WORKFORCE INVESTMENT

**THE FUTURE OF WORK: ENSURING WORKERS ARE
COMPETITIVE IN A RAPIDLY CHANGING ECONOMY**

TESTIMONY OF JAMES A. PARETTI, JR.
SHAREHOLDER, LITTLER MENDELSON, P.C.
MEMBER, BOARD OF DIRECTORS, THE EMMA COALITION
ON BEHALF OF THE EMMA COALITION

www.emmacoalition.com

DECEMBER 18, 2019
WASHINGTON, DC

INTRODUCTION

Chairwoman Davis, Ranking Member Smucker, and Members of the Subcommittee:

Good morning, and thank you for the opportunity to appear before you today. My name is Jim Paretti. I am a shareholder in the law firm Littler Mendelson, P.C., and a member of the firm's Workplace Policy Institute. I am also a member of the Board of Directors of the Emma Coalition, and it is in that capacity that I appear before you this morning. As such, my testimony this morning is solely on behalf of the Emma Coalition, and not on behalf of my firm or any of its members or clients.¹

The Emma Coalition² is a non-partisan, non-profit 501(c)(3) corporation dedicated to the preparation of the American workforce for the Technologically-Induced Displacement of Employment, or what we call the Coming Tide™. The Coalition seeks to bring together small and large American businesses; the organizations that represent them; representatives of organized labor; nonprofit, research and academic institutions; and federal, state, and local policymakers to address the challenges—and opportunities—presented by the dramatic changes presented by automation, robotics, and artificial intelligence that our workforce is already facing. It is the Emma Coalition's view that with proper preparation, employers and their workers can ride and thrive in TIDE. Conversely, without proper preparation, TIDE will overwhelm them.

The Coalition was co-founded by my law firm and the National Restaurant Association. The National Restaurant Association is the nation's leading business organization for the restaurant and foodservice industry. The restaurant and foodservice industry comprises over one million restaurants and

¹ Significant portions of the research and background supporting my testimony are drawn from a white paper prepared by Littler's Workforce Policy Institute in support of its work on the Emma Coalition, available at https://www.littler.com/files/wpi_at_report_2.pdf. I am indebted to my co-authors Michael J. Loito, Matthew U. Scherer, and David C. Gartenberg for their work on that paper and its use in my testimony today. I am also profoundly grateful to Shannon Meade, the Vice President for Public Policy and Legal Advocacy of the National Restaurant Association and Executive Director of the Emma Coalition, for her subject matter expertise and contributions to this testimony.

² www.emmacoalition.com

other foodservice outlets, which employ 15.3 million employees—approximately 10 percent of the U.S. workforce. Restaurants are job creators and the nation’s second-largest private-sector employer, and 1 in 3 Americans get their first start in the restaurant industry. Most relevant to today’s hearing, given those statistics and demographics, restaurants and foodservice are at the beachhead of TIDE, as automation has dramatically begun to reshape the industry. The efforts NRA and its members are making to prepare themselves and their workers are discussed in further detail below.

BACKGROUND: THE COMING TIDE IS HERE

The question of *whether* automation and artificial intelligence will fundamentally reshape our workforce is no longer before policymakers—those trains have left the station. The questions that *are* now before the Subcommittee, Congress, and other policymakers are, when, how, and to what extent these changes change will come, and, perhaps most important, what can we do to ensure that we are prepared for them. To lay the groundwork for the Emma Coalition’s efforts through strategic collaborations and promising policy possibilities, it is first necessary to understand the breadth and depth of TIDE as it rolls across our workforce.

The Staggering Depth of TIDE. There is no sign that TIDE will abate or recede; rather, every indication is that it will continue to accelerate. According to the most recent data from the Robotic Industries Association, in 2018 35,880 robots were shipped to the United States, Canada, and Mexico, a 7% increase over 2017. Almost half of these shipments were to non-automotive companies—an increase of 41% over the prior year. At the same time, robot purchases in the consumer goods sector rose 50% in 2018. Nationally, in the United States, robot shipments increased by more than 15%. The only sector that saw major falls in robotics purchases was the automotive industry, which saw a 30% decrease in robot shipments in 2018—hardly a surprising development, given that the manufacturing sector in general, and

the automotive industry in particular, was already more automated than most other sectors before the most recent developments in AI and robotics.³

Quantifying the scope of the impact of the rising TIDE, in January of this year, the Brookings Metropolitan Policy Program issued a report entitled “Automation and Artificial Intelligence: How Machines Are Affecting People and Places.”⁴ Consistent with prior findings by the McKinsey Global Institute, Brookings found that jobs that involve predictable, physical, and cognitive tasks are the most vulnerable to displacement by automation; perhaps not surprisingly, these are most often positions that already pay the lowest wages. In contrast, the jobs Brookings found to be least threatened by automation are those requiring a bachelors’ degree and a series of non-routine and “softer” skills:

Among the most vulnerable jobs are those in office administration, production, transportation, and food preparation. Such jobs are deemed “high risk,” with over 70 percent of their tasks potentially automatable, even though they represent only one quarter of all jobs. The remaining, more secure jobs include a broader array of occupations ranging from complex, “creative” professional and technical roles with high educational requirements, to low-paying personal care and domestic service work characterized by non-routine activities or the need for interpersonal social and emotional intelligence.⁵

At the same time, it is important to note that in many instances, the displacement of some jobs by automation will result in the creation of new and different jobs. Those numbers are harder to quantify. Some studies project that 85% of all jobs that will exist in 2040 have not yet been created, which, while striking, seems a reasonable conclusion. After all, could you imagine explaining to someone in 1985 what a social media manager or web designer does for a living?

³ Chloe Taylor, *A record number of robots were put to work across North America in 2018, report says*, CNBC, Feb. 28, 2019, available at <https://www.cnbc.com/2019/02/28/record-number-of-robots-were-put-to-work-in-north-america-in-2018.html>.

⁴ Mark Muro, Robert Maxim, & Jacob Whiton, *Automation and Artificial Intelligence: How Machines Are Affecting People and Places*, Brookings Metropolitan Policy Program (January 2019), available at: https://www.brookings.edu/wp-content/uploads/2019/01/2019.01_BrookingsMetro_Automation-AI_Report_MuroMaxim-Whiton-FINAL-version.pdf.

⁵ *Id.* at 5.

It is evident that TIDE will disrupt virtually every sector of the economy, and have impacts that will be felt by every participant in the global labor market. But can we predict more accurately where and by whom the impact of TIDE will be felt most deeply?

TIDE Will Impact All, But Not All Equally. The disruption caused by TIDE will affect everyone, regardless of class, race, geography, age, or industry. However, while TIDE may affect everyone in some way, its impact will be felt by some individuals and in certain sectors more heavily than others. Analyzing the who and where of the TIDE's impact provides insight into the broad challenges it presents.

Given the nature of the skills that separate the jobs more vulnerable to automation from those less so, many experts believe that automation risks exacerbating income inequality unless stakeholders can work together with the specific objective of addressing the employment disruptions of automation.⁶ In addition to TIDE's likely disparate impacts based on socioeconomic class, the unequal effects of TIDE also implicate issues of race and nationality. Black and Hispanic workers, for example, are over-represented in the occupations most susceptible to automation, raising concern that the use of AI may exacerbate racial inequality.⁷

On the other hand, some expect that the rise of automation and AI will actually narrow at least one facet of economic inequality—the gender-based wage gap. Insofar as jobs that are expected to be most immune to TIDE are those requiring the “human touch” and emotional intelligence, skills such as self-awareness, self-regulation, empathy, social skills, and creative problem solving will be valued at a premium.⁸ Given that women historically have been overrepresented in jobs requiring such skills, some expect that the

⁶ *Id.* at 4.

⁷ *Id.* at 9.

⁸ See Lee Rainie & Janna Anderson, *The Future of Workjobs and Job Training*, at 38 (2017).

rise of AI may actually benefit women at the expense of men. In other words, “it is quite possible the age of AI will belong to women.”⁹

The Geography of TIDE. In terms of the geographic areas most prone to automation, the potential impact of TIDE varies (albeit perhaps not dramatically) across regions and states. According to the Brookings Institute, the state estimated to have the highest automation potential, Indiana, at 48.7%, is only marginally more prone to automation than the lowest-ranking state, New York, at 42.4%.¹⁰ That said, it is possible to identify state and regional trends, which may assist in preparing for and responding to these changes.

In the United States, the highest-risk states are largely those in the heartland and Rust Belt, where large percentages of the workforce are employed in labor-intensive manufacturing and transportation industries. In Indiana, Kentucky, and South Dakota, the average automation potential for jobs exceeds 48%. Conversely, Maryland, Massachusetts, and New York have the lowest automation potential, with an average projected automation rate of less than 43.5%.

Moreover, it is possible to predict regionally and even within states where automation and the impact of TIDE may be greatest. A more granular look at the data reveals that the Toledo, Ohio; Greensboro-High Point, North Carolina; and Lakeland-Winter Haven, Florida top the list of U.S. Metropolitan Areas where jobs are most at risk from automation, while Washington DC, New York/New Jersey, and San Jose/Sunnyvale in California are the areas facing the least risk.

Impact by Industry: Not Only Blue Collar. In terms of specific industries, jobs such as cooks, servers and truck-drivers—jobs that consist largely of predictable physical tasks—are exactly the type to face the most disruption. Increasingly, chain restaurants have shifted to self-ordering machines, and others are

⁹ Sarah O'Connor, *The robot-proof skills that give women an edge in the age of AI*, Financial Times, Feb. 11, 2019

¹⁰ Automation and Artificial Intelligence, *supra*, at 90.

experimenting with robot-assisted kitchens to actually prepare and serve food.¹¹ Autonomous vehicles can replace short-haul delivery drivers, and major retailers are preparing to open cashier-less stores in the near future (does your grocery store or pharmacy not have self-checkout lanes?). But the impact on the blue-collar workforce does not tell the whole story. While it is tempting to assume that only traditionally low-wage or blue-collar occupations will be impacted by TIDE, developments in AI increasingly suggest that this will not be the case. White-collar jobs will also face disruption.

Across the globe, the banking industry is grappling with the AI revolution and what it means for their workers and their customers. In Spain's second-largest bank, only 10% of its last 10 billion interactions with human customers were human-to-human; the remaining 90% were human-to-machine. In the accounting industry, the Big Four are focusing on increasing the technology skills of accounting professionals, including courses on robotics process automation, advanced data analytics, and machine learning. Professional associations in the industry, like the American Institute of CPAs and the Institute of Management Accountants, are likewise offering training and certification to help accountants navigate the increased role of AI and technology in the modern accounting practice.¹²

In the healthcare industry, the role of artificial intelligence continues to be hotly debated. Will its primary effect be to replace human workers? Or will AI instead complement them, making their skills more effective and their use of time more efficient? The former camp notes that at least one study found that artificial intelligence systems that analyzed the medical records of 600,000 hospital patients were, in some cases, able to diagnose their conditions as accurately as doctors did.¹³ Already today, "smart" hospital beds automatically monitor health statistics, and transmit information to nursing stations. Autonomous robotic carts are capable of delivering meals, surgical equipment, and supplies to the hospital floor.

¹¹ Matt O'Brien, *Chefs and Drivers Beware: AI Is Coming For Your Jobs*, U.S. News, Jan. 24, 2019.

¹² Amanda Iacone, *Bots, Data and AI—All Part of Retraining the Big Four's Workplace*, Bloomberg Government, Feb. 14, 2019.

¹³ Cade Metz, *AI Shows Promise Assisting Physicians*, N.Y. Times, Feb. 11, 2019.

At the same time, many point to the healthcare industry as the paradigm of AI enhancing workers' skills, freeing up their time for more complex duties or for tasks that require personal, human-to-human interactions. Robots assist surgeons in the operating room—not eliminating the need for surgeons, but instead allowing them to perform delicate surgery more safely and effectively. Automated pill boxes can detect whether they have been opened, and whether pills have been taken—alerting patients, and ultimately, their caregivers, when patients appear to have missed their medication. In each instance, AI does not simply replace a human worker, but rather requires a different set of skills.

The Positive Impact of TIDE. It is critical to recognize that while the prospect of disruption caused by automation and AI may be unsettling, it does not need to be wholly negative. Many economists find that automation will likely have an overall positive effect on the labor market, leading to economic growth, reduced prices, and increased demand. In the long run, automation may also lead to the replacement of labor-intensive, low-paying jobs with better jobs—assuming steps are taken to ensure that potential employees are prepared for these jobs. Employers appear to be getting this message, but progress has been gradual. Employers are not yet confronting these issues with the urgency they demand, as we enter an era where the need to continue a focus on retraining and “upskilling” could not be greater.

Some companies have managed to adopt automation without reducing—and sometimes even while expanding—the size of their workforce. For example, Axon, which manufactures and sells cartridges for Tasers, started transitioning to using robots to assemble the cartridges ten years ago. This factory automation was wildly successful, and the company has nearly doubled in value, and at the same time nearly tripled its workforce. Axon is an example both of the benefits to employees of automation, and also of the premium in taking strategic, early action to prepare for TIDE and implement automation and AI appropriately.

As discussed further below, the need to examine and replicate successful case studies such as Axon's will be of critical importance in preparing for TIDE. Exploring and fostering these innovative solutions, and bringing together businesses, workers, policymakers, regulators, educators, and everyone else with a stake at the table is central to the mission of the Emma Coalition.

THE EMMA COALITION

Launched in the fall of 2017, and incorporated as a non-profit, non-partisan 501(c)(3) corporation earlier this year, the Emma Coalition is an employer-focused, non-partisan group dedicated to educating the employer community and policymakers about the issues surrounding the TIDE, and maximizing the economic and social benefits of the TIDE for America's companies and workers while minimizing its disruptive costs for workers and companies. The Coalition is directly engaging policymakers, educating them on the importance of confronting TIDE and attempting to shape policy through thought leadership and advocacy. In addition, the Coalition is engaging with employers themselves to establish recommended practices and create training programs designed to provide employers with workers possessing the skills needed to compete in the post-TIDE economy. Our hope is to begin with an industry-wide model, and from that develop a scalable "template" for addressing TIDE's impact on every worker and every employer.

The Emma Coalition is here to partner with public and private stakeholders to coordinate the best response to TIDE, whether it involves educating a politician about the importance of TIDE, planning and implementing for a reskilling or upskilling program, or negotiating a public-private partnership. At the Emma Coalition, we believe that collective action is the only way to effectively tackle this issue.

Who is Emma? Emma is the 8-year-old granddaughter of Michael Lotito, one of the co-founders of the Coalition. For Emma—and for the millions of children she represents—our goal is to face TIDE head-on. Each of us has an Emma. For all of the Emmas of the world, it is our job to forge new and innovative ways of ensuring a skilled and prepared workforce, so as to ensure the next generation will be

ready throughout their lives to meet the challenges such awesome technology will bring. Only in that way can we ensure a prosperous, long-term future for all Americans.

Efforts of the Emma Coalition to Address TIDE. In its first year of formal existence, the Emma Coalition has been actively exploring a range of possible solutions for the issues presented by TIDE, and has worked in tandem with others seeking to ensure that students, workers and workforces are able to adapt to this paradigm shift.

Washington State Task Force on the Future of Work. Foremost, the Emma Coalition is excited to participate here this morning alongside the Washington State Task Force on the Future of Work. Over the last year we have had the opportunity to work closely with the Task Force and its staff on a number of initiatives relating to increasing workforce opportunity, and welcomed the release of its landmark report earlier this month. While I will leave discussion of the substance of that report to my distinguished colleague from the Task Force, we do believe that the steps taken to get to there—namely, a recognition by the state legislature that the time for preparation is now, and action in pursuit of that goal—should serve as a model for other states and localities in facing the challenges of TIDE. The Task Force pulled together public and private partners to engage in an exhaustive analysis of the state's economy, workforce, and current systems, so as to be able to deliver concrete recommendations for worker training, the use of advanced technology, innovative career and credentialing pathways, and statewide, robust economic development. The Coalition endorses Washington State's forward-thinking call to action,¹⁴ and encourages other states to follow suit. In the weeks to come, the Emma Coalition will be using its resources to disseminate the Task Force's work to federal, state, and local leaders around the country.

America Succeeds. I would also take this opportunity to bring to the Subcommittee's attention another group with which the Emma Coalition is exploring strategic partnerships, America Succeeds.

¹⁴ Emma's endorsement of the Task Force's report may be found at: <https://www.emmacoalition.com/news/>.

America Succeeds is founded on the belief that businesses have the obligation, opportunity, and capacity to foster greater student achievement, build an educated workforce pipeline, and protect future economic vitality. America Succeeds seeks to engage business leaders as education champions. As the Emma Coalition does, American Succeeds believes that as employers, innovators, and investors in the future, business leaders have a vested interest in improving schools: companies rely on talented employees and thoughtful customers to achieve success. Leveraging their knowledge, resources, and unique influence, business leaders can help to drive forward ambitious, aggressive, and comprehensive education reforms. America Succeeds supports a national network of non-partisan, business-led policy and advocacy organizations committed to improving public education, including six state affiliates as well as a variety of partners committed to amplifying the business voice across the country. In its recent report entitled the “Age of Agility,”¹⁵ America Succeeds issues a call to action to business leaders, educators, students, and workers to invest and adopt new ways to ensure that a culture of lifelong learning is established in the earliest years of education, and continued throughout. In the 21st century workplace, it is no longer the “three Rs” that count—we must also make sure our students are mastering the “four Cs” of critical thinking, creativity, communication, and collaboration. On February 25, 2020, America Succeeds will host a forum on education innovation in Seattle, Washington, focusing on the next phase of its initiative, the fostering of “Agile Educators.” The Emma Coalition looks forward to engaging with America Succeeds in bringing the success of its state-based model to states across the country.

State, Local, Regional Partnerships. The Emma Coalition recognizes that the challenges for workforce development are different depending on the region, state, and in some instances, the municipality. For that reason, the Coalition has focused heavily on cultivating relationships and seeking solutions at the state and local levels of government. In the state of Arizona, for instance, we are in

¹⁵ Available at: <https://ageofagility.org/report>.

discussion with a nationally recognized research and teaching university to determine how best to partner toward our shared goals of workforce skill development. We are having these same discussions with the state governor's office.

Similarly, in southwest Oregon, we have recently begun to explore the possibility of a pilot project in conjunction with business, the local Workforce Development Board, and a community college to develop a model for identifying skills necessary to upskill or retool, and an effective local model for delivering the training necessary to these skills.

In each instance, it is our hope that these partnerships will be the most effective in tailoring and piloting solutions to TIDE geared to the specific needs of the state or region, its workforce, and its industry profile. In addition to these initiatives, the Emma Coalition is examining—and urges the Subcommittee to examine—promising policy solutions, in both the private and public sectors.

Workforce Data Analytics. The Emma Coalition is convinced that workforce data and data analytics will be crucial in responding to TIDE. To that end, we are exploring partnerships with firms that collect and analyze workforce and labor force data. Our mission: to determine how we can use data analytics to identify at a granular level—by industry segment, geography, experience, and otherwise—which jobs are most susceptible to automation or displacement by AI; what are the jobs likely to replace those positions; what are the skills necessary for success in the displaced position as compared to a newly-created position what is that delta, and what sort of upskilling is needed to close the gap; and finally, how do we effectively deliver the skills training and education necessary to enable workers to move from displaced positions to new ones. The Coalition is actively exploring a number of joint ventures toward piloting such a data- and evidence-driven program.

Economic Incentives for Lifelong Learning. While there are many areas of uncertainty surrounding TIDE, one message seems increasingly clear: Already now, and increasingly in the future, we must change

the paradigm of how we educate students and workers. In too many instances and industries, gone are the days where a terminal degree or certification would ensure that an individual is provided with the skills they need to ensure continued opportunity throughout their working lifetime. Rather, the need for workers throughout their careers to be dynamic—or agile, as our colleagues at America Succeeds would say—is paramount. The willingness, and hopefully, eagerness, to evolve, adapt, and upskill will be critical. For many, economic barriers and access to resources will inhibit that progress. In addition to the WIOA-based solutions discussed by others here today, we encourage policymakers to consider simple, individualized, and accessible solutions. One area we believe shows promise is in the concept of financial incentives for lifelong learning. In the House and in the Senate, numerous proposals have been floated around the idea of “Lifelong Learning Accounts” or “LiLAs.” While proposals may differ in the details, the fundamental underpinning of each is to use the Internal Revenue Code to provide for tax-favored means of putting aside resources for education, training, and development. Currently, we provide tax-favored ways to set aside monies at the end of our careers through 401ks and IRAs, and at the start of our careers through tax-deferred options to save for college. The Emma Coalition endorses the principle that we should explore the effectiveness of providing similar benefits for workers *throughout* their careers.

AI Preparedness. The United States is woefully behind in developing a strategy to address the complex and interrelated issues raised by artificial intelligence and TIDE. Indeed, many have viewed our lack of engagement not only as a matter of economic security, but as one of national security. Other nations—most notably, China, Japan, and Germany—have invested billions of public dollar in initiatives to ensure that they are on the vanguard of the AI revolution. To date in the United States, our efforts have been lagging at best.

There is cause for optimism, however. Because TIDE represents a nationwide and distinctly nonpartisan challenge, there is some hope that even in the current fractured political climate, the importance of meeting the TIDE head-on will bring legislators from both sides of the aisle together to forge a path

toward a solution. A promising start may be found in H.R. 827, the “Artificial Intelligence Job Opportunities and Background Summary Act of 2019” (the “AI JOBS Act”). Enjoying broad bipartisan support, the AI JOBS Act would direct the Secretary of Labor, in conjunction with stakeholders, educational institutions and other agencies, to report to Congress on:

- The specific data necessary to properly analyze the impact and growth of artificial intelligence (and the availability of such data).
- Those industries that are projected to have the most growth in artificial intelligence use, and whether the technology will result in the enhancement of workers’ capabilities or their replacement.
- The expertise and education (including computer science literacy) needed to develop, operate, or work alongside artificial intelligence over the next two decades.
- Which demographics (including ethnic, gender, economic, age, and regional) may experience expanded career opportunities—and conversely, which may be vulnerable to career displacement—due to AI.
- Recommendations to alleviate workforce displacement, and to prepare future workforce members for the artificial-intelligence economy.

I would also take this opportunity to highlight bipartisan legislation introduced by Senators Martin Heinrich (D-NM), Rob Portman (R-OH), and Brian Schatz (D-HI) in the Senate, that seeks to focus on ensuring American competitiveness with respect to AI—the Artificial Intelligence Initiative Act (“AI-IA”). So as to ensure that American employers and workers can compete in the global economy as it is transformed by AI, this legislation would support the development of a workforce pipeline for science and technology with respect to artificial intelligence by making strategic investments to:

- Expand the number of researchers, educators, and students with training in science and technology related to artificial intelligence;
- Increase the number of skilled and trained workers from underrepresented communities who can contribute to the development of artificial intelligence and artificial intelligence technology, diversify the artificial intelligence workforce, and expand the artificial intelligence workforce pipeline;

- Promote the development and inclusion of multidisciplinary curricula and research opportunities for science and engineering with respect to artificial intelligence, including advanced technological education, during the primary, secondary, undergraduate, graduate, postdoctoral, adult learning, and career retraining stages of education; and
- Equip workers with the knowledge and skill sets required to operate effectively in occupations and workplaces that will be increasingly influenced by artificial intelligence.

To achieve these goals, the AI-IA proposes establishing three new bodies with interlocking missions to help advance the Initiative's objectives: an Interagency Committee on Artificial Intelligence; a National Artificial Intelligence Advisory Committee; and a National Artificial Intelligence Coordination Office. These are but two pieces of legislation we would highlight today; there are numerous others, and we expect more to come. After a long period of stagnancy, it is heartening to see that our highest levels of government are at last engaging on these issues. To that end, the Emma Coalition endorses the recent creation in the House of the bipartisan Congressional Future of Work Caucus, led by co-chairs Lisa Blunt Rochester (D-DE) and Bryan Steil (R-WI), which complements both the House and Senate's existing bipartisan AI Caucuses. We urge member of all of these caucuses to work together, particularly with respect to the immediate and coming workforce challenges raised by TIDE and the use of AI.

INDUSTRY AND EMPLOYER CASE STUDIES

It is tempting to view AI as simply a measure for employers to reduce labor costs, and it is axiomatic that economics will always play a role in workplace analysis. That said, given the strength of the economy, and the fact that more than seven million jobs go unfilled today because employers are not able to find workers with the skills they need to fill them, we submit that there is a strong business case for employers to invest resources to ensure a skilled and adaptable workforce, and highlight some examples of how responses to TIDE are being met head-on in the private sector.

The Restaurant and Foodservice Industry. As I mentioned earlier, the restaurant and foodservice industry is at the vanguard of preparing its workforce for the changes TIDE will bring. As its

national trade association, the NRA is a leader in industry-wide efforts to ensure education, skills training, and opportunity for new and existing workers in the foodservice industry.

Through its Educational Foundation, the NRA's Prostart program is deployed to empower the next generation of restaurant and food service employees. Prostart is a nationally recognized career and technical education program with 150,000 high school students enrolled annually in 1,900 schools in all 50 states. NRA's Restaurant Ready program puts underserved youth on a path to employment and independence. NRA's Educational Foundation partners with community-based organizations and local hospitality employers to provide opportunity for youth ages 16-24 disengaged from work and school.

At the same time, to enable foodservice industry workers toward a career in management, NRA's apprenticeship program combines on-the-job training with classroom instruction. It currently services over 2,000 apprentices nationwide, with highly successful results. Finally, NRA fosters advancement through continued education, providing more than \$850K awarded annually to teachers, students and adults. It also devotes considerable resources to transition military service members to restaurant careers—today, 250,000 veterans work in the restaurant industry.

Cargill Incorporated. Cargill Incorporated, the largest privately held corporation in the United States by revenue, offers a TIDE public-private partnership success story that others might model. In 2015, Cargill determined to upgrade a meat-operating plant in Columbus, Nebraska, which would lead to the loss of 160 of the plant's 240 employees. However, rather than just eliminating these positions permanently, Cargill found it in the best interests of both the community and the company itself to reskill these displaced employees—no small feat, given that many of the employees lacked English language and literacy skills. Cargill partnered with Columbus' Central Community College and eventually developed a multi-stakeholder coalition with local and state labor officials, the Nebraska Department of Education, and other private and public institutions to develop the reskilling plan.

Ultimately, every single employee affected by the plant shutdown was given the option to enroll in 36 weeks of classes. Thus, this program benefited both employees who stayed on—who gained skills, making them more productive employees—and even those whose employment was terminated. When the plant reopened after the upgrades, 90% of those who were laid off returned to the new plant in higher-skilled positions. On the whole, the number of employees at the plant more than doubled, and almost all new positions paid better.¹⁶

While it is clear that there will be no “one-size-fits-all” approach to government’s partnering with businesses to meet the TIDE, Cargill’s engagement with government, workers, and the community, offers a model and a means for thinking outside the zero-sum box that too often limits meaningful discussions of the disruptive effects of automation.

CONCLUSION

At the end of the day, it is clear that automation, robotics, AI, and continued technological innovation will continue to dramatically reform our workforce at an exponentially increasing rate. The challenges ahead are great—but the Emma Coalition firmly believes that equally so are the opportunities. With strategic partners and others willing to meet this challenge head-on, we stand ready to ensure that businesses and workers are prepared to meet the coming TIDE, and are able to thrive in it.

To that end, we leave with the Subcommittee and others in Congress this call to action. While many of the goals I have outlined in my text today fall primarily on the shoulders of other stakeholders, the Emma Coalition maintains that the federal government has a strong role to play in addressing the challenges of TIDE. As lawmakers you have the opportunity to ensure that we as a nation will deal with TIDE, and forge a national strategy for addressing the policy and legal issues raised by automation, AI, and job displacement,

¹⁶ For a fuller discussion of the Cargill case study, see World Economic Forum, Centre for New Economy and Society Insight Report, *Towards a Reskilling Revolution: Industry-Led Action for the Future of Work*, at 22-23.

so that our workforce is second to none in the world. You have the ability to make sure we devote proper resources to these efforts, to empower and engage all stakeholders, and make sure that our K-12, vocational, and secondary education systems, as well as our workforce development strategies and delivery systems, are equipped for these tasks. We believe we at the Emma Coalition and you in Congress share the responsibility to rise to this challenge, and to ensure that the 21st is the next American Century. We stand ready to work with you to achieve that goal.

Thank you again for the opportunity to appear before you today to discuss what we believe is among the most critical matters of labor and economic policy we will face in this century. I welcome any questions you may have.

17

CHAIRWOMAN DAVIS. Thank you.
Mr. Markell.

STATEMENT OF BRAD MARKELL, EXECUTIVE DIRECTOR, AFL-CIO WORKING FOR AMERICA INSTITUTE, WASHINGTON, D.C.

Mr. MARKELL. Chair Davis, Ranking Member Smucker, and Members of the committee, thank you for inviting AFL-CIO to share its views on these important topics. I serve as the director of the AFL-CIO Working for America Institute, a national nonprofit intermediary that works to bring organized labor's resources, expertise, and worker engagement to bear on our Nation's workforce development programs and to help develop and support innovative programs for training and support services.

In 2017, the AFL-CIO formed a Commission on the Future of Work and Unions, whose report you have as a part of my written statement. The report confirms that advances in technology have always redefined work. This is nothing new. Unions have been addressing job displacement and skill changes within occupations for decades. Today, we are bargaining over the fair implementation of technology in the workplace and making sure frontline workers have a say in the design of work as new technologies come to the workplace.

The Commission's report makes clear that technology itself is not the issue. The real issue is the human arrangement to shape how technology is used. Who has a say in the development of technology? Who gets opportunities for training for the new tasks and the new jobs of tomorrow? Will society, through our government, provide the resources that workers, employers, and communities need to grow and prosper as the pace of technology change accelerates?

The Commission engaged dozens of experts in a detailed examination of how technology is changing work. We found, while there is no question that technology will eliminate some jobs, the robot apocalypse of job loss is not upon us. Rather, the main trend over

the next decade will be jobs changing with new technology, not jobs being eliminated. This leads to the inescapable conclusion that we must focus on understanding how tasks will change within occupations to make sure that incumbent workers get the skills they need to stay employed and to be clear about the new skills needed in occupations that can employ displaced workers, no matter why they are displaced.

As documented in my written testimony, people of color in low-income communities are overrepresented in occupations vulnerable to disruption and have well-identified challenges when it comes to employment transition. In the work of WAI and its partners, we have found that these challenges can be overcome by providing services that address specific barriers, such as childcare, transportation, or access to basic skills refresher training.

We urge the committee and the Congress to take special care in addressing and funding these programs so all Americans can have a chance to succeed as technology changes our workplaces and the way we work.

Many Americans have missed out on the gains of a growing economy. Rapidly changing technology can make this worse or it can be an opportunity to solve the very real problems of inequality and inequity in our society.

We believe that a successful path is an all-of-the-above approach that meets workers and employers where they are and helps them succeed. This includes increased funding for workforce development programs and support services, with special attention to underserved and vulnerable populations; promote and fund registered apprenticeships, including programs to align them with changing technology; reform and expand unemployment insurance and expand access to job search assistance; reform trade adjustment assistance to expand it to cover workers displaced by technology; expand the role of sector partnerships, labor workforce intermediaries, and joint labor management training programs in the workforce system.

Pass the PRO Act. Good outcomes for workers depend on workers having an actual voice in the workplace. An open-door policy doesn't cut it. You need institutional power so that workers can have a voice that really puts their interests on an even setting with employers.

Finally, we can make public investments that will create high-quality training and good jobs and increase opportunity for everyone. This Congress can and must lead the way.

I thank you, and I look forward to your questions.

[The statement of Mr. Markell follows:]



STATEMENT OF BRAD MARKELL
EXECUTIVE DIRECTOR
AFL-CIO WORKING FOR AMERICA INSTITUTE

Before the

COMMITTEE ON EDUCATION AND LABOR
HIGHER EDUCATION AND WORKFORCE INVESTMENT SUB-COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

HEARING ON
**THE FUTURE OF WORK: ENSURING WORKERS ARE COMPETITIVE
IN A RAPIDLY CHANGING ECONOMY**

DECEMBER 18, 2019



Chair Davis, Ranking member Smucker and Members of the Subcommittee, thank you for inviting the AFL-CIO to share its views on the important topic of "The Future of Work: Ensuring Workers are Competitive in a Rapidly Changing Economy."

The AFL-CIO represents 55 unions and over 12.5 million workers. I serve as the Executive Director of the AFL-CIO Industrial Union Council, which is comprised of 11 unions with over 4 million members, 1.3 million of them directly in manufacturing. The IUC works to build and advance policies that support manufacturing in the United States.

Additionally, I serve as the Executive Director of the AFL-CIO Working for America Institute, a nonprofit workforce intermediary whose goal is to bring organized labor's resources, expertise and worker engagement to bear in our nation's workforce development programs, and to help develop and support innovative programs for training and support services.

The Institute works with unions, companies, joint labor-management training partnerships, workforce intermediaries and the workforce system. The Institute is an industry partner with the US Department of Labor (DOL) in expanding Registered Apprenticeship programs in manufacturing and hospitality where we have worked with over 240 union and non-union employers and have placed over 1,400 apprentices in jobs paying an average of \$24.35 per hour. We are also a partner with Jobs for the Future and several state labor intermediaries engaged in implementing an innovative Registered Apprenticeship program for entry level manufacturing production workers, the Industrial Manufacturing Technician.

Future of Work

In 2017, the AFL-CIO formed a "Commission on the Future of Work and Unions" whose report you have as part of this written statement. The Commission sought to "rethink ways of building bargaining power and providing economic security for millions of Americans, and make sure that the labor movement is effectively organized and structured to get it done."

The Commission produced a main report with several high-level themes, as well as sector reports covering construction, energy, the federal sector, health care, manufacturing, professionals, the public sector, service and retail, and transportation.

The labor movement is committed to advancing a worker-centered approach to shaping the future of work. Strong unions advocate for the rights of working people and help create good jobs by allowing working people to have a voice on the job and to achieve the economic security they deserve. Unions remain the most effective way to fight inequality by ensuring that working people receive a fair return on their work, now and in the future.

Advances in technology are constantly redefining the work landscape, creating new categories of jobs where none existed, and making current jobs safer and better. However, technological advances also can erase once-vital and -vibrant industries. This is nothing new. Unions have been addressing and adapting to changes in the workplace—including job displacement caused by automation and digitization—for more than a century. Today, we are bargaining over the fair implementation of technology in the workplace, and making sure frontline workers have a say in the design of their work as new technologies come to the workplace.

The Commission's report makes clear that the real issue is not technology itself.

The real issue is the human arrangements that shape how technology is used and who reaps the benefits. The real question is whether human beings will be listened to and respected. Will our work be honored? Will our voices be heard?

As AFL-CIO President Richard Trumka noted recently: "At its core, the future of work debate is about whether as citizens and employees we all have an effective voice as key decisions are considered."

- Who has a say in the development and deployment of technology?
- Who owns, controls and profits from the data we all generate?
- Who decides how the benefits of technology are distributed?
- Who gets to set the ground rules on the ethics of information technology, on questions of privacy and prejudice?
- Who gets opportunities for training for the new tasks and new jobs of tomorrow?

Challenges Workers Face Today

The labor movement is not afraid of workplace change. Before the punch clock and the assembly line, there was the hand tool and the workshop. Before the hardhat, there was the artisan's apron. Before diesel and electricity, there was steam. Times changed. Our jobs changed. And we changed with them, building a more prosperous nation and a stronger labor movement in the process.

However, when the voice of the employee is absent from the discussion, everyday people are unlikely to get a fair shake. Consider what happens when working people's voices are not heard.

In the past thirty years in the United States, wages have been flat as productivity has soared. Less than 7 percent of the private sector workforce now belongs to a union. Not surprisingly, inequality has reached historic levels. In fact, 40 percent of Americans do not have \$400 in the bank for an emergency.

The November US DOL Jobs Report shows that jobs are plentiful, but good paying jobs are hard to find. Amid the reports on job growth underlies the fact that wages continue to lag. Even as the unemployment rate has fallen in 2019, the pace of wage gains has actually slowed. (<http://nymag.com/intelligencer/2019/12/november-jobs-report-analysis-wage-growth-unemployment.html>)

Technology and trade have displaced millions of Americans from middle-class jobs and pushed them down the economic ladder. Since 2000, the U.S. economy has shed 2.9 million jobs in (disproportionately male) production occupations, and 2.1 million in (disproportionately female) administrative and office-support roles.

As noted in a recent Washington Post article many of these administrative jobs have helped non-college-educated women the chance for career growth and economic security. As these administrative jobs are outsourced or automated, economic security is foreclosed for millions of working-class women. (<https://www.washingtonpost.com/newssearch/?datefilter=All%20Since%202005&query=women%20administrative%20jobs&sort=Relevance>)

For middle-aged workers the effects have been particularly devastating. According to the Urban Institute, more than half of all workers over 50 in the U.S. eventually lose their jobs involuntarily, and 90

percent of those workers are consigned to lower-paying work for the rest of their careers. (<http://nymag.com/intelligencer/2019/12/november-jobs-report-analysis-wage-growth-unemployment.html>)

African American workers - especially in blue-collar positions - tend to be at a huge disadvantage due to increased automation of service-based industries. A 2017 report by the Joint Center for Political and Economic Studies documented that 27% of all African American workers are concentrated in just 30 occupations at high risk of automation including positions in brick-and-mortar retail, eateries and transportation.

The Joint Center reports that unique challenges that make African Americans “particularly vulnerable in labor market transitions include unemployment rates that are twice as high as whites, Implicit bias in hiring and evaluation, residential and educational segregation, transportation problems, lower rates of digital readiness and limitations in social networks.”

“While automation will create new types of jobs, the African American community faces a unique combination of well-documented challenges that make it particularly vulnerable in labor market transitions. These challenges include: 1) an average household net worth that is one tenth that of Whites (making periods without income particularly difficult); 2) implicit bias in hiring and evaluation; 3) residential and educational segregation; 4) transportation challenges; 5) lower rates of digital readiness; and 6) and limitations in social networks.” (<https://jointcenter.org/blog/race-jobs-high-risk-automation/>)

The Latino unemployment rate increased 0.1% from October to November. At 4.2%, the Latino unemployment rate is higher than the national rate of 3.5%—a difference of 0.7%. In November, Latinos saw a slight increase in those employed (+68,000), but also an increase in the number of unemployed (+33,000). Despite high labor force participation, many Latino families continue to struggle to cover basic necessities. One contributing factor is insufficient wage growth, an important indicator of job quality and a key factor in economic security.

In addition to wages, we have also seen other measures of job quality erode. Job quality has been getting a lot of attention lately, and rightly so. A recent Gallup survey looked at “job quality” that included wages and benefits as well as career-advancement opportunities, stable hours, a sense of purpose, the ability to change unsatisfying aspects of one’s employment, and job security. Measured by this index only 40 percent of Americans currently have “good” jobs. (<https://www.gallup.com/education/267590/great-jobs-lumina-gates-omidyar-gallup-quality-report-2019.aspx>)

Diversity, Displacement, and Changing Tasks

State that displacement is only part of the problem, that understanding how jobs that won’t be eliminated will change is important, which calls for a necessary focus on the new technologies and task coming to most job. When planning for these changes we must be aware that not everyone is starting from the same place, as the previous section shows.

The Critical Role of Unions in Our Economy

Contrary to what many experts espouse, technology does not inevitably result in weaker worker bargaining power or greater inequality. When we make wise choices, technological advances can have the opposite effect.

Workers coming together not only lifts those covered by a collective bargaining agreement; strong unions apply upward pressure on wages and standards across the board. We advocate for economic and social justice for our members and for all workers, and for the people we serve and the communities in which we live.

- When union members bargain for higher wages and better benefits, there is a “spillover effect” on unrepresented workers. (<https://afcio.org/reports/afl-cio-commission-future-work-and-unions>)
- The benefits of collective bargaining extend beyond wages. Strong unions have produced innovative benefit plans, scheduling policies and other fair employment practices that subsequently have spread to nonunion workplaces.
- Unions historically have been the primary backers of a range of laws that apply to all working people, such as a minimum wage, occupational safety and health, equal employment opportunity and a robust public workforce training system.
- The reality is that the standards achieved by unions through decades of bargaining set the stage for the modern middle class that today is cratering, as too many people are forced to fend for themselves.

Addressing Workplace Change at the Bargaining Table

Technology does not fall from the sky. It is developed through public policy choices, and by businesses and working people in our workplaces and the marketplace. Public policy decisions and public funding drive U.S. innovation policy, and there are multiple choices involved in the design and deployment of technological applications by companies.

For more than a century, unions have been at the forefront of addressing technology-driven changes in the workplace, including job loss. Perhaps the most important lesson we have learned is that the best strategy for addressing job loss is ensuring the availability of good jobs. The best solution for the individual worker who loses his or her job is to find another good job quickly. Training, education and income support can play important roles, as I will describe later in this statement, but there must be good jobs for workers to take if any transition is to be successful.

Unions have sought to address workplace change at the bargaining table. Some notable current examples:

UNITE-HERE and Marriott – Last December, after intense negotiations, the UNITE-HERE represented hotel workers at Marriott won a remarkable agreement in a new contract that requires management to give 165 days’ advance notice about new technology so workers can bargain over the changes. These were similar to agreements their union negotiated last year on behalf of Las Vegas casino workers. In addition to requiring that Marriott give the union a heads-up about any new technology, it guarantees job training for all displaced workers.

UFCW and Macys - Unions representing retail workers have negotiated contracts that spell out how management can use scheduling software, to avoid disrupting the lives of employees. One example is a

2014 contract between the United Food and Commercial Workers Local 5 and retail firm Macy's that requires advance notice to workers about their schedules and any changes to them.

UAW-General Motors 2019 Contract - In the 2019 negotiations with General Motors the UAW won a commitment from the company to not only reaffirm that the introduction of new technology will not move work out of the bargaining unit, but also ensure UAW members will be able to retain the higher-skilled work associated with new technology. The company and union agreed to establish a National Committee on Advanced Technology, made up of an equal number of union and management representatives. The committee will meet at least quarterly to discuss the impact of future technologies on UAW members and address instances where bargaining unit work has shifted out of the unit due to new manufacturing processes. The Plant New Technology Committee will be given access to information and participate in discussions with the national committee to work through issues at impacted locations.

Training and Lifelong Learning and the Role of Unions

New technologies and new ways of organizing work are flooding into our workplaces. From global positioning systems installed in trucks to monitor drivers, to electronic medical records and hospital information systems that are replacing health care workers and centralizing control, to lean production and other programs that standardize and intensify work, no sector of the economy escapes change. To address the impact of technology and new ways of organizing work we need both better training and better jobs.

Labor-Management Training Partnerships

The challenge facing unions in the future is to expand our training programs to meet the growing need for training and upskilling for our members and for people we do not currently represent. Well-planned, innovative and worker-centered training can improve labor-management relations and worker empowerment, raise productivity and strengthen employment security and mobility for workers.

Unions are the key to providing training that provides transferable skills and creates a clear pathway to employment. Employers on their own have little incentive to provide portable skills, so the involvement of unions and government is critical in getting employers to work collectively. Workers on their own have few resources to pay for their own training, and without union involvement, have limited input into their training and lack assurances that their training will lead to a good job. Research also shows that workers are more likely to complete training programs when unions are involved. (<https://www.americanprogress.org/issues/economy/reports/2018/02/22/447115/better-training-better-jobs>)

Training programs jointly operated by labor and management have been successful in improving the training, productivity, job security, and career mobility of workers in a range of sectors including construction, manufacturing, transportation, health care, telecommunications, hospitality and the maritime trades. Unions are also key players in regional training partnerships involving business, labor, and educational institutions, which should be models for expansion.

The building trades unions are the gold standard in training programs and apprenticeships. Together with their signatory contractors, the building trades invest almost \$1.9 billion annually in apprentice and journey-level training at 1,900 training centers across the United States and Canada. In partnership with community organizations, the trades have also created the largest apprenticeship readiness program in

the United States, the Multi-Craft Core Curriculum (MC3). There are now 150 such programs in operation and nearly 1,000 people completed the program in 2016, over 80 percent of them workers of color and 25 percent women. The trades are actively engaged in the "Helmets to Hardhats" program which is designed to help military service members successfully transition back into civilian life by offering them the means to secure a quality career in the construction industry.

Jointly funded or union-sponsored training programs exist in other sectors as well. For example,

- The *Culinary Academy of Las Vegas*, a joint labor-management training program of UNITE HERE and the major casino industry employers, trains thousands of entry level and incumbent workers every year for successful hospitality careers in Las Vegas with good wages, opportunities for career advancement, and health and retirement benefits. The Culinary Academy of Las Vegas plays an important role in the community, working to overcome poverty and unemployment. Since its beginning in 1993, CALV has trained more than 40,000 people for participating employers in the hospitality industry. Nine in 10 students are people of color and women and men participate equally.
- In the Philadelphia area, the *AFSCME District 1199C Training and Upgrading Fund* provides opportunities for continuing education and career advancement in the health care field to members of District 1199C and to nonunion workers and job seekers. This workforce partnership includes 50 major health care employers who hire graduates of programs the Training Fund supports or operates. Half of the students in the programs supported and offered by the Training Fund are union members, and half are community residents, dislocated workers, and welfare recipients. The training focuses on skills that prepare individuals for career pathways, including Registered Apprenticeships, in nursing, allied health, health information, and behavioral health.
- The *Transportation Learning Center (TLC)* supports labor-management partnerships that create high-quality workforce training programs leading to high-performance organizations based in collaborations that support employee voice, engagement and commitment. TLC helps create joint national training standards and career pathway programs that improve organizational performance, advance workers' skills, knowledge, and abilities and ensure safe, efficient and well-maintained public transportation systems that drive and serve high consumer demand for public transport options;
- In Milwaukee, construction and skilled trades unions and union employers work with the *Wisconsin Regional Training Partnership (WRTP) /BIG STEP* to promote union construction, a diversified and qualified workplace, and apprenticeships in the construction trades.
- WRTP also works closely with industrial unions and manufacturers to implement successful pre-apprenticeship and apprenticeship training in advanced manufacturing with a particular focus on serving disadvantaged individuals. WRTP and Jobs for the Future are engaged in a pilot project with the US Department of Labor Office of Disability Employment Policy to test an innovative training module to help workers with learning disabilities succeed in industrial apprenticeships.

The Critical Role of the Federal Government

Many Americans have missed out on the gains of a growing economy. Addressing these inequities requires a large and comprehensive federal policy agenda including a policy agenda aimed at increasing

good jobs, sustainable communities and quality training. I will focus on the policies that directly affect training and lifelong learning.

American workers are facing significant challenges in getting access to quality training:

- There has been a dramatic reduction in public funding for job training, employment security programs, career and technical education programs, and public colleges and universities since 2001.
- Businesses are training far fewer workers due to shorter job tenures, the use of contract workers, pressure from financial actors to shift costs to workers, and the declining bargaining power of unions. Between 1996 and 2008, the share of workers who receive employer-sponsored training fell by 40 percent. When businesses do train their workers, they tend to invest in those with the most education or the highest pay. (<https://www.americanprogress.org/issues/economy/reports/2018/02/22/447115/better-training-better-jobs>)
- Workers are increasingly on their own when it comes to training - yet they have few resources to pay for more training. As I have noted, wages are stagnant or declining for middle class workers. They have little ability to ensure that the training they do receive will result in a good job, and without a union, they have little or no power to improve the quality of jobs for which they train.

The federal government can and must take aggressive action to support workers as they make transitions in the labor market.

Increase Funding for Workforce Development Programs and Support Services

WIOA - Funding for the Workforce Investment and Opportunity Act (WIOA) in FY 2019 would be 40 percent lower than funding in FY 2001 including a proposed cut of \$86 million in the White House 2020 budget to WIOA programs for dislocated workers.

<https://www.nationalskillscoalition.org/resources/publications/file/Funding-Cuts-Fact-Sheet-March2019.pdf>

We support the House of Representatives FY 2020 appropriations bill that would increase funding for DOL by \$1.2 billion, \$709 million of which would fund programs under the Employment and Training Administration.

- It would fund Workforce Innovation and Opportunity Act (WIOA) Title I Formula State Grants for Youth and Adults at slightly higher than authorized levels, and would increase funding across Adult, Dislocated Worker and Youth funding of more than \$400 million.
- It would create a new \$150 million national grant program, using Dislocated Worker National Grant funds, to support workforce development provided at community and technical colleges

Address Diversity, Inclusion and Expand Support Services –The path to a positive future of work needs to focus on a workforce that is growing increasingly more diverse. According to the Census Bureau, people of color will become the majority of the U.S. population by 2045. The shift will occur by next year for those younger than 18.

To ensure diversity and equity training programs should expand opportunities and develop pipelines and career pathways for women, people of color, returning citizens, and youth by addressing barriers such as the lack of child care, the lack of transportation to jobs and training and the lack of trust between employers, recruiters, and communities of color.

Job training participants are real people with families and life challenges that make completing training programs difficult. As we grapple with how to train more workers for the jobs our economy needs to fill, we must address the need for supportive services for workers in training programs.

- In a 2017 study, the Institute for Women's Policy Research noted, "Receiving transportation assistance, child care, and other supportive services improves the chances of completing workforce development programs and finding a job. Supportive services can be the difference between whether job training success is possible or impossible for its participants," (<https://iwpr.org/publications/getting-finish-line-availability-impact-supportive-services-workforce-development-system/>)
- In focus groups conducted by the AFL-CIO Working for America Institute and Jobs with Justice in 2018 in Buffalo, the need for childcare and transportation were critical issues for workers in accessing apprenticeship opportunities in manufacturing. (https://aflcio.org/sites/default/files/2019-04/WFAI_Workforce_in_Buffalo_Report_.pdf)

Registered Apprenticeship - Funding must also be increased for Registered Apprenticeship expansion. We are pleased that the House has proposed an increase in US DOL grant funding for Registered Apprenticeship to \$250 million. The labor movement continues to oppose the Trump Administration proposals to create a privatized system of non-registered apprenticeship, which opens the door to low quality programs and diminished labor standards. We do support increased funding for Registered Apprenticeship and apprenticeship preparation and pre-apprenticeship programs that are linked to Registered Apprenticeship – including workforce development funding, federal student financial aid and veteran's benefits.

Pell Grants – Proposals such as those in the *College Affordability Act*, which expand Pell Grant funding and provide support for the use of Pell Grants to incarcerated students and undocumented students, and qualifying short-term training programs will help expand opportunities at the same time ensuring important protections.

Reform and Expand Unemployment Insurance

Unemployment insurance, or UI, has been a pillar of our nation's social insurance system for 80 years. It is essential for economic security, shared prosperity, and a stable economy. We must continue to ensure that state merit staff who are in the best position to ensure that workers receive their legally entitled services, continue to administer UI benefit programs. To protect more working families, we must enact reforms to UI including:

- Reinvigorate and expand UI's effective re-employment programs and services; connect workers with a greater variety of job opportunities and upgrade technology.
- Harmonize states' disparate benefit amounts and eligibility rules, thereby making UI's earned insurance stronger and available to more American workers—notably, many women and low-paid workers.

- Offer parameters for an improved, fully federally financed Extended Benefits program that would kick in automatically during recessions. This would require action by Congress.

Improve Job Search Assistance

Public employment services (ES) provided by states under the Wagner-Peyser Act are cost-effective, yet funding has declined steadily over time causing a reduction in staff-assisted services and an increase in automated services. As with Unemployment Insurance, we must continue to ensure that state merit-staff administer public employment service programs.

We recommend that the federal government increase merit staff-assisted services for screening, counseling, Job Search Assistance, job development, matching jobseekers to available job openings, and referring jobseekers to appropriate job interviews and job training opportunities.

Implement Shorter Work Weeks and Expand Short-time Compensation and Work Sharing

Rising productivity should mean shorter work hours. We should consider moving toward a four-day workweek. That is the logical consequence of predictions that artificial intelligence and other new technologies will make workers far more productive in the future.

We should also expand the use of the Short Time Compensation Program a part of the Unemployment Insurance system, which helps employers maintain their staff by reducing the weekly working hours during temporary slowdowns instead of temporarily laying off employees.

https://oui.doleta.gov/unemploy/docs/stc_report.pdf

Improve WARN - Worker Adjustment and Retraining Act

The WARN Act requires employers to provide 60 days advance written notice of a “mass layoff” or “plant closing” to each affected worker. Absent such notice and subject to certain exceptions, employers are required to pay 60 days wages and benefits to each affected employee.

Although deceptively simple, the Act is actually rife with statutory and court interpreted exceptions and improvements are needed including the following:

- Increase the WARN notice period and penalties for failure to give advance notice.
- Base the number of days for which back pay is owed using calendar days not working days.
- Increase WARN damages.
- “Good Faith Defense” should not reduce damages.
- Reduce 50 employee minimum for single site coverage
- Protect off-site workers.
- Require companies to include whether the layoff is due to a shift in production overseas.

Reform Trade Adjustment Assistance

The AFL-CIO supports policies to expand and reform Trade Adjustment Assistance (TAA) including:

- Move to a universal and uncapped program for permanently displaced workers by expanding TAA to cover job losses from trade, technology, and major shifts in government policy.

- Reform the cumbersome group petitioning process to gain eligibility for TAA by allowing for categorical certification among workers in industries heavily damaged by trade.
- Expand individual eligibility (complementing group-based petitioning) based on data about import penetration in their industry of employment, and by reforming the WARN Act to require companies to report to states when they have moved a facility overseas.
- Improve notification for TAA by requiring employers to provide state agencies with a list of laid off workers, and by utilizing grants to unions (including ones that allow the hiring of peer-to-peer counselors) as a mechanism to notify and recruit workers who are eligible for TAA.
- Help trade-impacted communities develop new sectoral training programs tied to economic development with capacity-building grants patterned after the Trade Adjustment Assistance Community College and Career Training program.
- Improve accountability for employment and wage outcomes for TAA training by requiring eligible training providers to report on their outcomes, removing providers with poor results, and setting negotiated performance goals for TAA (similar to WIOA).
- Provide Registered Apprenticeship and training opportunities for workers while on the job. For example, the AFL-CIO Working for America Institute and the Minnesota AFL-CIO Training Partnership are helping trade impacted workers at Electrolux in St. Cloud who received 2 years advance notice to enroll in apprenticeship training using state funding.
- Provide TAA recipients who are not in training with intensive reemployment services, similar to the Reemployment Services and Eligibility Assessments (RESEAs) provided to unemployment insurance claimants.
- Allocate resources for supportive services, such as child care and transportation that can increase the odds of success in training
- Allow workers within two years of retirement age to receive two years of TAA, even if they choose not to go into retraining, providing a bridge of income until they can receive Social Security and/or private pension payments.

Expand Rapid Response and Layoff Aversion

Rapid response and layoff aversion programs are a critical part of our nation's worker adjustment strategy and must be expanded and involve all stakeholders including organized labor in addressing the effects of dislocation and globalization.

WIOA brought greater federal attention to integrating workforce and economic development strategies to bolster employment and generate good jobs. WIOA requires all states, for the first time, to establish layoff aversion programs that prioritize existing companies and workforces. It enables states to build, for the first time, new capacity for sector partnerships, especially programs that could assist supply chains.

As an example, the *Massachusetts AFL-CIO Rapid Response Team* works with the State Rapid Response team to assist unions and workers who are experiencing layoffs or downsizing. The program helps people access new jobs, job training or retraining, job counseling and more. Programs include:

- Rapid Response services that annually assist thousands of laid-off workers, their unions, companies and communities.
- Assistance to dislocated workers in search of a new career path, either through re-training or job search.

- Developing layoff aversion strategies, where possible, to prevent layoffs and dislocations.

Increase Worker Voice in the Workforce System

Increased funding is important but increasing labor participation in the governance of the workforce system will help ensure high quality training and involve and address the needs of both businesses and workers.

- WIOA requires at least 20 percent of workforce board membership at the state and local levels to be comprised of workforce representatives, including two representatives of organized labor and one representative of a joint labor-management registered apprenticeship program. Employers hold 50% of the membership.
- We support a tri-partite model of governance at the state and local level whereby one-third of board members are employers, one-third represent workers, and one-third represent other stakeholders, including elected officials, education and training organizations, and community development organizations.
- While this would require statutory change at the federal level, states and localities can increase labor's share by adding more labor representatives, which Washington state has done.

Require labor participation in WIOA Industry and Sector Partnerships.

- The Workforce Innovation and Opportunity Act (WIOA) established industry or sector partnerships as a required strategy at both the state and local levels.
- Delete "*at the appropriate stage of development*" and "*as appropriate*" in WIOA Section 3 (26) in regard to labor participation in industry and sector partnerships. Labor representatives must be fully engaged at the outset of an industry or sector partnership.

Expand the Role of Sector Partnerships, Labor Workforce Intermediaries and Joint Labor-Management Training Programs

Unions help deliver high quality training to a significant number of workers. Union intermediaries help create partnerships with government, unions and employers to provide training to workers in a wide variety of industries and play a key role in the success of these labor-management partnerships.

As I have mentioned earlier, the AFL-CIO Working for America Institute (WAI) is a non-profit, 501(c) (3) national workforce intermediary that works with government, unions, employers, workforce intermediary partnerships, the workforce system, and community organizations by advocating for, and providing, employment and training related services that help to create, expand and retain high quality jobs.

- The Working for America Institute has recently implemented highly successful Registered Apprenticeship training programs in manufacturing and hospitality with grants from the US Department of Labor. In implementing hospitality apprenticeships WAI works with the *Boston Education Skills and Training Corporation (BEST)* and *UNITE HERE Local 11* as well as the *Culinary Academy of Las Vegas (CALV)*.
- The *Pennsylvania AFL-CIO Keystone Development Partnership (KDP)* is a partner with the WAI in implementing innovative apprenticeship and pre-apprenticeship programs in advanced

manufacturing. KDP works closely with unions, employers (union and non-union), the Commonwealth of Pennsylvania, local workforce investment boards to ensure that apprenticeship will meet industry needs for skilled workers and provide solid career pathways and good jobs.

Despite their successes, however, joint labor-management programs and labor workforce intermediaries receive a relatively limited amount of government funding and do not have a dedicated government funding stream.

- A dedicated public funding from government to sector intermediaries including labor and labor-management workforce intermediaries should be established. This would allow them to work much more closely with the public workforce system to meet current and future training needs and ensure that training is coordinated on a sectoral level so that it provides transferable skills that are needed by a range of employers in growing industries. In addition to helping workers, the benefits to small and medium size enterprises would be significant.

Empower Workers through a "Right to Training"

The AFL-CIO supports the "*Workers Right to Training Act*" (S. 2468) which would require employers to:

- Provide 180 days advance notice to workers when new technology will change employment positions and provide 270 days advanced notice if jobs will be eliminated.
- Bargain directly with employees on how best to implement new technology.
- Pay for and provide on-the-job training to any employees who will be affected by the introduction of new technology.
- Provide training to employees whose jobs will change as a result of new technology or to employees who will lose their job to help these workers obtain a different position at a similar company.
- Provide six-month severance to all workers who lose their jobs as a result of new technology.

Protect the Right to Organize – Enact the *PRO Act*

- A voice at work through collective bargaining offers all workers the best opportunity for quality jobs and high skills training.
- Unions help build a better life for working people, but outdated laws have hampered our basic right to join together and negotiate for better pay, benefits and working conditions.
- A new bill, the "*Protecting the Right to Organize Act*" (HR 2472 and S. 1306) would modernize our nation's labor laws, give workers labor rights with certainty, and rebalance the relationship between workers and companies in the United States.

Conclusion

Much wealth will be created in the future, especially if the pace of automation speeds up. What stands between us and the future we want is insufficient bargaining power, and the resulting economic and political imbalance in our country.

If workers are not involved in the design of technology or training on how it is to be used at work then the technology will be poorly designed and poorly implemented.

If workers don't have power to address technology and training, the kind of power that only can be won through collective bargaining, businesses are likely to make short-sighted decisions about how to deploy technology...and that can end up destroying valuable human capital in the process.

If workers do not share in the gains from technology and training, the resulting inequality will exacerbate our broken economy, our divided communities and indeed, our toxic politics.

We can make investments that will create high-quality training and good jobs. Government policies that support innovation, technology and high-quality training can provide solutions. But not if we sit and wait for someone else to do it.

We have a common future and Congress can help lead the way.

Thank you and I look forward to your questions.

CHAIRWOMAN DAVIS. Thank you very much.

Under Committee Rule 8(a), we will now question witnesses under the 5-minute rule. And as chair, I will ask the first question and then be followed by the Ranking Member, and then we will alternate between the parties.

I now recognize myself for 5 minutes.

Now, you have all laid out a few recommendations that I think are very helpful to us. And we know that we are in a new situation, in many cases, due to technology and a host of other issues. We can't just reinvest perhaps in existing programs. Some of them we may have to decide have not been so helpful, but others we can go and approach in a different way.

And I will start with Mr. Harris. If you could just, of those recommendations that you listed—and I understand that in many cases it is—you mentioned that we can't assume that workers know where to go, how to help themselves, in many cases. But what is it that you feel is, you know, really a key barrier, maybe something that we talk about less in terms of these issues? And I think I would like the rest of you, if you would, please, to, you know, of those concerns that you have, what do we usually miss in thinking about these issues?

Professor Harris.

Mr. HARRIS. So I want to highlight the rather egregious market failures that exist in the market for skills, knowledge, and credentials. So, essentially, the way our system works is we say to workers, figure out what degree or credential or training you should get that is going to get you a job. We are not going to tell you which one. And then either find your own funding or we will provide you with funding, although you provide very few of them with funding, let me be honest with you.

The problem with that kind of an approach is that the people who are making the choices, both workers and employers, don't have the requisite information. Market systems depend upon widely available free-flowing, readily accessible information. Workers don't know which credentials will end up in their getting jobs or even what skills and knowledge those credentials certify.

Employers also often don't know that. They sometimes don't know what credentials they want people to acquire, because they don't know what competencies they want people to be trained in. But they don't understand it any better than anybody else.

In the United States right now—and I mentioned this in my testimony—there are more than 730,000 credentials that are offered to workers and employers. No one can sort that out and no one does. There is no Yelp for credentials in our country. So I think that fundamental market failure is a very serious problem that we need to solve.

CHAIRWOMAN DAVIS. Thank you.

And Ms. Gattman as well. How do we get there?

Ms. GATTMAN. Sure.

CHAIRWOMAN DAVIS. What gets in the way?

Ms. GATTMAN. One of the things that we have been really working on in Washington is this idea of integrated service delivery. And WIOA, the way it was set up was, you know, it did break down a lot of the barriers where, you know, we are able to serve

the whole worker. One of the things that has been a concern for us is the way it is set up, though, there are disincentives for folks to work together between different agencies, different programs. It is a question of who gets the credit or how does that—how is the funding distributed. And so that is something that, you know, we would be certainly interested in talking more about and what we could do to help influence that conversation.

CHAIRWOMAN DAVIS. I know one of the things just to bring up quickly is that many of our families actually would struggle to pay a \$400 unexpected expense. So how does that relate to what you are saying? What do we need there to have some assistance, cheer people on?

Ms. GATTMAN. Sure. So one of the aspects of our report that we highlighted is the Lifelong Learning Accounts program. So when we are talking about that unexpected expense, particularly regarding to education programs, when you have—a lot of the times that is the main reason people are dropping out of higher education. And so having access to an account that can bridge some of those smaller amounts but they are still very significant to the families makes a huge difference.

CHAIRWOMAN DAVIS. Could be helpful. Thank you.

Mr. Paretti, and then, Mr. Markell, I haven't left you too much time, but we will try and get to you really quickly.

Mr. PARETTI. I was labor counsel for 8 years to the committee but on the workforce side, so I never sat in a hearing where the witnesses actually generally agreed with one another or thought we were all fighting the same battles. It is a pleasure.

I will endorse what Ms. Gattman said with regard to Lifelong Learning Accounts. I think resources obviously are a barrier. Two other points quickly. I think with respect to data, I agree with Professor Harris that we really need to take a close look. And I believe that we can.

The numbers are out there, whether they are publicly available, some are privately available, industry-based, to say how do we figure out what jobs are going, what are leaving, where are they going, and what are the skills and core competencies needed.

CHAIRWOMAN DAVIS. Thank you. I am going to switch to Mr. Markell. We will be back and talk to everybody some more.

Mr. Markell, quickly, just that one kind of glaring thing that we have to have.

Mr. MARKELL. Organized labor is really, really concerned that workers are being steered down bad paths that don't lead to good jobs and stable occupations. So we need to learn a lot more about the quality of jobs and the outcomes for training providers that are trying to pull people into training that doesn't lead them anywhere.

CHAIRWOMAN DAVIS. Thank you very much.

I now turn to the Ranking Member, and would you like us to—I will let you—and we are going to go to Mr. Guthrie. Thank you very much.

Mr. GUTHRIE. Thank you very much. Thank you all for being here. It is great to have you.

Mr. Paretti, I am chair of the E-Commerce Caucus, along with Peter Aguilar of California. One of our main focuses is how the e-

commerce industry will support American competitiveness and economic growth.

As our country develops new innovative technologies, such as improving the artificial intelligence, we have to ensure that we are helping people learn the skills to work with new technology. And I am particularly interested in your example of the healthcare industry adapting AI. Can you expand on the benefits and challenges of an industry that embraces technology such as AI versus one that is not adaptive and keeps the status quo?

Mr. PARETTI. Sure. Thank you, Congressman. I think the healthcare industry is a great example of the role of AI in improving outcomes across the board. Through the use of artificial intelligence, robotics, you now have surgeons and others who are able to perform much more complex surgeries than they have ever done in less time with better patient outcomes and better results.

The automated ability to track a patient's condition, monitoring in the hospital, those are all things that would just require a human body to do. At the same time, what it has allowed for is the development of skills in other areas. Whereas, you no longer need a nurse necessarily walking the halls to hand out pills, that can be taken care of.

What you do need is someone to more fully engage with the patient on a holistic basis and work with them towards managing whatever has gotten them there towards their treatment. So I think the healthcare industry is a striking example of where AI presents challenges but also some great opportunities.

Mr. GUTHRIE. You mentioned in your testimony that some studies say that 85 percent of the jobs—85 percent of the jobs that will exist in 2040 have not been—don't exist today. And I am trying to think of that—that is only 20 years away—and think of 85 percent of the disruption in the workforce. It is something you want to talk about as well. I know that is in your testimony.

And I was just thinking, you know, 20 years ago, we really didn't have—you had phones, but not to the level that we have. So all the work that has come—Amazon, I mean those, they existed, but not to the point that they are.

So of the studies you have seen, what are you thinking and how can Congress—maybe if you want to address that too, how can Congress—what do we need to do to get out of the way or to help in order to make sure we have people qualified for these 80 percent of new jobs in 20 years? That is not that long away.

Mr. PARETTI. No, no. And I mean, I do say I think we do need to acknowledge the studies vary widely. You will see everything from 45 to 85 percent, and on its face, it is a somewhat startling figure.

Mr. GUTHRIE. Substantial.

Mr. PARETTI. Oh, it is absolutely substantial. But you think, oh, my goodness, these jobs haven't been created yet. Well, as you rightly pointed out, could you imagine 20 years ago the folks who were making and servicing all the platform vehicles that we use now, the phones, the other technology, you know, that were available too. social media, web design, so much of what we have seen become automated.

Mr. GUTHRIE. You know, one of the limits of 5G development and employment are people capable of installing the 5G equipment.

Mr. PARETTI. I am sorry, I didn't hear.

Mr. GUTHRIE. One of the biggest impediments to 5G is not just all the technology and stuff, it is having people with the ability to—enough people with the ability to be able to install the towers, not really towers but what you use for 5G.

Mr. PARETTI. Sure. No, that is exactly right. And I think that is among those 7 million jobs that Mr. Smucker referred to, in terms of a skills gap.

In connection with this hearing this morning, I had a number of folks reach out to me and say, boy, make the point, Jim, that we are trying to hire folks and we just can't find—these are manufacturers, these are auto manufacturers. We have talented—we have jobs that provide good long-term wages, a road to success, and we simply can't find the folks to get them in there.

Sometimes that is a failing of the educational system. Sometimes that is a failing of the job training system. But I think, you know, a focus from top to bottom, and particularly with respect in K-12, in sort of changing the paradigm. Workers need to understand it is no longer—you are going to get there. You are going to get your terminal degree, whether it is a bachelor's or an associate's or a certificate, and that is going to be enough to carry you.

Mr. GUTHRIE. We also have the issue we are at record unemployment and trying to get more people into the workforce. But I have learned—and I was in manufacturing, as Professor Harris talked about—the best people to train are the people already working that need to go up the ladder so they can earn more money. They have got the work ethic. They are showing up for work to train.

But you get to the flexibility. It is really hard to work in a factory 40 hours a week, hoping for overtime and having a family and trying to—so we have to be flexible with this. And any kind of thoughts of you guys on how you—and as we have talked about here, apprenticeships particularly, how do we get people trained as they are working?

You know, just to take 4 years off and go back to college and have summers off and spring break and fall break, that is just not what these people are looking for. They are looking for a pathway to be able to earn a living. And that is perfect for people 18 to—whenever you can go back for.

But how do we grab somebody that is 30 that is like, wow, it is kind of a dead-end job, but I can really see, instead of loading this robot, if I can fix it, then I am going to make a lot more money. And how do we make those contacts? Those are the things we are trying to think through. If anybody wants to comment.

Mr. PARETTI. I don't want to monopolize time, if anyone—

Mr. GUTHRIE. I know Professor Harris talked about flexibility, we needed flexibility in delivery.

Mr. HARRIS. Right. So my main point about flexibility is that asynchronous distance learning is not a panacea. It is a very good delivery system, but not everybody is appropriate to distance learning. For the workers that you are talking about—and I share that concern about incumbent workers who are not finding a pathway

up a career ladder—they really need help understanding career pathways from their employers.

And also let me say, where you have a union, you almost always have a very well-defined career pathway. So they need understanding about how do I get from here to there and who's going to provide me with that training? Is the employer going to do it? Is some public enterprise going to do it? Is a partnership with a community college going to do it?

And if I get the credential, is it a credential that is not only going to help me in my current workplace, but will it help me in the labor market as a whole with other employers. That is—

Mr. GUTHRIE. As the new jobs come—I know she is gaveling, so we better—thank you so much, and I appreciate your time and effort. Thank you.

CHAIRWOMAN DAVIS. Thank you very much. And I tried to give the Ranking Member back some time.

Okay. The gentlady from Washington, Ms. Jayapal.

Ms. JAYAPAL. Thank you, Madam Chair. And thank you to our witnesses for being here on such an important subject.

I think as we think about the future of work, it is particularly important that we think about every job being a good job.

I am very proud of our home State. I think we have some of the best worker protections and wages across the country.

And so, Ms. Gattman, let me start with you. The report, the Future of Work report shows that the median wage has increased across the State, with most of the wage growth going to the highest and lowest earning workers. And the report attributes that wage growth in the lower paying entry-level jobs, in particular, primarily to recent increases in the State minimum wage. So it is clear that a good job is a job that pays a livable wage.

What other factors did the Task Force identify that contribute to job quality?

Ms. GATTMAN. Thank you, Representative. The Task Force spent a lot of time on this topic. It is a broad category, job quality, that encompasses a wide range of characteristics: pay, hours worked, job safety. There is a range of different areas there.

We identified the following six topics that really we felt encompassed whether a job was a quality job to a worker, and each section goes into greater detail in our report. I encourage you to take a look if you haven't had a chance yet. But those areas: Wage growth and wage disparity first; second, worker voice, self-determination, and job autonomy; third, employment structure, relationships, and benefits; fourth, job deskilling; fifth, an accessible career pipeline. Five areas, actually.

So some of these do have specific policy recommendations in the report, and then others we did flag as needing further study. The Task Force was a 15-month task force so far, and we are looking to extend that, but we do need to do further study on some of those items.

Ms. JAYAPAL. And this was the agreement—one of the things I liked about the Task Force is that you had businesses, you had worker representation, worker organizations and unions, all at the table coming up with this unanimous set of recommendations around the important areas for a good job.

You also found in your report that while median wages grew in Washington State, there were some workers who were left behind. What interventions specifically related to wage disparities did the Task Force suggest to address those disparities?

Ms. GATTMAN. Sure. Thank you. So incumbent worker training is certainly a factor for us in helping workers grow with their companies and earning those higher wages.

The Task Force also had a recommendation on joint worker management committees as part of any State incumbent worker training funding. We think that will help ensure the workers' needs and interests are reflected when those public funds are invested to support business growth and development.

The report also talks about better labor market data and credential transparency. We want people to be able to better prepare for their career futures and to make wise decisions on how to invest their time and money to achieve those career goals. So to do that, they need information about program outcomes and the actual skills and competencies that would result from a course or credential.

Ms. JAYAPAL. One of the things that is growing in our State is the number of contingent workers. And, you know, contingent workers have far fewer legal protections, less safety benefits, less retirement security.

What do you recommend that we look at to keep those workers safe and secure?

Ms. GATTMAN. Sure. So the information we have on this, it is largely anecdotal. We went through a lot of research on the contingent workforce, and we found that contingent work is on the rise, particularly in terms of part-time supplemental income.

But our report covers quite a bit, and it comes down to choice. So are the workers taking contingent jobs because they like the flexibility, they earn enough to support their families, or are they taking that because they have no other options? And so we posed the question: Can we create the public worker support network and infrastructure that enables those workers to earn a family-sustaining income while working in a career that is meaningful to them?

And so one of the things that we recommend is we want to look at the public worker benefit system and see if there are things that we need to do to help improve that system to be more responsive to contingent workers.

Ms. JAYAPAL. Thank you.

A report that was released yesterday by The Century Foundation calls my Domestic Workers Bill of Rights, which is cosponsored by many on this subcommittee, a model of innovation for other sectors as policymakers consider what laws are needed to ensure an inclusive and equitable future for work.

Madam Chair, I would like to ask unanimous consent to introduce both the Future of Work Task Force report and the 2019 Century Foundation report entitled "Domestic Workers Bill: A Model for Tomorrow's Workforce" into the record.

CHAIRWOMAN DAVIS. Without objection.

[The information follows:]

12/19/2019

Domestic Workers Bill: A Model for Tomorrow's Workforce

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 REPORT WORK

Domestic Workers Bill: A Model for Tomorrow's Workforce

DECEMBER 17, 2019 — JULIE KASHEN

12/19/2019

Domestic Workers Bill: A Model for Tomorrow's Workforce

At the press conference announcing the introduction of the first-ever national Domestic Workers Bill of Rights in Congress, Silvia Gonzalez, a domestic worker from Seattle,¹ shared her story and spoke about the importance of passing such a bill for domestic workers:

My name is Silvia Gonzales. I am a domestic worker, an immigrant, and a mother, and I am proud to organize other domestic workers. In one of my jobs as a house cleaner, I fell in the bathroom and I hurt my head, hip, and arm. I did not have any options to report the incident so I had to pay the hospital and physical therapy bills. This story is very common—I know many house cleaners who have fallen down the stairs and could not walk or work for several weeks. In addition to having to pay for all of the medical bills, they lose income from the days they are unable to work.

I was proud to be part of the fight in Seattle to win a Domestic Workers Bill of Rights. In addition to setting certain standards, like time off and written agreements, we established the first Standards Board for the industry, where workers like me who were named as a part of the board can have a dialogue with employers to establish new standards and programs for this unique industry—where the workplace is a home. That is why I am so excited to be here today so the victories we won in Seattle and nine states can be extended to workers all around the country.

In order to help make domestic work visible, safe, fair, and dignified, on July 15, 2019, Senator Kamala Harris (D-CA) and Representative Pramila Jayapal (D-WA) introduced the Domestic Workers Bill of Rights Act, S. 2112/H.R. 3760.² This comprehensive, 158-page bill, developed with input from domestic workers and leaders at the National Domestic Workers Alliance (NDWA),³ guarantees common workplace rights and protections to domestic workers, creates new policies to address the unique challenges of the labor they perform, and includes strong implementation and enforcement policies.

The Domestic Workers Bill of Rights (hereafter referred to as “The Domestic Workers Bill of Rights,” “the Bill of Rights,” or “the bill”) is also a model of innovation for other sectors as policymakers consider what laws are needed to ensure an inclusive and equitable future for work. Domestic workers are often considered “the original gig workers”⁴ because they have long known the precariousness of low wages, job insecurity, few to no benefits, wage theft, and other conditions that workers in many more sectors are facing today. Worker power has been eroding across the economy, declining as corporate interests and the wealthy few amass wealth and power at the expense of unions and other advocates for worker voices, workers’ rights, decent wages, and good jobs.⁵ Therefore the solutions in the Bill of Rights, while sector-specific and designed to address the needs of this historically marginalized workforce, provide a rubric for using policy to stop the widespread erosion of worker power and rights in any industry.

This report will illustrate that universal applicability by identifying and describing the six innovations in the bill that most provide a model for a secure and thriving future for workers in sectors beyond domestic work. In particular, the bill provides creative examples for a sectoral approach to the setting of standards; maintaining the affordability of services while increasing

12/19/2019

Domestic Workers Bill: A Model for Tomorrow's Workforce

investments in the workforce; enforcement for low-wage sectors; and workplace harassment. The bill ensures that a historically marginalized and undervalued sector receives fair treatment regardless of their work arrangement, including by:

- using **inclusive definitions** that cover everyone working in the sector regardless of work arrangement;
- creating a mechanism for **sectoral bargaining in the form of a wage and standards board** that brings together workers, employers, the government, and the public to make recommendations about working conditions, including living wages;
- addressing the need for **universal, portable benefits**;
- investing in domestic work from the perspective of **affordability for families and raising standards for the workforce**, rather than pitting these two needs against each other;
- awarding grants to community organizations that domestic workers trust so that they can partner with government agencies to support education, outreach, and **co-enforcement**, since workplace protections are only as good as their enforcement; and
- guaranteeing workers **the right not to be discriminated against or harassed at work**.

Before going into the details of the bill, it's helpful to set the context. In the next section, I will provide an overview of the domestic work sector and of the needs that the bill is designed to meet.

The Demographics and Discriminatory History of Domestic Work

More than 2 million domestic workers across the United States do the work of caring for children, elderly loved ones, and homes, or of helping people with disabilities live independent lives.⁶ They are home care workers, nannies, and house cleaners, and they comprise a large and growing workforce whose work, for the most part, won't be automated or outsourced abroad. In fact, home health aides and personal care assistants are the third and fourth fastest growing occupations in the United States according to the Bureau of Labor Statistics (BLS),⁷ largely due to the rapidly growing population of elder Americans (more people are living longer).⁸ In fact, the number of people in the United States aged 65 and older is projected to more than double between 2015 and 2060, and population growth will be particularly rapid among adults aged 85 and older.⁹

Over 90 percent of domestic workers are women, and a majority are immigrant, Black, and other women of color.¹⁰ Some domestic workers live in the homes of their employers, while others do not. Some have multiple clients at a time; others have many clients over the course of a longer duration of time. Some work for agencies, while many work one-on-one directly for a client-employer. Their work conditions vary dramatically, because of many different factors; but the majority of the domestic workforce receive low wages and labor in poor working conditions.

The history of domestic work is a picture painted with racism, sexism, and xenophobia: all three are endemic to the sector, throughout the past and to this very day.

The history of domestic work is a picture painted with racism, sexism, and xenophobia: all three are endemic to the sector, throughout the past and to this very day. In the United States, paid domestic work has historically been performed by Black and immigrant women. Black women—first when they were enslaved and then as freed people—worked as housekeepers, nannies, and cooks in the North and West. In fact, until more opportunities were opened to them in the 1960s, domestic work was often one of the few occupations open to Black women.¹¹ Meanwhile, in the North, Irish immigrants often took domestic jobs, as did Asian and Latina immigrants in the West.¹² Today, the field continues to be dominated by immigrants and women of color.

Just as paid domestic workers were, and continue to be, undervalued and poorly treated, many other women were—and continue to be—doing the same work for no pay. Unpaid domestic work performed by women for their families does not count in any official government measures as “hours worked” or as having any monetary value,¹³ but has an estimated economic value of \$470 billion.¹⁴ Yet, it is essential work that makes all other work possible and deserves to be valued.

The Rights of Domestic Workers Today

When the U.S. Congress passed labor rights laws in the 1930s, discriminatory perspectives were given an outsized voice. As Premilla Nadasen and Tiffany Williams write, “When New Deal labor legislation was enacted in the 1930s, Southern Congressmen, concerned about maintaining control over the African American labor force, insisted on the exclusion of domestic and agricultural workers from Social Security, minimum wage and overtime (the Fair Labor Standards Act, FLSA), and collective bargaining laws (the National Labor Relations Act, NLRA).”¹⁵ It took until 1950 for domestic workers to be included in Social Security. Thanks to the organizing and leadership of African-American domestic workers, in 1974, more domestic workers were included in minimum wage and overtime protections.¹⁶ In 2013, the Home Care Rule implemented by the Obama administration closed a large part of the remaining gap by narrowing the “companionship exemption” to make home care workers’ inclusion under FLSA protections unambiguous and explicit.¹⁷

Unfortunately, misconceptions in media and the news have left much to be desired in terms of the general awareness of these protections. Because NDWA, the most active advocacy organization in the space, often talks about the historic exclusions from labor laws in the context of the need for new rights, some journalists and experts have mistakenly reported that domestic workers don’t currently have the right to the minimum wage and overtime. It’s important that domestic workers, those who employ them, and those who enforce the law know that these workers *are* covered by FLSA. The only remaining exception is

12/19/2019

Domestic Workers Bill: A Model for Tomorrow's Workforce

that live-in domestic workers who are paid by private households are currently exempt from overtime pay, which would be remedied by the Domestic Workers Bill of Rights; and that in some states, domestic workers are not covered by state minimum wage laws that are higher than the federal minimum wage, or state-level overtime protections.

At the same time, the right to unionize, granted via the NLRA, generally does not include domestic workers.¹⁸ They are also excluded from the Occupational Safety and Health (OSH) Act,¹⁹ which assures safe and healthful working conditions for working men and women.²⁰ In addition, laws like the Civil Rights Act and the Family and Medical Leave Act (FMLA), because of their employee thresholds (wherein only employers who employ a specific number of employees are covered—fifteen for the Civil Rights Act, and fifty for FMLA), exclude many domestic workers who work for smaller employers.

DOMESTIC WORKERS BILL OF RIGHTS VICTORIES

2010 2011 2012 2013 2014 2015 2016 2017 2018 2019



Source: The Century Foundation, "Domestic Workers Bill: A Model for Tomorrow's Workforce"

Domestic workers in states and cities around the country have been organizing to counteract these federal exclusions. They have won state and local Domestic Workers Bills of Rights in nine states and two cities. New York was the first state to enact such a bill in 2010,²¹ and since then, Hawaii (2013),²² California (2013 and 2016),²³ Massachusetts (2014),²⁴ Connecticut (2015),²⁵ Oregon (2015),²⁶ Illinois (2016),²⁷ Nevada (2017),²⁸ and New Mexico (2019)²⁹ have followed suit. Municipal Domestic Workers Bills of Rights have passed in Seattle (2018)³⁰ and Philadelphia (2019).³¹ These state and local bills differ amongst themselves in terms of focus and comprehensiveness, but all grant new rights and protections to domestic workers.

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5/18

12/19/2019

Domestic Workers Bill: A Model for Tomorrow's Workforce

All told, while much work remains to be done, a great deal of progress has been made in the last decade. The strategies that the domestic worker movement has used to advance legislative victories at the state, local, and national levels provide a useful model for other sectors. In many states, employment laws, which have often been modeled off of the original federal laws, similarly exclude domestic workers—in some cases by design, in others by default. It is as important to remedy these state exclusions as it is to remedy the federal exclusions, both to make change at every level where workplace laws exist and because state and local laws can serve as models for national policymaking. Many of the provisions of the national Domestic Workers Bill of Rights were based on state and local models; but there are still millions of domestic workers in the forty-one remaining states without a domestic worker bill of rights who are left with inadequate protections. National legislation is needed to raise standards for domestic workers in all fifty states.

Six Key Innovations in the National Domestic Workers Bill of Rights—and the Model They Provide

The unique nature of domestic work makes it important to have a sector-specific approach to ensuring rights and protections for its workforce: work arrangements can vary dramatically in the sector, and those rights and protections need to be guaranteed in every one of them. For example, domestic workers often have multiple employers, work one-on-one, work for households who don't necessarily think of themselves as employers, and work part-time or live in the homes in which they work. They face perceptions and stereotypes with deep historical roots about the value of their work, are often misclassified as independent contractors, and sometimes work in an informal "gray economy." Domestic workers also often lack bank accounts or access to the internet, and many do not have English as their first language.³² The national Domestic Workers Bill of Rights provides a strong model to cover all of these situations and more, and is based on the principle that there is a set of legal rights and protections that everyone who works deserves to have.

While the policy solutions in the national Domestic Workers Bill of Rights are specific to domestic work, they also provide innovative and relevant models for other sectors. In many cases, by looking to those in the margins—like domestic workers—and observing how they and their allies are advocating for their rights, one can find in their work the most innovative solutions for ensuring justice and equity. The six innovations highlighted below are important for domestic workers; but given the broad applicability of the philosophies behind them, I will present them in terms that make their translatability to other sectors clear.

Innovation #1: Inclusive Definitions of Who Is Covered

The bill uses broad definitions to describe domestic workers and those who hire them to help ensure that domestic workers are covered regardless of their work arrangement. Building off the approach used in the Seattle Domestic Workers Bill of Rights, the broad definitions of "domestic workers" and "hiring entities" in the national Bill of Rights ensure that whoever hires the worker must comply with the law.³³ Specifically, the bill defines "domestic worker" as an individual who is paid directly or indirectly for the performance of domestic services, including an employee as defined by the FLSA. It defines "domestic work

12/19/2019

Domestic Workers Bill: A Model for Tomorrow's Workforce

hiring entity" as any entity that pays directly or indirectly for the performance of domestic services, including employers as defined by FLSA. These broad definitions are intentionally inclusive of domestic workers who work on online platforms or who work for an individual household through an agency.³⁴

This insistence on broad definitions is relevant across sectors. When creating policies that support workers, it is important to design the definitions used so that they are as inclusive as possible. No matter their work arrangement or who they are working for, workers deserve the right to fair wages, benefits, and the ability to care for themselves and their families.³⁵ As the workplace becomes more "fissured,"³⁶ a term which—as David Weil explains—includes "offshoring, outsourcing, and use of staffing agencies that [leads] to work characterized by low wages, noncompliance with core workplace statutes, limited benefits, more contingent employment, greater risk exposure, and weakened bargaining leverage for workers in general,"³⁷ inclusive definitions of who is covered by laws are even more important to ensure that workers are both eligible and able to access workplace rights, protections, and benefits.

Innovation #2: Sectoral Bargaining

Employers should treat workers well, not only because it is the right thing to do, but because when employees have financial security and job satisfaction and feel valued, job performance improves and turnover reduces, both of which will improve an employer's bottom line. In addition, when workers are well-paid, they have money to spend, ensuring consumer demand and keeping the economy thriving. In domestic work, where the work involves an employer's loved one or home, there should be additional incentives to treat people well. Unfortunately, in too many corporations, profit and shareholder value are being prioritized higher than the well-being of the workforce, including in the domestic work sector; and in the homes where domestic workers labor, too often, imbalanced power dynamics and long-standing perceptions of domestic work not being "real work" lead to exploitative and harmful workplace conditions.

Workers deserve to have a say in their working conditions, and in the case of domestic work, where the differences in power between workers and those who employ them tend to be extremely disparate, protections that ensure such a say are incredibly important. One of the major ways to ensure that workers are at the table is through unionization, collective bargaining, and/or organized participation in protected concerted activities, such as talking to coworkers about working conditions, circulating petitions asking for improvements, or talking to the media about working conditions.³⁸ However, as noted above, the federal legal right to participate in these activities, via the NLRA, explicitly excludes most domestic workers.³⁹ In addition, since domestic workers often work in a one-on-one employer-employee relationship, they have no "collective" with whom to bargain. As Sharon Block explains, "Setting standards workplace by workplace where domestic workers are hired by the families they serve would be impossible. Many domestic workers work for multiple employers, again making a system based on workplace by workplace standards complex."⁴⁰ In some situations, unions have been able to organize in-home workers who receive Medicaid payments from the state by making the state the employer of record and bargaining for better conditions on their behalf.⁴¹ But for most domestic workers, enterprise-based collective bargaining is not an option for these legal and practical reasons.

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That is why the national Domestic Workers Bill of Rights includes a model for sectoral bargaining—an approach to bargaining that is performed on the behalf of an entire sector, rather than employer by employer. Specifically, the bill includes the creation of a domestic workers wage and standards board. This board would be a forum in which workers, employers, worker organizations, the government, and the public can consider, analyze, and enact recommendations to improve job quality and, specifically, promote safety, health, well-being, and living wages for workers. The domestic workers wage and standards board provision in the national bill is modeled off of a similar provision in the Seattle Domestic Workers Bill of Rights: that piece of legislation set up the first domestic workers wage and standards board in the country, bringing together a thirteen-member board to make recommendations to the city council on training, accreditation, wage standards, overtime, access to paid time off, retirement and health care benefits, workers' compensation, and written hiring agreements. In Seattle, the board has begun to meet and consider these issues.

The national bill would require the secretary of labor to appoint ten members, based on the nominations of both worker organizations and hiring entities. Five are appointed to represent domestic workers and five are appointed to represent domestic work hiring entities. The secretary, or a designee, also serves on the board as the eleventh member. The board makes recommendations to the secretary of labor including, but not limited to: minimum wages for domestic workers; workplace standards; facilitating enforcement; domestic worker benefits; and any other subject approved by the board. For any issue not within the secretary's authority, they shall make a recommendation to Congress to do an expedited review and take action on the issue. But for recommendations that do fall under the secretary's purview, they have ninety days to accept, reject, or recommend modifications to the board's report and recommendations. If the secretary chooses to deviate from the board's recommendations, they must issue a public report to Congress outlining why the recommendations were altered or disregarded. Upon accepting a recommendation, the secretary of labor shall adopt rules and regulations necessary to carry them out. If they wish, states and localities are allowed to set higher wage or working condition standards than the national board does: the national legislation mandates a floor, but not a ceiling.

In addition to the Seattle model, the national Domestic Workers Bill of Rights builds on wage boards that have shown success in other industries. For example, in New York State, a wage board was the basis for a tripartite negotiation among workers, businesses, and government that led to fast food workers receiving a \$15 minimum wage. Later, the legislature extended this to all workers in New York.⁴² This type of model makes more and more sense as the nature of labor markets and of the workforce changes. As David Madland and Adam Stromme write of the Bill of Rights, "The legislation takes an innovative approach to raising standards that is well-suited to domestic work and may also provide a model for other types of jobs that increasingly resemble domestic work."⁴³

Innovation #3: Universal, Portable Benefits

In “Designing Portable Benefits: A Resource Guide for Policymakers,” Libby Reder, Shelly Steward, and Natalie Foster make the case that those classified as “non-traditional” workers—including domestic workers—need “workplace benefits that map to the reality of their work arrangement(s).”⁴⁴ It’s important to ensure that work arrangements don’t hinder people from accessing benefits. A framework in which benefits are both universal (available to all workers across a sector) and portable (tied to each worker and not contingent on employment status or working a certain number of hours for a single employer) can guarantee benefits across the sector regardless of work arrangement.

The national Domestic Workers Bill of Rights ensures that domestic workers can earn paid sick days, and it calls for studies that will identify barriers to domestic workers’ access to work-related benefits such as health insurance⁴⁵ and retirement security⁴⁶—since few domestic workers have these or other benefits like unemployment insurance, workers compensation, or disability insurance. It also requires the development of improvements to existing programs as well as the development of new ones that are more inclusive. One initiative it could review is the National Domestic Workers Alliance’s Alia, a portable benefits tool owned by workers that allows the clients of domestic workers—for now only house cleaners—to contribute to benefits like paid time off and disability insurance. In addition, the national board’s studies could examine and learn from state and local government innovation. For example, Philadelphia’s Domestic Workers Bill of Rights establishes a portable and prorated paid sick days program that domestic workers can access regardless of work arrangement, including the number of employers they have.⁴⁷

As employers turn more jobs into “nonstandard jobs”—for example, by hiring workers as independent contractors instead of employees, or by making the employer of record unclear—innovations such as broad definitions, sectoral bargaining, and universal, portable benefits are increasingly necessary to ensure that every worker has fair rights and protections across whole sectors and, ultimately, the entire economy.

Innovation #4: Affordable Care and Good Caregiving Jobs

Domestic workers, people with disabilities, seniors, and other marginalized groups are too often pitted against each other—as if we must choose between, on the one hand, people with disabilities and seniors having supports and services, and, on the other, higher job quality for workers. What’s really needed is a significant public investment in both. Higher quality jobs lead to higher quality care, care which ensures that individuals with disabilities, older Americans, and the home care aides and personal care assistants who work with them can live independently, with dignity, and with economic security.

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Medicaid is the second largest employer of home health care services.⁴⁸ As a result, any policy impacting these services must take Medicaid into account. The national Domestic Workers Bill of Rights would increase funding for Medicaid to help raise workforce standards without cutting services for people who rely on Medicaid. The bill also directs the Departments of Labor and Health and Human Services to jointly create regulations for the Medicaid-funded programs impacted by the bill, and specifies that all rulemaking must ensure that no funding for any costs related to the bill should be derived from individual consumers' service budgets—Medicaid must use other funding. The bill makes clear that the choice between investing in the workforce and maintaining services for people with disabilities and seniors. Lisa Ekman, the chair of the Consortium of Citizens with Disabilities's Long-Term Services and Supports Task Force, called the bill "a model for ensuring the rights of workers and people with disabilities simultaneously."⁴⁹

These provisions are also intended to disincentivize states from cutting consumer services or capping worker hours in response to the bill's potential costs for state governments. They dispel any ground for concern by by improving Medicaid's capacity to encourage and positively respond to state and federal improvements in home care worker protections.

This model—addressing affordability for families and investing in the workforce at the same time—is a model that's also been seen at work in child care and early education. For example, the Child Care for Working Families Act and the Universal Child Care and Early Learning Act both include federal funding to make child care more affordable for families and to invest in higher quality child care jobs—not one or the other. Unfortunately, the United States is not currently employing the solutions that have been set out in these two acts, solutions which are needed if we want to address the high, labor-intensive costs of caregiving. A significant public investment is needed to ensure the affordability of high quality child care and long-term services and supports for families that ensures that care jobs are good jobs. The Bill of Rights puts a down payment on this cost for long-term services and supports (LTSS). Medicare for All (S. 1129, H.R. 1384)—a piece of legislation that would create universal health care—includes additional investment in LTSS; but more resources are still needed to ensure that there's adequate funding to meet the nation's growing needs.

Innovation #5: Innovations in Enforcement

Danuta, a home care worker in the Chicago area, worked eighty-four hours per week and earned just \$500 a week while caring for a patient with Parkinson's and dementia. After learning her rights and how to properly calculate her wages from Arise Chicago, a local organization

12/19/2019

Domestic Workers Bill: A Model for Tomorrow's Workforce

dedicated to empowering domestic workers and an affiliate of the National Domestic Workers Alliance, Danuta found she was owed thousands of dollars for eleven months of work. With support from Arise Chicago, Danuta led meetings and direct negotiations with her employer and recovered \$11,000 in owed wages.

It is just as important to write a comprehensive law as it is to ensure that the law can be enforced. Enforcement in the domestic work sector is challenging. For the most part, there is no record of who acts as a domestic work employer or hiring entity. Any home could be a workplace, but there's no reliable way to know which are and aren't. Often, the government agencies that enforce employment laws have limited resources, and so focus those resources where they can get the biggest "bang for their buck"—employers with fifty or more employees. Some home care or nanny agencies may be large enough to meet such a threshold, but not many; and, even then, it is hard to track what is happening in private homes. In cases where there is one-to-one employment, enforcement is a much bigger challenge. In addition, neither domestic workers nor their employers are interested in creating an environment where government agencies are doing regular inspections in private homes: employers want to maintain their privacy and/or their outsized control in the employment relationship, and in the current political climate where immigrants are being treated so poorly, workers may not trust the government to have their best interests in mind. As a result, it requires creativity to develop enforcement models for this sector.

The Domestic Workers Bill of Rights rises to this challenge by establishing a national grant for community-based education, outreach, and enforcement of domestic workers' rights—the kind of programs that helped Danuta to recover the wages owed to her. It is a competitive grant, to be awarded in each region of the country to community-based organizations. The grantees will educate workers and hiring entities on the new rights, protections, and benefits for domestic workers in the federal law, and will enhance the enforcement of domestic worker rights and protections. Grant activities can include conducting trainings; providing mediation services between employers and workers; providing assistance to domestic workers in filing claims relating to violations of the domestic workers bill of rights, either administratively or in court; monitoring compliance by domestic work hiring entities with the domestic workers bill of rights; and more.

This is not without precedent. In June, 2019, California passed historic legislation to engage community-based organizations directly in co-enforcement, targeted outreach, and the education of domestic worker rights, with a focus on the rights provided by California's Domestic Workers Bill of Rights.⁵⁰ In addition, the City and County of San Francisco, California, administer two city contracts that fund community nonprofits or worker centers who conduct workers' rights outreach and education.⁵¹ Similarly, the City of Los Angeles supports the Filipino Workers Center, an NDWA affiliate in Los Angeles, which conducts outreach to workers to help enforce minimum wage laws and combat wage theft.⁵² In addition, four years ago, NDWA's New York chapter began a strategic enforcement campaign to actively train worker leaders in the community to talk to other workers about their labor rights and conduct screenings with workers about the labor violations they are experiencing. The worker leaders serve as community navigators and bring other workers into a domestic-worker-focused legal clinic, which is jointly operated by NDWA's New York chapter and NDWA's legal advocacy partner, the Community Development Project. This clinic is part of a co-enforcement collaboration with the New York Department of Labor and the New York City Office of Labor Policy and Standards.⁵³

<https://tcf.org/content/report/domestic-workers-bill-a-model-for-tomorrows-workforce/>

11/18

12/19/2019

Domestic Workers Bill: A Model for Tomorrow's Workforce

This model can also work for other sectors—especially those with large numbers of immigrants and other marginalized workers. And in all cases, a co-enforcement approach is likely to be the most effective choice. Education and outreach are key to any effective implementation, of both the workers and the employers involved; and community-based organizations can reach workers in a way that government agencies can't always do. The benefits of a co-enforcement model include that government, and especially enforcement agencies, can leverage community networks, cultural fluency, and industry knowledge, as well as the trust that community-based organizations build with workers. Performing enforcement collaboratively also enhances the enforcement done by agencies themselves, by helping them to better analyze the problems and identify the priorities. As former NDWA New York director Irene Jor wrote, "by investing in community and worker leaders and providing those leaders with resources to educate their co-workers, the enforcement agency and partner organizations create conditions under which workers can organize and advocate directly on their own behalf."⁵⁴ Engaging community-based organizations in education, outreach, and co-enforcement efforts can have benefits across sectors, and especially for low-wage workers.

Innovation #6: Freedom from Harassment

June is a home care worker who worked as a live-in caregiver to a male employer. On her first night on the job, he asked her to get into bed with him. Over the course of the next several months he groped her repeatedly. June felt she could not tell the agency she worked for about the harassment because she knew they would take her off the job, and she needed the income to pay for her medication and rent. She did not know where to turn for help. June left as soon as she could find another job, and months later learned her employer had been harassing other women who worked for him as well.

Under federal law, employees are protected against discrimination and harassment on the basis of age, disability, equal pay, harassment, national origin, pregnancy, race/color, religion, sex (including sexual harassment), and retaliation. The Equal Employment and Opportunities Commission (EEOC) enforces this law. While domestic workers are covered, many are excluded on a "de facto" basis—along with many others who work in small businesses or for themselves—because of the fifteen-or-more employee threshold that the EEOC uses. Therefore, the vast majority of domestic workers are precluded from filing complaints. Some domestic workers have protections from state laws, but in many states they are either expressly exempted or, like with the federal law, they fail to meet the employee threshold, below which an employer is not required to comply with the laws.

Caring is inherently personal and intimate work, and takes place behind closed doors. Women working alone in these environments are particularly vulnerable to abuse, and unscrupulous employers can easily get away with abusive behavior. Many domestic workers are not aware of their rights, and many employers do not see their homes as workplaces. The process to file a complaint is often not an easy one: most cannot afford a lawyer, and it can be difficult to navigate the administrative process or figure out which agency to go to, even in the few contexts in which domestic workers are able to file complaints at all.

12/19/2019

Domestic Workers Bill: A Model for Tomorrow's Workforce

The Domestic Workers Bill of Rights puts an end to this exclusion by including language that protects employees in any size of workplace, including a workplace of one, against discrimination and harassment. The bill also directs the Department of Labor to award a grant for a national hotline for domestic workers to call in cases of non-life threatening emergencies and to find emergency and survivor support services. In addition, it calls for a Government Accountability Office study to recommend improvements to federal support programs for survivors of workplace harassment in low-wage, vulnerable, and marginalized sectors like domestic work. These recommendations would include measures that ensure that domestic workers can safely access housing, health care, mental health, and counseling service supports, as well as workers' compensation, unemployment insurance, disability benefits, transportation stipends, and other support to take care of their financial, physical, emotional, privacy, and other needs.

Domestic workers are far from the only workers who need these supports. In 2017, the *New York Times* broke the story of Harvey Weinstein's history of sexual harassment,⁵⁵ and shortly afterward Tarana Burke's "#metoo" hashtag went viral when Alyssa Milano tweeted it and millions of others followed.⁵⁶ Then 700,000 farmworker women, led by Monica Ramirez, wrote a "Dear Sisters" letter, saying they stand with the women of Hollywood, thereby shining a spotlight on the harassment so prevalent in farmwork and other low-wage and vulnerable sectors.⁵⁷

As advocates came together to develop solutions that included everyone, they helped develop the BE HEARD Act, (Bringing an End to Harassment by Enhancing Accountability and Rejecting Discrimination in the Workplace Act) (S.1082, H.R.2148), introduced in April 2019 by Senator Patty Murray (D-WA) and Representative Katherine Clark (D-MA). The comprehensive bill expands the definition of who is covered by the federal anti-discrimination laws to include domestic workers, farmworkers, and others who work for small businesses, as well as independent contractors and interns. It clarifies protections based on sexual orientation and gender identity. It also improves enforcement of anti-discrimination laws and ensures that survivors of harassment can access the justice system and the broader supports they need.⁵⁸ Among other provisions, it also authorizes grants for low-income workers to help them seek legal recourse if they are harassed.⁵⁹

The Domestic Workers Bill of Rights echoes language in the BE HEARD Act that ensures domestic workers and others who work for small businesses are directly covered by anti-discrimination law. Both bills are needed to ensure that domestic workers, and workers in every sector, can work in safety and dignity and address the pervasive problem of workplace harassment in a strategic and comprehensive way.

A Sectoral Approach with Universal Application

The six innovations discussed here are only some of the many features of the Domestic Workers Bill of Rights. They would address historic wrongs, include domestic workers in common workplace rights and protections, address the unique nature of domestic work, and demonstrate innovations for the future, in this sector as well as many others. The bill also includes earned sick days, privacy protections, meal and rest breaks, safety and health measures, a study of the best ways to provide benefits to domestic workers, protections for live-in workers, fair scheduling provisions, strong implementation measures, and more. The

12/19/2019

Domestic Workers Bill: A Model for Tomorrow's Workforce



NATIONAL DOMESTIC WORKERS BILL OF RIGHTS INTRODUCTION PRESS CONFERENCE GROUP PHOTO. SOURCE: OTHELLO BANACI

bill is an important sectoral approach that has many lessons for other sectors. Just as the domestic work sector experiences the precarities that more and more workers face every day, domestic workers are also leading the way on the solutions to the challenges those precarities pose.

The author thanks Alana Eichner, Mariana Viturro, Jennifer Dillon, and Paulina Lopez Gonzalez for their contributions to this report.

This report was written in partnership with the National Domestic Workers Alliance

COVER PHOTO: NATIONAL DOMESTIC WORKERS BILL OF RIGHTS INTRO LOBBY DAY SOURCE: OTHELLO BANACI

Notes

1. Silvia Gonzalez, "Proud to Be Part of the Fight," Washington, DC, July 15, 2019, video available at https://www.dropbox.com/s/4fks8sz0fxztay0/Silvia_Gonzalez_Seattle_BOR_Intro_Proud_to_be_part_of_the_fight.mp4?dl=0.
2. Domestic Workers Bill of Rights Act, S.2112, U.S. Congress, 116th session, July 15, 2019, <https://www.congress.gov/bills/116th-congress/senate-bill/2112/text>.

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14/18

12/19/2019

Domestic Workers Bill: A Model for Tomorrow's Workforce

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16/18

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17/18

12/19/2019

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Julie Kashen, Director, Women's Economic Justice and Senior Fellow

Julie Kashen is a senior fellow and Director for Women's Economic Justice at The Century Foundation with expertise in working families, economic mobility, labor, and poverty.

<https://tcf.org/content/report/domestic-workers-bill-a-model-for-tomorrows-workforce/>

18/18

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Ms. JAYAPAL. Thank you, Madam Chair, and I yield back.

The CHAIRMAN. Thank you.

The gentleman from Wisconsin, Mr. Grothman.

Mr. Watkins is next then, the gentleman from Kansas.

Mr. WATKINS. Thank you, Madam Chair. Thank you.

In Kansas, we talk with a lot of chief executives who certainly have the work, and they would do more if they had the people. And so, Mr. Paretti, I hear this from employers all the time, you know.

And so my question is, they can't find enough skilled workers for their positions, and so how will this problem be exacerbated with the coming TIDE, with the technology-induced displacement of employment?

Mr. PARETTI. Thank you, Congressman. We have already seen it, I mean, and the speed at which it is happening is accelerating. More and more as lower skilled jobs are displaced by automation, by artificial intelligence, they do create other opportunities, but those opportunities are a higher skill level.

If we are currently in a situation where we can't fill 7 million jobs now because of the lack of skilled workers, as the jobs that are out there require a greater skill set and greater set of competencies to master, that number is going to only get bigger.

What we can do about it, I think, is talk about, as we mentioned, lifelong learning. I think instilling a sort of a dynamic concept into this. Understand you are going to constantly throughout your career having to be up-skilling yourself, constantly learning and looking toward the next position.

I was heartened by the chair's comment that we spend a ton of money right now on workforce training programs, but, as I think it was Professor Harris' testimony, it is scattered among so many different programs that serve different constituencies. Is there a way to look at and spend—you know, if we are spending this much money, can we spend it more wisely and more effectively? That is one thing I would certainly endorse taking a close look at.

Mr. WATKINS. Thanks. And, like you mentioned, it is not just low wage or minimal skill/no skill labor. We are starting to see this expand to banking and accounting and other fields.

I am particularly interested in the example that you brought up in the healthcare industry with regards to AI. And AI has the ability to provide workers with the opportunity to focus more on face-to-face—

Mr. PARETTI. Yes.

Mr. WATKINS.—and less repetitive work. So what sectors embrace the mindset versus sectors that one will attempt to cling to the status quo?

Mr. PARETTI. Well, I mean, I think those sectors that don't embrace the mindset are going to find that it is going to smack them in the face one way or the other. To some extent, the automation in TIDE is going to be somewhat inevitable. What we can do is prepare ourselves for it.

You mentioned healthcare—I think Mr. Guthrie talked about that as well—as a great opportunity for particularly traditionally undervalued skills, and this is interesting. We talk about the disparate impacts of TIDE. One positive is that it is largely expected that TIDE will favor women workers and female workers as opposed to male, because so many of the skills that were traditionally undervalued—social skills, empathy, interaction, the things that lead to face-to-face time—those are going to be more and more in demand as routine, rote, sort of easy-to-do and noncomplex tasks are replaced by automation. So I think those are opportunities there.

I see it in my law firm. I mean, I was an associate 20 years ago, and one of your first things you did for the first year of your career

was sit in a room with boxes of documents and look for anything that looked different. So much of that can be done automated now that we no longer need to have folks doing that. So it frees up associates to be working at a higher level and ultimately moving.

But, yeah, I think the thought that this is simply going to be, oh, it is the folks at the drugstore or in the fast food restaurants who are going to be displaced, it is much larger than that.

Mr. WATKINS. Thank you.

I yield the balance of my time, Madam Chair.

CHAIRWOMAN DAVIS. Thank you. Did you want to yield to anyone in particular?

No. Okay.

Mr. WATKINS. No, ma'am.

CHAIRWOMAN DAVIS. Thank you very much.

Okay. The gentleman from Connecticut, Mr. Courtney.

Mr. COURTNEY. Thank you, Madam Chairwoman, for holding this hearing and to the witnesses for being here this morning.

Professor Harris, I just want to go back to one of your comments about the fact that a creative way to address this problem is to use the Pell Grant program to be available for nondegree credential programs. The good news is we just voted out of committee the reauthorization of the Higher Education Act a few weeks ago, and section 4013 actually embraced that concept for the first time. Again, we are opening up Pell Grants to nondegree programs.

And, again, just for the record, Madam Chairwoman, I just want to enter into the record section 4013 from the CAA so that we can again—

CHAIRWOMAN DAVIS. Thank you. Without objection.

Mr. COURTNEY.—make it a part of the record.

[The information follows:]

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262

1 student had received such a loan, the
2 student would have qualified for loan
3 forgiveness under subclause (I)(bb).”.

4 **SEC. 4013. EXTENDING FEDERAL PELL GRANT ELIGIBILITY**
5 **OF CERTAIN SHORT-TERM PROGRAMS.**

6 (a) IN GENERAL.—Section 401 of the Higher Edu-
7 cation Act of 1965 (20 U.S.C. 1070a) is amended by in-
8 serting after subsection (j) the following:

9 “(k) JOB TRAINING FEDERAL PELL GRANT PRO-
10 GRAM.—

11 “(1) IN GENERAL.—For the award year begin-
12 ning on July 1, 2021, and each subsequent award
13 year, the Secretary shall carry out a program
14 through which the Secretary shall award job training
15 Federal Pell Grants to students in eligible job train-
16 ing programs approved by the Secretary in accord-
17 ance with paragraph (4).

18 “(2) TERMS AND CONDITIONS.—Each job train-
19 ing Federal Pell Grant awarded under this sub-
20 section shall have the same terms and conditions,
21 and be awarded in the same manner, as a Federal
22 Pell Grant awarded under subsection (a), except as
23 follows:

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263

1 “(A) A student who is eligible to receive a
2 job training Federal Pell Grant under this sub-
3 section is a student who—

4 “(i) has not yet attained a
5 postbaccalaureate degree; and

6 “(ii) is enrolled, or accepted for en-
7 rollment, in an eligible job training pro-
8 gram at an institution of higher education.

9 “(B) The amount of a job training Federal
10 Pell Grant for an eligible student shall be deter-
11 mined under subsection (b), except that sub-
12 section (b)(4) shall not apply.

13 “(3) TREATMENT OF JOB TRAINING FEDERAL
14 PELL GRANT.—

15 “(A) INCLUSION IN TOTAL ELIGIBILITY
16 PERIOD.—The period during which a student
17 received a job training Federal Pell Grant
18 under this subsection shall be included in calcu-
19 lating the duration limits with respect to such
20 student under subsection (e)(5) and to the ex-
21 tent that such period was a fraction of a semes-
22 ter or the equivalent, only that same fraction of
23 such semester or equivalent shall count towards
24 such duration limits.

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264

1 “(B) PREVENTION OF DOUBLE BENE-
2 FITS.—No student may for the same payment
3 period receive both a job training Federal Pell
4 Grant under this subsection and a Federal Pell
5 Grant under subsection (a).

6 “(4) APPROVAL OF ELIGIBLE JOB TRAINING
7 PROGRAMS.—

8 “(A) ELIGIBLE JOB TRAINING PROGRAM.—
9 An eligible job training program shall be a ca-
10 reer and technical education program at an in-
11 stitution of higher education that the Secretary
12 determines meets the following requirements:

13 “(i) The job training program pro-
14 vides not less than 150, and less than 600,
15 clock hours of instructional time over a pe-
16 riod of not less than 8, and less than 15,
17 weeks.

18 “(ii) The job training program pro-
19 vides training aligned with the require-
20 ments of high-skill, high-wage, or in-de-
21 mand industry sectors or occupations in
22 the State or local area in which the job
23 training program is provided, as deter-
24 mined by an industry or sector partnership
25 in such State or local area.

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265

1 “(iii) The job training program has
2 been determined by the institution of high-
3 er education and by such industry or sec-
4 tor partnership to provide academic con-
5 tent, an amount of instructional time, and
6 a recognized postsecondary credential that
7 are sufficient to—

8 “(I) meet the hiring requirements
9 of potential employers in the sectors
10 or occupations described in clause (ii);
11 and

12 “(II) satisfy any applicable edu-
13 cational prerequisite requirement for
14 professional license or certification, so
15 that a student who completes the pro-
16 gram and seeks employment is quali-
17 fied to take any licensure or certifi-
18 cation examination needed to practice
19 or find employment in such sectors or
20 occupations.

21 “(iv) The job training program pre-
22 pares students to pursue related certificate
23 or degree programs at an institution of
24 higher education, including—

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266

1 “(I) by ensuring the acceptability
2 of the credits received under the job
3 training program toward meeting such
4 certificate or degree program require-
5 ments (such as through an articula-
6 tion agreement); and

7 “(II) by ensuring that a student
8 who completes noncredit coursework
9 in the job training program, upon
10 completion of the job training pro-
11 gram and enrollment in such a related
12 certificate or degree program, will re-
13 ceive academic credit for such non-
14 credit coursework that will be accept-
15 ed toward meeting such certificate or
16 degree program requirements.

17 “(v) The job training program pro-
18 vides to the Secretary the annual earnings
19 expected to be paid in the sectors or occu-
20 pations for which the program provides
21 training not later than 6 months after
22 completion of such program (in this sub-
23 section referred to as the ‘expected earn-
24 ings’), as such earnings are determined by
25 an industry or sector partnership in the

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267

1 State or local area in which the program is
2 provided, and which shall be—

3 “(I) greater than the average or
4 median annual earnings paid to indi-
5 viduals with only a high school di-
6 ploma (or the equivalent) based on the
7 most recently available data from the
8 Bureau of Labor Statistics or the Bu-
9 reau of the Census with respect to
10 such State or local area, or the Nation
11 as a whole, as selected by such pro-
12 gram;

13 “(II) validated by the Secretary;
14 and

15 “(III) used to review the job
16 training program under subparagraph
17 (C).

18 “(vi) The job training program is part
19 of a career pathway, and includes coun-
20 seling for students to—

21 “(I) support each such student in
22 achieving the student’s education and
23 career goals; and

24 “(II) ensure that each such stu-
25 dent receives information on—

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268

1 “(aa) the sectors or occupa-
2 tions described in clause (ii) for
3 which the job training program
4 provides training (including the
5 expected earnings to be paid,
6 and, if available, the mean and
7 median earnings (described in
8 subparagraph (C)(ii)) paid, in
9 such sectors or occupations));
10 and

11 “(bb) the related certificate
12 or degree programs described in
13 clause (iv) for which the job
14 training program provides prepara-
15 tion.

16 “(vii) The job training program meets
17 the requirements under section 104 that
18 are applicable to a program of training to
19 prepare students for gainful employment in
20 a recognized occupation.

21 “(viii) The job training program does
22 not exceed by more than 50 percent the
23 minimum number of clock hours required
24 by a State to receive a professional license
25 or certification in the State.

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269

1 “(ix) The job training program is pro-
2 vided by an institution of higher education
3 that—

4 “(I) is approved by an accred-
5 iting agency or association that meets
6 the requirements of section
7 496(a)(4)(C);

8 “(II) during the preceding 5
9 years, has not been subject to any ad-
10 verse actions or negative actions by
11 the accrediting agency or association
12 of the institution, State or Federal en-
13 forcement agencies, or the Secretary;

14 “(III) is listed on the provider
15 list under section 122(d) of the Work-
16 force Innovation and Opportunity Act
17 (29 U.S.C. 3152(d)); and

18 “(IV) has a designated official
19 responsible for engaging with the
20 workforce development system in the
21 State or local area in which the job
22 training program is provided.

23 “(x) The job training program has a
24 verified completion rate and a verified an-
25 nual earnings rate that meets the require-

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270

1 ments of clauses (i) and (iii) of section
2 481(b)(2)(A), respectively, and satisfies
3 the criteria described in clause (v) of such
4 section.

5 “(xi) The State board representing
6 the State in which the job training pro-
7 gram is provided certifies to the Secretary
8 that the program meets the requirements
9 of clauses (ii), (viii), and (ix)(III).

10 “(B) INITIAL APPROVAL BY THE SEC-
11 RETARY.—Not later than 180 days after the
12 date on which a job training program is sub-
13 mitted for approval under this subparagraph,
14 the Secretary shall make a determination as to
15 whether such job training program is an eligible
16 job training program in accordance with sub-
17 paragraph (A).

18 “(C) REVIEW OF APPROVAL.—

19 “(i) IN GENERAL.—Not later than 3
20 years after the date an eligible job training
21 program is approved under subparagraph
22 (B), and not less than once every 3 years
23 thereafter, the Secretary shall, using the
24 data collected under paragraph (5) and
25 such other information as the Secretary

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271

1 may require, determine whether such job
2 training program continues to meet the re-
3 quirements of subparagraph (A).

4 “(ii) REQUIREMENTS.—Subject to
5 clause (iii), a determination under clause
6 (i) that a job training program continues
7 to meet the requirements of subparagraph
8 (A) shall, at a minimum, require the Sec-
9 retary to determine that the mean or me-
10 dian earnings (whichever is higher) paid to
11 students not later than 6 months after
12 completing such program is equal to or
13 greater than the expected earnings of the
14 program.

15 “(iii) EXCEPTION AND APPEALS.—

16 “(I) EXCEPTION.—The Secretary
17 may extend, by not more than an ad-
18 ditional 6 months, the period by when,
19 after completion of the job training
20 program, the mean or median earn-
21 ings (whichever is higher) paid to stu-
22 dents meets the requirements of
23 clause (ii), in a case in which the job
24 training program requesting such ex-
25 tension provides sufficient justification

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272

1 for such extension (as determined by
2 the Secretary).

3 “(II) APPEALS.—Not later than
4 60 days after receiving notification
5 from the Secretary of the loss of eligi-
6 bility resulting from the review under
7 subparagraph (C), a job training pro-
8 gram may appeal any loss of eligibility
9 under this subparagraph by dem-
10 onstrating extenuating circumstances.

11 “(III) SECRETARIAL REQUIRE-
12 MENTS.—The Secretary shall issue a
13 decision on any appeal submitted by a
14 job training program under subclause
15 (II) not later than 45 days after its
16 submission.

17 “(5) DATA COLLECTION.—Using the postsec-
18 ondary student data system established under sec-
19 tion 132(l) or a successor system (whichever in-
20 cludes the most recent data) to streamline reporting
21 requirements and minimize reporting burdens, and
22 in coordination with the National Center for Edu-
23 cation Statistics, the Secretary of Labor, and each
24 institution of higher education offering an eligible
25 job training program under this subsection, the Sec-

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273

1 retary shall, on at least an annual basis, collect data
2 with respect to each such eligible job training pro-
3 gram, including the following:

4 “(A) The number and demographics of
5 students who enroll in the program.

6 “(B) The number of credits attempted and
7 accumulated annually by students enrolled in
8 the program.

9 “(C) The share of such students who cease
10 enrollment on or before the completion of 60
11 percent of the payment period or period of en-
12 rollment.

13 “(D) The verified completion rate and the
14 verified annual earnings rate described in
15 clauses (i) and (iii) of section 481(b)(2)(A), re-
16 spectively, for the program.

17 “(E) The number and demographics of—
18 “(i) students who complete the pro-
19 gram; and

20 “(ii) students who do not complete the
21 program.

22 “(F) The outcomes of the students who
23 complete the program, including—

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274

- 1 “(i) the share of such students who
2 continue enrollment at the institution of
3 higher education offering the program;
4 “(ii) the share of such students who
5 transfer to another institution of higher
6 education;
7 “(iii) the share of such students who
8 complete a subsequent certificate or degree
9 program;
10 “(iv) the share of such students who
11 secure employment 6 months and 1 year,
12 respectively—
13 “(I) after completion of such pro-
14 gram; or
15 “(II) in the case of a program
16 that prepares students for a profes-
17 sional license or certification exam,
18 after acquiring such license or certifi-
19 cation;
20 “(v) the expected earnings in the sec-
21 tors or occupations for which the program
22 provides training;
23 “(vi) the mean and median earnings
24 paid in such sectors or occupations to such
25 students not later than 6 months after

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275

1 completing such program (as described in
2 paragraph (4)(C)(ii)); and

3 “(vii) in the case of a job training
4 program that prepares students for a pro-
5 fessional license or certification exams, the
6 share of such students who pass such
7 exams.

8 “(6) TITLE OF JOB TRAINING FEDERAL PELL
9 GRANT.—Grants made under this subsection shall be
10 known as ‘job training Federal Pell Grants’.

11 “(7) DEFINITIONS.—In this subsection:

12 “(A) ARTICULATION AGREEMENT.—The
13 term ‘articulation agreement’ has the meaning
14 given the term in section 486A.

15 “(B) CAREER AND TECHNICAL EDU-
16 CATION.—The term ‘career and technical edu-
17 cation’ has the meaning given the term in sec-
18 tion 3 of the Carl D. Perkins Career and Tech-
19 nical Education Act (20 U.S.C. 2302).

20 “(C) INSTITUTION OF HIGHER EDU-
21 CATION.—The term ‘institution of higher edu-
22 cation’ means an eligible institution for pur-
23 poses of this subpart that is an institution of
24 higher education (as defined in section 101) or

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276

1 a postsecondary vocational institution (as de-
2 fined in section 102(e)).

3 “(D) WIOA DEFINITIONS.—The terms ‘ca-
4 reer pathway’, ‘industry or sector partnership’,
5 ‘in-demand industry sector or occupation’, ‘rec-
6 ognized postsecondary credential’, ‘State board’,
7 and ‘workforce development system’ have the
8 meanings given such terms in section 3 of the
9 Workforce Innovation and Opportunity Act (29
10 U.S.C. 3102).”.

11 (b) REPORT.—Not later than 3 years after the date
12 of enactment of this Act, the Secretary of Education
13 shall—

14 (1) submit to the Committee on Education and
15 Labor of the House of Representatives and the Com-
16 mittee on Health, Education, Labor, and Pensions
17 of the Senate a report on the impact of eligible job
18 training programs described in subsection (k) of sec-
19 tion 401 of the Higher Education Act of 1965 (20
20 U.S.C. 1079a), as added by this section, based on
21 the most recent data collected under paragraph (5)
22 of such subsection (k); and

23 (2) make the report described in paragraph (1)
24 available publicly on the website of the Department
25 of Education.

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October 28, 2019 (9:10 a.m.)

Mr. COURTNEY. However, one point which there was a little bit of a dustup during the markup was on the question of, you know, which programs should actually be allowed to use public dollars. Again, the section which I just referenced was careful to make sure that it was WIOA-certified programs, again, programs which have kind of—you know, we have run the traps on to make sure they are not junk certificates.

And I was wondering, again, if you could just sort of, you know, just comment on whether or not that is the right approach, to just make sure we are not indiscriminately opening up, you know, public dollars to programs which may not provide anything of value.

Mr. HARRIS. Yes. I think that is—I think the committee got it exactly right. We need to ensure that the programs that are funded with Pell Grant money—and I would say not just Pell Grant money, but all public money—are actually delivering training and credentials that have value in the labor market for workers, preferably paired with career pathways, advice, and guidance that allows those credentials to actually turn directly into a job. So I think that is exactly right.

The only point that I would add about Pell Grants is that I think it is exactly right to open it up to nondegree credentials, but that means we need more money, because, otherwise, you are robbing Peter to pay Paul. And what I would rather do is let's help Peter and Paul get the training and education that they need. So let's expand the funding, the appropriations for Pell Grants as much as we possibly can to accommodate the additional influx of people using it for nondegree credentials.

Mr. COURTNEY. Well, yesterday's minibuss that actually did plus up to some degree Pell for the first time in years, I realize, but, you know, at least we are moving into positive territory.

Mr. Markell, again, you talked about the registered apprenticeship program, which, again, I think there is very strong bipartisan support for plussing or sizing it up to deal with the, you know, skills gap, job openings, and the economy there.

However, again, to go back to the discussion we just had on credentialed certificate nondegree programs, it is key, isn't it, to make sure that apprenticeship certificates that have been around since the Fitzgerald Act passed in 1937 continues to maintain some standards to make sure that workers have something that is portable, and also employers know that they are getting something of quality? I just wonder if you could comment on that.

Mr. MARKELL. We are really keen to see registered apprenticeship move into different occupations across different sectors. We think it is a great model. There are a lot of protections for employees and employers, frankly, in the registered apprenticeship model.

We know things like EEOC plans are required inside of registered apprenticeships. We know that there are plans in contracts that are signed. We are seeing some—for instance, in the tech industry, the tech industry has decided that there are sort of two paths now. You can come from a fancy college or you can go to a registered apprenticeship, and they will put you into a pretty good job and give you a good career pathway.

In healthcare, registered apprenticeships are expanding. In our own work, we are pushing registered apprenticeships into the production workforce in manufacturing, because we think that as technology changes and skills are pushed onto the production floor, you are going to see the average worker, the production worker, who used to just show up and hit their machine and do their work, starting to have tasks that are associated with technology.

Registered apprenticeship is a way to codify that, to spread it across employers, and to make sure that everybody gets a fair shot at a credential that is going to be recognized, gives them a chance to change jobs if they want to, gives them a chance to move, lets employers know that they are getting the right skills when they get the person with that apprenticeship.

Mr. COURTNEY. Great. Well, I know the chairwoman is very focused on moving this issue forward next year and, again, we will take your comments I am sure into consideration as we start that markup process.

With that, I yield back.

CHAIRWOMAN DAVIS. Thank you very much.

And Mr. Walker, the gentleman from North Carolina.

Mr. WALKER. Thank you, Madam Chair.

It is no secret that American businesses across all industries are making automation advancements in their day-to-day activities. I think we would all agree with that. This is a reality that North Carolinians in my district face every day.

In fact, Mr. Paretto, you previously mentioned Greensboro, a city in my district, as being one of the cities that has high automation potential.

But the solution to ensuring that workers are prepared for new automation-driven jobs is not found in, in my opinion, additional mandates imposed on local businesses by the Federal Government. Our evidence shows that it is found in private-public partnerships that facilitate collaboration between employers and employees to engage in ongoing training.

So, Mr. Paretto, we have repeatedly heard today that increased automation is the main cause for job displacement. However, the growing trends toward automation can actually have a positive impact on our economy. Would you agree with that or disagree with that?

Mr. PARETTI. Oh, I would absolutely agree. I mean, I think in the long run the effect on our labor market and our economy is going to be very positive. Productivity is increased—you know, all of those things—costs are lower, passed on to consumers—

Mr. WALKER. So this is not just abstract; you have data that proves this assertion. Is that fair to say?

Mr. PARETTI. Yeah. Yes, I could get that to the committee.

Mr. WALKER. You mentioned in your testimony the importance of offering tax incentives to encourage saving for new training and development, similar to a 529 savings account or 401(k).

Can you explain what would be the benefit to displaced workers if they had access to these kinds of savings accounts?

Mr. PARETTI. Certainly. Two areas come to mind.

One is just the fact of having the money set aside in a tax-favored way. That means, when it is time to re-skill and perhaps before it is time—we don't endorse the concept of you should wait for your job to be gone to start thinking about the next one. You should constantly be building your skills. And if you have those resources to draw on, like a lifelong learning account or something of that sort, that provides that for you.

Also, done correctly, they provide a portability of benefits. I think one of the Members earlier mentioned the contingent workforce. That number is not—BLS data suggests that number is not growing, sort of, as quickly as the trope would suggest, that, oh, we are all becoming contingent workers. The number has actually stayed fairly static. But one thing that certainly contingent workers face is a problem that so many of our benefit systems, starting with, you know, the ERISA-governed plans that are within the commit-

tee's jurisdiction, are tied to an employer and tied to your employment. If you can carry some of these benefits from employer to employer to different jobs when you are working on a contingent basis, when you are working full-time, when you are working part-time, I think that goes a long way, too, towards providing, you know, a cushion there for folks.

Mr. WALKER. Where do you feel like the opposition from that particular perspective or approach that you just mentioned, where do you feel that there is opposition preventing that from happening?

Mr. PARETTI. Well, I mean, certainly insofar as we are willing to provide a tax-favored treatment of a set-aside, that does take resources, that is a cost. So we need to have the wherewithal to say, okay, are we willing to spend that money? Or, alternately, if we are not willing to spend new money, where can we find money that we are now spending in a not-so-productive way that might allow us to do that?

Mr. WALKER. Yeah, we might have a few of those in this House.

As I stated earlier, public-private partnerships have been proven to address the issues related to our skills gap much better than the Federal Government can.

What are some of the challenges, if you would, that you all face at the Emma Coalition when partnering with other organizations to bridge the gap between employers and education? Let me put it this way. What can we do in Congress to ease some of these burdens and further your goal?

Mr. PARETTI. Sure. Well, I think, to be frank, this hearing this morning is a great start towards that, because one of the challenges we face—2 years ago, if I had started to have this conversation with someone about AI and training and what the impact on the workforce is going to be, I might get a polite nod and, “Oh, that is interesting” and, you know, find someone else to talk to, but I think now we have realized that this is a thing. And the national dialogue that Emma was formed to start and to foster has already begun, as evidenced by the fact that we are sitting in this room.

So one of the challenges we face is just getting employers, employees, and others to understand this is something that is going to happen and we need to be taking responsibility for it now. We can't try to do this from the rearview mirror. It won't work.

Mr. WALKER. Thank you for your expertise.

Madam Chair, I yield back.

CHAIRWOMAN DAVIS. Thank you very much.

The gentlelady from Oregon, Ms. Bonamici.

Ms. BONAMICI. Thank you, Madam Chair.

And thank you to all the witnesses.

We know that entire sectors of the economy are transforming. I serve on the Select Committee on the Climate Crisis and recognize that climate change affects our economy, but it is also linked with the need to create good-paying jobs, as we see workers in the fossil-fuel industries are seeing a transition as we move to more clean energy resources. We need to make sure that those workers have the support and resources they need.

But we can also look at this as a tremendous opportunity to create good jobs for working families through the energy and energy

efficiency sectors, especially for those who could otherwise lose their positions.

But we know that we have significant work to do. We know our workforce policies are currently fragmented and put the burden on the worker to prove the cause of their displacement and then navigate the resources on their own.

So, Professor Harris, in your testimony, you talked about the Department of Labor's Trade Adjustment Assistance Community College Career Training Program, which is a really long title, and that provided grants mostly to community colleges but to some universities to support workers after the displacement and unemployment from the Great Recession. Of course, that program ended in 2018.

So, based on your experience and third-party evaluation of that program, what are the most effective practices that are worthy of replication? And how could intermediaries help us accelerate training workers across multiple sectors of our economy?

Mr. HARRIS. Well, you are right, Congresswoman, that we require that all of the TAACCCT grants have third-party evaluations. There has been a meta-analysis of the third-party evaluations put forward by the New America Foundation, and it found that the TAACCCT grants increased program completion, they increased credential acquisition, they increased employment opportunities. So they were very successful in that regard.

The most important thing that they did was that they brought, exactly in the way that the Congressman was talking about, they brought together employers and community colleges and universities to develop programs for local and regional economies that would result in workers getting trained in the skills that would lead to in-demand jobs—

Ms. BONAMICI. In their—

Mr. HARRIS.—in their economies. That is right.

Ms. BONAMICI. Right.

Mr. HARRIS. So the problem was that the program was limited to programs for grants for workers who were trade-affected. So workers who were affected by climate change, we couldn't build a program specifically for that.

So I think in the future what we need to think is much, much more broadly about dislocation from a number of sources, particularly and including climate change.

Ms. BONAMICI. Absolutely. Thank you.

Mr. Markell, you noted in your testimony that the AFL-CIO's Commission on the Future of Work and Unions recently released a report about, sort of, transition assistance programs and avoiding displacement before it occurs. We need to make sure that our communities have that economic development support.

So, based on the findings, what effective strategies can Congress support to help workers prepare for future transformation and avoid displacement? And what role will unions play in helping to support workers? How can we make sure more people have access as our economy adapts?

Mr. MARKELL. What we have discovered is that the concept of just transition that emerged around the energy discussion is really applicable to all the technology transformations that we are hav-

ing. And in order to get that right, one key factor is that there has to be a voice for workers and communities that are affected.

We can't sit here and tell everybody what is justice for people that are being affected. You have to hear it from them. And what you will find is that people want investment driven to their communities; then they want the job-training opportunities that follow that investment.

It is really important for workers to understand that they may never have a job in that same sector again, but we need to make all the jobs in those sectors good. That is where unions come in. That is where the PRO Act comes in. And it is super-important from labor's point of view that workers and communities are at the table—

Ms. BONAMICI. Absolutely.

Mr. MARKELL.—as we discuss these programs, because that is how we are going to get the success that they desire, that they define for themselves.

Ms. BONAMICI. Thank you so much.

And because votes are called, I am going to yield back the balance of my time.

CHAIRWOMAN DAVIS. Thank you very much. I appreciate that.

The gentleman from Wisconsin, Mr. Grothman.

Mr. GROTHMAN. Sure. This topic kind of surprises me a little bit, because when I get around my district, the major fear is that we won't have enough people, you know, not the problem that we have a bunch of people who don't know what to do.

But there is concern, and I think I will focus that concern particularly on three areas: on construction, on manufacturing, and the medical field. And I think, in all three areas, the problem we have is we have a shortage of people, quite frankly, in this country who want to work with their hands.

You know, I think we could build more houses in my district if only we had more people in construction. Can't find them. I am told if you go into that field, within 3 or 4 years, you are going to be making six figures. In the medical field, again, as the population gets older, shortage of people.

I am going to ask you, Mr. Paretti—or, I think there are two problems that are causing the shortage, or at least people think there are. And I am going to ask you to comment on these.

First of all, we have too many people getting degrees. And Professor Harris mentioned the fact that some people are overpromising. I want you to address that, Mr. Paretti. Are universities sometimes overpromising a high wage when, in fact, if people got skills-based education, which frequently does not necessarily mean a college degree, they would be making more money and having more job security? Could you comment on that?

Mr. PARETTI. Sure.

Mr. GROTHMAN. Are universities overpromising?

Mr. PARETTI. I don't know that I would say that universities are overpromising as much as, generally, I think, the mindset has always been, if you go get a degree, if you get a 4-year degree, you will always do better. And there has been an aversion to saying that the path for everyone is not a 4-year degree.

I think our community colleges, in that regard, are a tremendously undervalued resource in terms of developing skills-based learning and the sorts of things that lead to prosperity.

You mentioned manufacturing. We do a lot of work with the National Association of Manufacturers and with their members. And one of the problems they face is they say, you know, when you say—parents don't tell their kids, "Go get a job in the factory or go into manufacturing," because it is a mindset of 40 years ago, where it might have been dangerous—

Mr. GROTHMAN. Well, I think the problem is—

Mr. PARETTI. Go ahead.

Mr. GROTHMAN.—we have people on this committee who talk about it like somehow it is a superior type of thing, to go to college.

And I want you to elaborate that, as far as the job opportunities. Do you see people going back and getting jobs in what in Wisconsin we call technical colleges, I guess you call community colleges, that maybe got a degree in the first place in which they were maybe overpromised a given salary and they didn't get it?

Mr. PARETTI. I am sure there are some. I wouldn't want to rattle off or pretend to rattle off with my fingers, you know, what those numbers are.

But I certainly do endorse the concept that in, whether it is technical or community colleges, providing those sorts of skills—which are necessary. You know, even what we traditionally call blue-collar jobs, manufacturing, it is no longer simply enough to be able to use your hands; you need to use your head as well.

I was on the floor of a plant just outside of St. Louis that manufactures fuse boxes, big things you see on traffic lights and such, manufactures most of them in the country, in fact. And if I tell you, to a person, male, female, everybody was in front of a screen and they were working with a computer, not against the computer, not displaced by. But the skills were necessary there—

Mr. GROTHMAN. When you tour manufacturers, do you find that, even among the skilled workers they have, that too many of them are probably going to be retired in the next 10 years and, in fact, we are going to have a worker shortage?

Mr. PARETTI. Yes.

Mr. GROTHMAN. Okay.

Mr. PARETTI. Unequivocally.

Mr. GROTHMAN. And I will give you one more question. There is a lot of talk around here about credentialism. I think sometimes credentialism kind of mucks up the economy, because you have people who are capable of doing a job but they don't have the credential.

Could you comment on this drive towards more credentialing? Is it a good thing or a bad thing?

Mr. PARETTI. I think knowing what is a valuable credential and what leads to something can be a good thing. I think to be, sort of, mindlessly stuck on the idea that I can't fill someone in this job if they don't check, you know, the following three boxes—you know, how many applications for employment ask do you have a bachelor's degree where, frankly, whether you have one or don't have one is not going to be relevant to the job that you are doing?

So I think, sort of, a foolish reliance on simply check the box or, you know—

Mr. GROTHMAN. Do you think there is too much credentialism in the United States?

Mr. PARETTI. I don't. I don't think that there is too much credentialism. I think there may be insufficient information about where credentials are valuable and helpful and where it is simply, you know, get the next thing because it is the next thing.

Mr. GROTHMAN. I will yield my remaining 10 seconds.

CHAIRWOMAN DAVIS. Thank you very much.

We will have one more Member, the gentleman from Michigan, Mr. Levin, and then we will recess until after this vote and whatever may come next.

Mr. LEVIN. Thank you, Madam Chairwoman. I am delighted to get to ask my questions before we adjourn for votes.

You know, friends, I am a little unusual around here. I spent a lot of time working with one of you in the movement to raise up workers in this country. I am the only Member of Congress who used to run a State workforce system. I worked with another one of you in an earlier version of that. And then I also have worked a lot in the clean energy sector.

And so I want to put those three things together and ask you about what I believe must be the greatest technological disruption ahead, and that is to deal with climate change. We have to move very, very fast and very, very comprehensively to transform everything about the way we build things, manufacture things, move around, live, work, all of our buildings, all of our transportation.

I see tremendous opportunities here for the United States, for great jobs, for the economy. But let's be honest; we have a horrible track record of dealing with workers who are displaced by technological change or affected by it. And here, the energy sector is an area where we have great jobs, in a lot of cases, people who have been through registered apprenticeships, who have amazing skills and pride in their work.

So talk to me about how this body, the Congress of the United States, should deal with what we need to do to make sure the workers most affected by any changes involved here are right at the center of the table in discussing, you know, displacement due to climate change and how we can best train people for new jobs and honor the work they have been doing.

Do you want to start, Professor Harris?

Mr. HARRIS. So I share your optimism about what a move to respond to climate change and to green jobs can mean for job creation. I think it will be a net job creator, very significantly so. And they will be good-quality, middle-skill jobs.

And I share your view that workers are deeply, deeply concerned about the transition. To the extent that they are looking at all, they look at the jobs they have, which are, for many of them, very good, middle-skill, unionized jobs, and they look at the sectors into which they think these jobs are going to flow. They see very few unions. They see wages that are not as good. They don't see benefits, necessarily. And they wonder, is my future going to be a low-wage, low-skill future?

And what you can do—and I want to do this at a very high level so others can comment. But what Congress can do is to not just acknowledge that is true but to respond by ensuring that workers can transition into good-quality jobs as seamlessly and at low cost as possible to them.

And that means providing them with training, providing them with benefits, providing them with income support, providing them with career pathways, pointing to the jobs, helping the industries that are creating the jobs to hire those workers, and passing the PRO Act so those workers can organize.

Mr. LEVIN. Mr. Markell, do you want to jump in? What are your thoughts here?

Mr. MARKELL. Well, there is so much to be said here. I think one of the defining features of a clean-energy economy is that spending that used to be on fuels is spending on manufactured items. So we need to make sure we are attracting the clean-energy manufacturing sector to the United States so that we can get the full benefits of the clean-energy economy.

I spend a lot of time thinking about and working on just transition issues. For workers and communities that are losing jobs, at this point primarily coal communities where coal is mined or where coal was burned to make power, the key factor is driving investment to those communities to create new jobs.

Training, sorry to say to Members of this committee, training does not create jobs. Jobs create the need for training. And to the extent that we are going to provide a just transition for coal communities, we need to drive investment to those communities, and we need to make sure that those workers understand that, whatever sector they worked in, they are going to have a good job.

Mr. LEVIN. Ms. Gattman, you have a lot of experience in this. What are your thoughts?

Ms. GATTMAN. Sure, Congressman.

So one of the things that we looked at, we did a report on outdoor jobs and the outdoor-job sector in Washington State. And one of the things that we recognized from that particular report is we were missing some of the signaling mechanisms to show that some of those green jobs, those outdoor-recreation-type jobs, were in demand.

And one of the areas that was really lacking was having occupational data available about the jobs that different employees were using. So, in that particular sector, the employers were saying, “Hey, we really need folks,” but the administrative data was not showing the need for that particular sector, so we weren’t signaling the need for training and education for that.

Mr. LEVIN. All right. Thanks. My time has expired. I appreciate you all.

CHAIRWOMAN DAVIS. Thank you very much.

And we will be back after votes. Thank you again.

Is that going to be all right for everybody, to stay with us?

Great. Thank you.

[Recess.]

[12:06 p.m.]

CHAIRWOMAN DAVIS. Thank you all for your patience. We appreciate it.

I want to turn now to Dr. Foxx, the Ranking Member of the Education and Labor Committee.

Ms. FOXX. Thank you, Madam Chairman.

I want to thank the witnesses for being here today.

Mr. Paretti, although displacement rates have gone down in recent years, it is inevitable we will need to prepare for workforce displacement as our society continues to experience technological changes and shifts in employer priorities. While it is important for us to attempt to minimize the challenges associated with employer innovation, we cannot shackle continued economic growth that provides more jobs and better wages in the long run.

Can you please discuss some of the benefits we might see as our Nation increases the use of automation? Given these dynamics, why is it important to be proactive in seeking out solutions?

Mr. PARETTI. Sure. I think in the long term we will see quite a few—you know, a significant amount of benefit from automation, artificial intelligence. And that starts with increased productivity, which can lead to increased wages, increased spending.

So the quality of jobs should go up as more routine jobs are perhaps displaced. I am not suggesting we should encourage that very quickly, but I think, if it is going to happen, we need to be prepared for it and to do it.

I, too, would be concerned with, sort of, shackling ourselves to an older, outdated model. I mean, the face of work has changed so dramatically and is changing so dramatically that, you know, the words I hear most when I talk to folks in this space are things like “agile,” “nimble,” “dynamic,” being able to respond and provide. And I think that is what—you know, employers have every incentive to do that too. The last thing you want, you know, is to lose valued employees and valued knowledge.

Ms. FOXX. Thank you very much.

I was thinking, as you were talking, about the turn of the century, when cars were created, and thinking, probably a lot of people thought it was the end of the world, we were going to stop making wagons, stop making buggy whips, and things like that. But look at the magnificent numbers of jobs that came around as a result of cars being created in our culture.

Mr. Paretti, you described in your testimony the example of Cargill, a company who focuses on upskilling their employees and was then able to provide higher skilled positions to 90 percent of those same employees.

This seems outside the norm of the typical zero-sum narrative surrounding displacement. What value is there for companies who focus on these types of workforce development efforts in the face of potential disruption? Is this something more companies can do? And can most companies do this?

Mr. PARETTI. Well, obviously, each company’s response is going to be individualized to itself, but Cargill, which I discuss in my testimony, does offer a great example. They were going through a plant closure. They recognized that—and for a period of time, it was then going to upskill and automate the plant.

They realized that it would be difficult for them to attract jobs, you know, people to fill these new jobs that were going to be cre-

ated, and they had a valuable workforce, many of whom had invested time, energy, and resources in the company.

They made the decision that, during that closure, they provided access to training programs, they partnered with a local community college in doing so, and, at the end of the day, yes, were able to bring back something like 90 percent of the workforce, most of them in better-paying and higher-paying positions, more skilled positions.

Is that the norm? I would hesitate to say it is typical. Is it something that we might aspire to and encourage and foster companies to make those sorts of investments? To the extent that is within your power, our power, I would certainly hope so.

Ms. FOXX. Well, I think, again, over the years, as you say, it really is in the interest of the employer to do whatever possible to keep their business going. They face the same kinds of challenges if they are not able to help the employees upskill.

I think too often in this setting here we hear such negative things about employers and how they are taking advantage of employees and don't care about them, so I think having good examples like that is really important.

And my experience is that is what is happening all over the country. Employers understand, if they want to stay in business, number one, they have to treat their employees well, and they have to plan for the future. And I am not sure that there is a great understanding on some of our colleagues of the very positive way that employers face these challenges.

So thank you very much.

And thank you, Madam Chairman.

Mr. PARETTI. Thank you, Doctor.

CHAIRWOMAN DAVIS. Thank you.

Dr. Adams, the gentlelady from North Carolina.

Ms. ADAMS. Thank you, Chairwoman Davis, Ranking Member Smucker, for convening the hearing today.

And thank you all for your testimony.

U.S. investment in the public workforce system is sorely inadequate and has declined sharply in recent decades. For example, the National Skills Coalition finds that, since 2001, WIOA funding has been cut by 40 percent, career and technical education funding by 29 percent, and adult basic education by almost 15 percent.

The United States spends about 0.1 percent of gross domestic product, or GDP, on workforce development, compared to about six times as much in other developed nations.

Mr. Harris, I will start with you. Why has public investment in workforce development declined so sharply in recent decades? And what are the consequences of this reduced investment?

Mr. HARRIS. Congresswoman, it is certainly not because we don't have a need. We absolutely have demand among workers for these services. I think, frankly, that it is a failure of political will. It is really incumbent upon Congress to provide those resources.

Let me add one additional statistic to the ones that you cited, all of which are exactly on point. Among the countries that are members of the Organization for Economic Cooperation and Development, 28 of them, we are second-to-last in public investment per GDP. Mexico is the only country that does worse. We are behind

Latvia, Estonia, and Poland in our investment in workforce development.

So I agree with the import of your question. We need to do dramatically more to invest in these things in order for workers to get the training they need. They can't finance it themselves.

Ms. ADAMS. Right. Thank you very much.

One of the things that I have heard from our county workforce boards in North Carolina is that there isn't enough of a focus by state and local policymakers on finding work for displaced workers and that the framework which gives youth apprenticeships, needed skills, and training is not well-aligned for that purpose, particularly since WIOA is underfunded and not fully implemented.

Ms. Gattman, your State's Future of Work Task Force report recommends supporting the workforce board's request for additional funding for incumbent worker training. So can you explain the focus on incumbent worker training? For example, did the task force identify the lack of private-sector investment in incumbent training? And what are the barriers to that investment that make public investment necessary?

Ms. GATTMAN. Sure. Thank you, Congresswoman.

So one of the things—it wasn't necessarily a lack of private-sector investment in incumbent worker training, but the task force did recognize that many States put money into—put a lot of State money into this game and in a lot of flexible ways, which allowed for some innovative approaches. Incumbent worker training is a co-invested model. It is flexible to employer needs. And then it ideally allows them to upskill existing talent to sustain and scale growth.

This is then complemented—one of the things we have been trying to do a lot more in our State—complementing this by a backfill component, where our public systems can then help those employers who are upskilling their employees find the right talent to fill those often entry-level positions.

Some of the new technologies that can eliminate or greatly reduce the need for skilled workers can also be of great interest to businesses who struggle to fill positions. We did find that in rural communities without adequate education and training resources, technology can be a really enticing way to address some of their workforce concerns.

So, you know, we want to create the right conditions for businesses to upskill their workers, rather than choose to automate those jobs, to address recruitment or retention issues. So we believe public funding can definitely make a difference there, but it certainly should have a co-investment model of some sort so there is employer participation.

Ms. ADAMS. Thank you very much.

Let me move quickly. Mr. Markell, why has employers' investment in worker training and skill development decreased? What can be done to change employers' incentives to invest in their workers?

Mr. MARKELL. Boy, that is the gazillion-dollar question in a lot of respects, because unions really go hard at employers, trying to bargain money for training programs. They understand why training is important to their career. And the understanding that people cannot pay for their own training, that they don't have the infor-

mation they need to decide where they should be trained to work, they should try to be trained, really points to the idea that we need public investment in this area. If we are going to put everybody on a level playing field, we have got to meet people where they are, and that is going to take cash.

Ms. ADAMS. Great. Thank you very much.

And, Madam Chairman, I am out of time, and I yield back.

CHAIRWOMAN DAVIS. Thank you.

The gentleman from California, Mr. Takano.

Mr. TAKANO. Thank you, Chairwoman Davis and Ranking Member Smucker, for this important hearing on the future of work.

This is not a question of, will displacement happen? The question is, when will it happen? And when it does happen, we need to be prepared to provide the American workers with resources to help them during what will inevitably be a hard time for workers and their families.

In 2007, we experienced the worst economic recession since the Great Depression. And in Riverside, California, my district, the unemployment rate reached a peak of 14.4 percent in 2010. This was common throughout the country. In some months, there were as many as 800,000 jobs lost. I am sure we all remember that time.

Mr. HARRIS, when you assumed your role as Deputy Secretary at the Labor Department in 2009, you had inherited the worst economic crisis since the Great Depression. I don't need to tell you what a heavy toll displacement during a recession can exact on workers, their families, communities, and the economy.

Your job was to get millions of people back to work. You had certain tools to work with back then, including existing workforce development laws, unemployment insurance, and, of course, the Recovery Act. The efforts of the Obama administration over its 8 years put us on an upward trajectory of job growth which continues to this day.

But the next recession, while unpredictable, we can reasonably assume it is going to happen. So, Mr. HARRIS, what changes should policymakers be making to our workforce system today to prepare for the next recession in order to both avert displacement to the greatest possible extent and to adequately address displacement when it does occur?

Mr. HARRIS. Well, Congressman, you are exactly right, recessions don't just temporarily throw people out of jobs; they permanently destroy a large number of jobs, and workers are dislocated and don't have any place to go back to. They need time and they need income so that they can acquire the skills and knowledge that they need and that they can do the job search that they need to be able to do.

They need programs that will quickly and efficiently and effectively move them into new demand jobs in their economy. And they also need help understanding which jobs they should get into and what training and credentials they need in order to get into those jobs.

And let me just say, your reference to the Recovery Act, I think, is very important. President Obama's Recovery Act did exactly what was needed. It doubled the money that the Labor Department had for WIOA programs and the Wagner-Peyser Employment Serv-

ice. It provided extended unemployment compensation. It created the TAACCCT grants that I was talking about before. We need all of those things in place for the next recession.

Let me also say, we don't have to say that there is a skills gap to say that we need job training. There is no skills gap. That is a false argument. And people are pointing to the JOLTS study to show that there is a skills gap. That is not what that study shows.

If there was a skills gap, we would see dramatically increasing real wages, including in the industries that complain the most that they can't find workers. We are not seeing that. We would see employers dramatically increasing training and investment in job training. We are not seeing that. We would see them buying labor-saving devices. Business investment is down in the United States.

We would see them demanding that their current workers increase their number of hours worked. That is not happening. We are not seeing median or average hours worked increasing. And there are 4 million involuntary part-time workers in the United States right now. They want to work full-time. Their employers are not employing them full-time. That is not what happens when you have a skills shortage.

So I really dislike this argument that there is a skills gap, because it suggests that it is workers' fault. If only they would get the training, everything would be just fine. It is not workers' fault. It is the kind of displacement that you were talking about, the dislocation that doesn't just happen from recessions, it happens from multiple causes. And that is what we need to be prepared for now and in preparation for the next recession.

Mr. TAKANO. Given that answer, what tools can Congress provide to state and local lawmakers that will—or what tools can we generally, I mean, not just with the State and local lawmakers, but what tools can we avail policymakers out there to avert the brunt of a recession?

Mr. HARRIS. They need a lot more money. They need the availability of Pell grants, but they need more money in that system. They need a lot more money in the WIOA system.

They need help from us to mandate credential transparency. We need a radical transparency movement in credentials so that the bad credentials, the useless credentials that workers are buying that aren't leading anywhere can drop out of the system.

And we need a program like the TAACCCT program, not just organized around climate change, but organized much more broadly than that so that we can bring employers and training providers together to build the programs that we need for workers to get the skills for in-demand jobs in their communities.

Mr. TAKANO. Madam Chair, might I ask one more question, or should I yield back?

CHAIRWOMAN DAVIS. I think we are just going to go on to the next—

Mr. TAKANO. Okay. I will yield back, Madam Chair.

CHAIRWOMAN DAVIS. Yeah. Thank you very much.

We now turn to the ranking chair of the subcommittee, Mr. Smucker, the gentleman from Pennsylvania.

Mr. SMUCKER. Thank you, Madam Chair.

Professor Harris, in your written testimony—I would like to, sort of, understand your view on the labor outlook, because it is different than Mr. Paretti’s view. I am going to come to Mr. Paretti as well. But you say that you see no evidence of loss of employment triggered by new technologies like artificial intelligence. You do not believe that there will be a massive displacement. Am I correct on that?

Mr. HARRIS. No. My argument is that the jobs apocalypse that people talk about coming from AI, where we will see a decline in total employment in the United States, I don’t believe we are going to see a decline in total employment.

I think there is no question that AI and other technologies, along with a long list of other causes, cause displacement to workers, so I think Mr. Paretti and I largely agree. I may not put as much emphasis on—

Mr. SMUCKER. So you don’t see a decline in employment; you just see a change in the type of employment.

Mr. HARRIS. Right. Well, I see workers being thrown out of jobs, but I don’t see total employment in the economy declining because of AI. Some people are arguing that. I am not saying Mr. Paretti is arguing that, but there are a lot of people arguing that. I don’t think it is true.

Mr. SMUCKER. Yeah.

Mr. Paretti, you mentioned in your testimony several times that 85 percent of all jobs that will exist in 2040 have not yet been created.

Mr. PARETTI. Certainly a substantial number, yes.

Mr. SMUCKER. And so I think maybe you are saying the same thing in a different way. But you also say that the situation is not necessarily as dire—

Mr. PARETTI. Right.

Mr. SMUCKER.—as the statistics may lead us to believe. So I just wonder if you could expand on that a little bit.

Mr. PARETTI. Sure. Happy to.

And I will note, you know, damn it, Seth, I was looking to have a fight with you. It is not an Ed and Labor Committee hearing without a donnybrook, but we keep agreeing.

I don’t think—I wholeheartedly—we are not looking at the jobs apocalypse, where, oh, my goodness, overnight we are going to have all of these folks who have nothing. I do think, if we don’t prepare for it, we risk that possibility. You know, the number is great, but, at the same time, you will be seeing increased opportunities. Total employment will increase. The type of work will be different, in some instances.

You know, easy examples: In hotels now, you might no longer have someone who—more and more, particularly in big hotels, you have check-in kiosks where you can—beep, beep, beep, beep. You don’t have to stand in the line. They give you your room key, and you are all set. So you maybe need fewer folks working the check-in desk.

What you need more of, particularly if you are now able to service more guests at your hotel, are folks in the concierge office or folks in the guest services offices—higher-skilled positions, more human-focused, more human-facing, skills that can be readily at-

tained. You may not have them if currently your job is checking in folks and only using that system, but you certainly can attain those skills.

And if your employer is good, they are going to want to work with you to attain those skills. I would rather—

Mr. SMUCKER. Sure.

Mr. PARETTI.—take an employee who I know has done good work in this position and train them in—

Mr. SMUCKER. That leads me—and I am sorry, I only have 2 more minutes. So it does lead me to my next question. Maybe it is more of a comment.

You know, I have a little trouble with the narrative in the hearing today that the Federal Government is really the entity that is meant to solve this problem. Like, we should certainly be part of that solution; we should be looking ahead to try and understand what is going to happen and make sure that we have policies in place that provide the best pathway for employers to change jobs or to enter the workforce for the first time.

But I believe in free enterprise. I believe that our capitalist system has a way of addressing needs and has done so for many, many decades.

So I guess my question to you, Mr. Paretti—and if we have time, we will allow others to answer it as well, but—what is the role of the private sector?

I know that a lot of businesses are investing in their employees. So, for instance, Chairwoman Foxx mentioned earlier a company. I know that Uber recently—I just learned they provide access to fully funded education to more than 250,000 drivers. Starbucks does—

Mr. PARETTI. Sure.

Mr. SMUCKER.—a similar kind of thing. There are businesses all over.

What is the role of the private sector, the business world, in ensuring that employees or that workers are ready to meet the jobs that will be coming down the pike?

Mr. PARETTI. Sure. A couple of thoughts there.

First, insofar as, you know, employers are job creators and you need a workforce to do them, it is in your economic self-interest and best interest to attract and retain a talented workforce.

You mentioned Uber, and they allow drivers a certain credit. I understand that is actually even transferable. If I want to work part-time and be driving for Uber so that I can give these credits to my child or to my spouse or something, that is something they also do.

I wholeheartedly agree—and I think Ms. Gattman here—and her work is great testimony—this is not a top-down solution. I don't think that the Federal Government should be the ones to say, "Here is how we are going to fix this, and we are going to push this down onto you." I think they can foster innovation. I think they can remove, you know, roadblocks along the way and foster a climate.

I recommend in my testimony, I discuss something called the AI Jobs Act, which has broad, bipartisan support and really, I think, an appropriate role for the Federal Government, which is to say:

Okay, what can we learn—we have the resources to learn here and to, you know, give folks information that they can then take on the local level, on the State level.

The Congresswoman who left recently said, you know, too often the States aren't doing it. I think the States are doing better than the feds. And I think, in some instances, locals are doing better than the States. Not in Washington.

But I think that all of those are things that we should be fostering. And that is where you all and where the Federal Government and where Congress, I think, can help us most.

CHAIRWOMAN DAVIS. Thank you very much. I appreciate that.

I now turn to Chairman Scott, the gentleman from Virginia.

Mr. SCOTT. Thank you very much.

And I want to thank our witnesses. This has been very helpful.

And I will start with questions to Ms. Gattman.

The WIOA boards should be in the middle of this. Can you tell us what the WIOA boards are doing in terms of forecasting future job needs?

And particularly they are relevant because that forecast would focus on the local job needs, where the jobs will actually be needed. Could you talk about that a little bit?

Ms. GATTMAN. Sure. Thank you, Chairman.

So one of the things that we work really closely with our partner agency, the Employment Security Department, we don't always know what credentials are in demand, so that is one factor. But we are using States' unemployment insurance data to determine which occupations are in demand.

And so, with this information, the State provides what is called our Demand/Decline List. And that is set up by region, and it shows not only which occupations are in demand but also how much they pay in particular areas of the State. Understanding which occupations are in demand, of course, allows our State residents to use a program that we have that the workforce board—it is our website Career Bridge, which allows them to find the education and training that they need to find that particular job.

Career Bridge is a public-facing website. We had over 7 million page views last year. So, you know, that is something—we really promote that as an option for anyone looking for particular education and training opportunities to find which occupations are in demand and then find those local training opportunities.

Mr. SCOTT. Yeah. Are most WIOA boards doing this?

Ms. GATTMAN. No. Our Career Bridge website is actually pretty unique in the Nation for the amount of detail it has, because it also provides that performance-results aspect, where, for over half the programs, we can give you performance results of how the participants fared in the various programs.

Mr. SCOTT. Now, one of the concerns we have is we may be training—the number of people who are being trained for the jobs of the future may be totally insufficient to address the need. I mean, are we training thousands, where the need is in the millions? Are we anywhere close to addressing the need?

Ms. GATTMAN. You know, I will say that is one of those issues where, you know, we just don't know. The future of work is evol-

ing so quickly that, you know, we are all doing our best to forecast what we are going to see and what jobs we need training for.

And, you know, some of that is hampered by the lack of data that we have available. And I spoke about occupational data as one area where we do have a gap. And knowing that information would allow us to better forecast what is available.

Mr. SCOTT. Several of you have mentioned the Trade Adjustment Assistance Community College Career Training, and we have also talked about the fact that students aren't able to fully fund their transition.

Can somebody talk about the cost of the program, how it is funded, and who pays the tuition, and how successful they are?

Mr. HARRIS. The TAACCCT program was \$2 billion over 4 years, spent out over a total—until 2018. It is all spent down now. It was capacity-building money. It was not supposed to pay for intuition.

So it created programs at community colleges and universities in partnership with employers. It built curricula, hired instructors, learned about how to work with employers, included employers in the development of those programs. And as I said earlier in the hearing, extremely successful. But now there is no more money.

Mr. SCOTT. Well, how do you measure success?

Mr. HARRIS. Measured success based on credential attainment, employment outcomes, program completion. All of those went up with the program.

And, also, there was a qualitative study done that showed that employers who were involved in the TAACCCT program had much, much, much higher-quality engagement with their community colleges than they would have otherwise.

Mr. SCOTT. Mr. Markell, you mentioned the PRO Act. How would passage of the PRO Act help job policy?

Mr. MARKELL. I am sorry. Would you—

Mr. SCOTT. You mentioned the Protecting the Right to Organize Act. How would passage of that help developing job policy?

Mr. MARKELL. So, when workers have a voice and when they have institutional power, they are able to achieve better adjustments and better outcomes, whether it is through upskilling of current jobs or trying to move on to new jobs and find retraining money and programs that will allow them to be more valued in the marketplace.

Without an institutional voice, workers are out there on their own with not enough information, with not enough organized power to effect their situation. So the passage of the PRO Act opens up all kinds of possibilities. The passage of the PRO Act will make more space on climate than anything we could do, because it will assure workers that the next job they have is going to be a good job.

It is an extremely important piece of legislation that will rebalance the labor market and give workers a chance to improve their situation.

CHAIRWOMAN DAVIS. Thank you very much.

The gentlelady from Nevada, Mrs. Lee.

Mrs. LEE. Thank you, Madam Chair.

Thank you all for being here.

This is a particularly important issue for me, as I represent Las Vegas and Henderson area, and Las Vegas happens to be the U.S. city most at risk of losing jobs to automation. And, in fact, according to a University of Redlands study, in the next 20 years, 65 percent of the city's jobs could be automated.

Mr. Markell, in a recent report of the AFL-CIO's Commission on the Future of Work and Unions, it recognizes just how central workers of color and women are to the future of the Nation's workforce and labor movement. People of color will constitute the majority of the U.S. population by 2045, and, in just 5 years, women are predicted to make up more than half of all union members.

A number of organizations have conducted research that demonstrates that workers of color are more vulnerable to displacement, particularly from automation. Similarly, research shows that women workers are more concentrated in those jobs that are exposed to technological changes than men, such as cashiers, secretaries, and bookkeepers.

The pain of displacement for these workers will be compounded by the preexisting racial and gender wage gaps they already face.

In my home State, unions have negotiated with casinos, taking into account the potential effects of automation on workers.

And I would like to ask you a two-part question, Mr. Markell. First, what particular protections against displacement and its harms can the labor movement offer to workers of color and women? And, secondly, what strategies have the AFL-CIO and other labor groups adopted to better address the causes of displacement that affect these groups of workers?

Mr. MARKELL. Thank you, Congresswoman.

As you know, Las Vegas is home to one of the premier labor management training organizations in the country, the Culinary Academy of Las Vegas. They are a partner of the Working for America Institute.

And UNITE HERE!, the union—it is Local 226 there—has done exemplary bargaining, both with the casinos and with Marriott, around advance notice and upstream involvement of the workers in deciding how technology change is going to be implemented in the workplace.

And with those workforces being, in both cases, majority-women and majority-people-of-color, it is that worker voice that gives them a fair shake. It is really important to avoid displacement by making sure that we are understanding how the tasks at these workplaces are changing as technology comes in.

With the organized voice that UNITE HERE! provides, with the contract provisions that are available to make sure that the workforce is informed and has a chance at training, we do the best to avoid displacement.

Union contracts are the best protection against disparities in the workplace. For example, the wage gap that women suffer. There is no wage gap in a union contract. It says, you do job X, you get pay Y. It doesn't matter, race, creed, or color, who you are.

And so, for workers to be able to understand that, when they have a collective voice, they are on a level playing field with the entire workforce, that is the—it just means so much to people in their jobs.

Secondly, the building trades are a great example. They are continually scanning the environment for new technologies. They are almost paranoid about understanding that they need to be on the cutting edge of whatever new technologies are coming in.

I always give the example of the IBEW. Solar power is gaining in the United States. In Las Vegas, across the Southeast, solar is become increasingly competitive. For years, the IBEW has incorporated solar technician training into its electrician's apprenticeship so that, as you are becoming a journeyman electrician, you become skilled and valuable in all assets of solar installation.

That is the kind of incumbent worker protection that can prevent job loss, that is on the cutting edge of technology, and that we are making investments in, over \$1.5 billion a year in private investments, in the building trades system.

Mrs. LEE. Thank you.

Thank you, and I yield.

CHAIRWOMAN DAVIS. Thank you very much.

And we will now go to Mr. Trone, the gentleman from Maryland.

Mr. TRONE. Thank you, Chairwoman Davis and Ranking Member Smucker, for holding this hearing today.

I want to talk about an issue that is very important to my constituents: mass layoffs and plant closures.

Luke Paper Mill was the center of life in Luke, Maryland, for the last 131 years. When the mill closed in June, it left 675 hard-working men and women of the United Steelworkers without a job and affected nearly 2,000 others employed by that business in the community.

This summer, I learned firsthand the shortcomings of the Worker Adjustment and Retraining Act, or the WARN Act, with the closing of Luke. This is why I joined Congressman Tim Ryan in introducing legislation that would strengthen the WARN Act to give workers and communities the notice they need to best prepare for when the unimaginable happens.

The Fair Warning Act would increase the number of companies required to give employers impending notice and also require employers an additional 30 days' notice prior to mass layoffs and direct the State to establish a rapid response committee so employees can quickly get training, support services they need to prepare for the job loss.

Mr. Markell, how can we better advance notice site closings and mass layoffs—how can that better notice serve impacted workers?

And, also, what are some of the typical benefits and services available for those impacted by site closings and mass layoffs? And talk about why they are so important.

Mr. MARKELL. Thank you, Congressman.

That paper mill closure is a tragedy. I met the president of that Steelworkers local at the Maryland State AFL-CIO convention.

Rapid response is—of course we need better notice and we need plans for workplaces that we think are at risk. That paper mill was threatened by foreign competition, unfair competition, in many respects. And so fixing our trade laws is a big part of what we need to do.

We also need to identify facilities that are at risk way ahead of when we think that they might be actually faced with a business

decision. So, in the paper industry in the United States, there have been closures all over the United States for many, many years. And so it was predictable that when a new owner came in there was going to be a cost squeeze and that investment could be lacking.

If we go upstream way before we think that there might be a business decision, we can address the competitive position of that facility. We can help them afford new capital investments, if that is what is needed. And I think that, had we taken a look at that mill a year, a year and a half ago, we could have made moves that would put it in a position to stay open.

Mr. TRONE. Thank you.

Dr. Harris, many former Luke Mill employees are still unemployed and trying to get back up on their feet. I was glad to see in your testimony discussion today around intensive services, or what WOIA refers to as individual career services, which include comprehensive assessments, job search activities, development of career service plans, one-on-one career counseling, case management, et cetera.

Can you speak to why these services are so important and what evidence we have to show that they are a good return on investment?

Mr. HARRIS. Yes. Thank you, Congressman.

Let me say, there is a lot of evidence that they work. There was a gold standard study done for the Labor Department. We hired Mathematica and some of its partners to do a study. It showed that intensive services increased median annual earnings between \$3,700 and \$7,100 for workers, mostly because it gets them into jobs much more quickly.

And, also, there is a lot of evidence from the Reemployment Eligibility Assessments, which is in the UI system, which are now called RESEAs, we did a series of studies, three studies, that showed that they also work. It reduces the length of time of unemployment. It reduces the amount of unemployment benefits that are collected. Workers get into jobs much, much more quickly.

So I think that intensive services should be available to absolutely everyone, not limited to people who are unemployed, not limited to people who are on the verge of being thrown out of jobs. It should be available to incumbent workers. It should be available to people who are entering into the labor market. It is for people who are out of the labor market, to help them get back into the labor market. It really helps to give them a map through a very complicated field of jobs and credentials and skills so that they can figure out what is going to work for me.

Mr. TRONE. Thank you.

I yield back.

CHAIRWOMAN DAVIS. Thank you very much.

I wanted to just remind all the Members that we have until January 6 to submit materials for the record.

CHAIRWOMAN DAVIS. And I certainly want to thank all of our witnesses today.

What we have heard is very valuable. I think there is, you know, a lot of good work that has been done, tremendously so. And on the other hand, as I said earlier, sometimes we have to kind of rethink,

because we are in a new time that really requires a different perspective.

And, at this point, I wanted to recognize the distinguished Ranking Member for his closing statement.

Mr. SMUCKER. Thank you. And I would like to thank each of the witnesses as well for being here today to talk about this important topic.

I think it is clear. And in answer to my question, you clarified that we all know that the economy and the needs of the labor market are changing, and so the future of work will require different skills than are required today.

So it is a reality that I think workers, employers, families face every day. And we certainly don't want to slow down innovation. We want to continue to allow those jobs to be created. We want the economy or technology to bring those changes, but we also must work to ensure that pathways and opportunities for those facing displacement, they exist, that they will have the ability to acquire skills that will allow them to continue to be competitive.

And with the skills gap growing by the day, 7 million unfilled jobs across the Nation, what better time now than to be thinking of—I know you disagree with that one—but what better time than now to be thinking about how we can help workers who will be faced with those conditions.

I mentioned earlier, and if I had more time in my questioning, I would have said it as well. I really believe that much of the change that occurs happens organically and naturally, with the investment of labor, with the investment of businesses who benefit from their employees gaining those new skills. But I also think there is a role for the Federal Government at a time that a plant closes, at a time when there is a particular need.

And so I think this is the beginning of really a conversation that we could have about what the Federal Government's role is and then how we can be most effective in that.

So I would love to have more time, and I am sure we will continue this discussion in the future, but thank you to each of you for being here to discuss this important topic, and thank you for scheduling this.

CHAIRWOMAN DAVIS. Thank you.

Again, thank you for your contributions here today. We appreciate it. And I think I particularly acknowledge that in many cases we have far more agreement than disagreement on this. And sometimes it is a matter of approach and acknowledging that, clearly, government can't do it all, but government does have the power and the resources to be able to look ahead, hopefully, and be able to adjust and be flexible in that regard, in terms of the needs of the workforce, and acknowledging that, regardless of the cause of the displacement, there is still a need out there.

And I think it is particularly important when we know that the lack of action hampers American workers' and businesses' ability to really remain competitive. You all talked about the fact that, you know, we are not just competing against ourselves, one State against another, but it is against the world in many cases. And if we don't act, if we don't acknowledge that need, then we really are not being true, I think, to the very workers who make our country

run, who help our country to be as worthy in many ways as it can be, especially for our families, for our workers throughout the country. So we know that is critical.

You all mention the investments in workforce development that match our dire need are important, that we can reshape workforce programs, and that we also want to make sure that people have the ability to retain the skills that are in demand.

One of the things that we did not mention is the fact that many women, particularly, who were assistants, executive assistants throughout our country, administrative assistants, are seen to be—will be one of the largest groups that is in need of education, training, and I think creativity, imagination, in trying to understand how we can be certain that they don't lose the ability to contribute to our economy in the future. And that is important as well.

So thank you for coming together to talk about strengthening the future, not only of our workplaces, but our communities, our economy, and certainly our country. I appreciate it.

We are adjourned.

[Whereupon, at 12:50 p.m., the subcommittee was adjourned.]

