

REMOVING INEFFICIENCIES IN THE NATION'S JOB TRAINING PROGRAMS

HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION
AND WORKFORCE TRAINING

COMMITTEE ON EDUCATION
AND THE WORKFORCE

U.S. HOUSE OF REPRESENTATIVES
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REMOVING INEFFICIENCIES IN THE NATION'S JOB TRAINING PROGRAMS

Wednesday, May 11, 2011

U.S. House of Representatives

Subcommittee on Higher Education and Workforce Training

Committee on Education and the Workforce

Washington, DC

The subcommittee met, pursuant to call, at 10:08 a.m., in room 2175, Rayburn House Office Building, Hon. Virginia Foxx [Chairwoman of the subcommittee] presiding.

Present: Representatives Foxx, Petri, Platts, Thompson, Bucshon, Hinojosa, Tierney, and Bishop.

Staff Present: Katherine Bathgate, Press Assistant/New Media Coordinator; James Bergeron, Director of Education and Human Services Policy; Casey Buboltz, Coalitions and Member Services Coordinator; Heather Couri, Deputy Director of Education and Human Services Policy; Jimmy Hopper, Legislative Assistant; Barrett Karr, Staff Director; Rosemary Lahasky, Professional Staff Member; Brian Melnyk, Legislative Assistant; Krisann Pearce, General Counsel; Alex Sollberger, Communications Director; Linda Stevens, Chief Clerk/Assistant to the General Counsel; Alissa Strawcutter, Deputy Clerk; Joseph Wheeler, Professional Staff Member; Aaron Albright, Minority Communications Director for Labor; Tylease Alli, Minority Hearing Clerk; Jody Calemine, Minority Staff Director; Celine McNicholas, Minority Labor Counsel; Megan O'Reilly, Minority General Counsel; Julie Peller, Minority Deputy Staff Director; Meredith Regine, Minority Labor Policy Associate; Laura Schifter, Minority Senior Education and Disability Advisor; and Michele Varnhagen, Minority Chief Policy Advisor and Labor Policy Director.

Chairwoman FOXX. Good morning. A quorum now being present, the subcommittee will come to order. Welcome to the Subcommittee on Higher Education and Workforce Training.

I would like to thank our witnesses for joining us today. We look forward to your testimony.

Today's hearing will review ways we can make federal job training programs more efficient and effective. Such programs are critical to fostering a competitive workforce and assisting unemployed citizens. However, serious concerns about program fragmentation and potential duplication exist that could result in significant waste.

A recent Government Accountability Office report identified 47 separate job training programs administered by 9 federal agencies. Of those 47 programs, the GAO found 44 overlap with at least one other program. Considering the \$18 billion price tag attached to these programs, a comprehensive review to identify ways we can reduce costs, consolidate programs, and improve services is vital.

In the coming months, Congress will take steps to reauthorize the Workforce Investment Act which was passed more than a decade ago to reform the nation's federal job training, unemployment, and adult education and vocational rehabilitation programs. WIA has helped integrate federal and State employment and training programs by requiring services be provided through a one-stop delivery system. However, as the GAO report illustrates, there are still areas where overlapping programs or services could be further consolidated and improved.

A number of States have taken it upon themselves to streamline State workforce and welfare agencies that administer federally funded programs. For example, Utah established State Department of Workforce Services by merging 6 agencies that administered 23 employment and training programs. Texas consolidated 28 employment and training programs from 10 separate agencies to create the Texas Workforce Commission. Additionally, Florida established the Agency for Workforce Innovation by merging State workforce programs with employment and training initiatives administered by the Temporary Assistance for Needy Families program.

In each of these instances, States reported such consolidation efforts reduced costs, simplified delivery, improved efficiency, and heightened the quality of services provided to program recipients. As we work to revitalize our economy in the wake of the recent recession, we must encourage a robust and responsive job training system that helps American workers effectively compete in the 12th century workplace. This committee is dedicated to improving job training opportunities by streamlining unnecessary bureaucracy, eliminating duplicative programs, fostering economic development, and encouraging the creation of high-skill and high-wage opportunities for workers in the global economy.

We look forward to hearing your thoughts on modernizing federal job training programs and gaining your perspective on what should be done in Washington to ensure workers are prepared better.

[The statement of Chairwoman Foxx follows:]

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

A quorum being present, the Subcommittee will come to order.

Good morning, and welcome to the Subcommittee on Higher Education and Workforce Training. I'd like to thank our witnesses for joining us today. We look forward to your testimony.

Today's hearing will review ways we can make federal job training programs more efficient and effective. Such programs are critical to fostering a competitive workforce and assisting unemployed citizens. However, serious concerns about program fragmentation and potential duplication exist that could result in significant waste.

A recent Government Accountability Report identified 47 separate job training programs administered by 9 federal agencies. Of those 47 programs, the GAO found 44 overlap with at least one other program. Considering the 18 billion dollar price tag attached to these programs, a comprehensive review to identify ways we can reduce costs, consolidate programs, and improve services is vital.

In the coming months, Congress will take steps to reauthorize the Workforce Investment Act, which was passed more than a decade ago to reform the nation's federal job training, unemployment, adult education and vocational rehabilitation programs. WIA has helped integrate federal and state employment and training programs by requiring services be provided through a 'one stop' delivery system. However, as the GAO report illustrates, there are still areas where overlapping programs or services could be further consolidated and improved.

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We look forward to hearing your thoughts on modernizing federal job training programs and gaining your perspective on what should be done in Washington to ensure workers are better prepared. I would now like to recognize the Ranking Member, Mr. Rubén Hinojosa, for his opening remarks.

Chairwoman FOXX. We are waiting for Mr. Hinojosa, and I will recognize him later for his opening remarks, and we will proceed with the testimony of the witnesses who are here.

Pursuant to Committee rule 7(c), all subcommittee members will be permitted to submit written statements to be included in the permanent hearing record.

Without objection, the hearing record will remain open for 14 days to allow statements, questions for the record, and other extraneous material referenced during the hearing to be submitted in the official hearing record.

[Additional submissions of Mr. Hinojosa follow:]

Prepared Statement of the American Society for Clinical Pathology

Chairman Foxx and distinguished members of the Subcommittee, the American Society for Clinical Pathology (ASCP) thanks the Subcommittee on Higher Education and Workforce Training for the opportunity to comment for the record on the status of the laboratory healthcare workforce and the continuing need to train laboratory professionals to fill the multitude of available jobs nationwide.

ASCP is requesting reauthorization of the Workforce Investment Act (WIA), with specific provisions to support two and four year training programs in laboratory medicine. Designed to consolidate, coordinate, and improve employment training, literacy, and vocational rehabilitation programs in the United States, WIA represents the best possible mechanism to alleviate the shortage of qualified laboratory personnel, creating a strong healthcare workforce skilled to meet the health needs of an aging population as "baby boomers" age and need additional medical tests.

Clinical laboratory testing plays an essential role in the delivery of quality health care. America's medical laboratory professionals perform the tests that provide physicians, nurses, and other health care providers with objective information that is needed to prevent, diagnose, treat, and manage disease. It is estimated that laboratory data have an impact on 60-80 percent of medical decisions and treatment regimens. The contributions laboratory professionals make to patient care cannot be overstated. However, there remains a shortage of qualified personnel to perform these essential tasks.

The laboratory personnel shortage hampers the ability of pathologists and clinical laboratories to meet the increasing patient testing demands that are a result of an aging population and an evolving health care system. Solutions to this crisis need to be devised to protect our nation's public health.

Laboratory medicine is unique, not only because of its science and impact upon the larger society but also because in the wake of the current economic climate, where companies and industries are falling prey to tough decisions that boil down to dollars and cents, the laboratory offers a rare opportunity where jobs do exist.

There are medical laboratory science jobs available nationwide. The Department of Labor's Occupational Handbook for 2010-2011, lists clinical laboratory scientists as a highly promising career, with "rapid job growth and excellent job opportunities" and describes an appealing career, with an attractive pay scale and employers waiting to hire. In addition, the December 6, 2010 issue of U.S. News and World Report listed Lab Technician among the top 50 "Best Careers for 2011." However, the news from the laboratory front is not as favorable. Despite job openings, there remains a shortage of qualified laboratory professionals, marked in large part to an insufficient number of qualified trained personnel to fill available slots. Many laboratory professionals are retiring, training programs are closing and there exist an extreme need to feel the gap between the supply and demand for qualified laboratorians.

The U.S. Department of Labor's (DOL) Bureau of Labor Statistics estimates that there will be almost 11,000 laboratory technologist/technician job openings annually through 2018. Unfortunately, the programs preparing tomorrow's laboratory workforce train only about a third of what is needed. Fewer than 5,000 individuals are graduating each year from accredited training programs, that's 10,000 fewer lab specialists than needed are being trained in the United States.

Over the last two decades, our nation's ability to train new laboratory practitioners has deteriorated markedly and we have been unable to meet the demand for their services. According to the National Accrediting Agency for Clinical Laboratory Sciences (NAACLS), the number of accredited medical laboratory technology programs, the programs that train medical laboratory scientists and technicians, dropped from 709 in 1975 to 229 in 2011. Right now, NAACLS reports that seven medical laboratory scientist programs and 17 medical laboratory technician programs across 20 states are at risk for closure this year. Already the following schools fallen victim to budget cuts and were forced to close. These included: Arizona State University; the University of South Alabama; the University of Wisconsin, Madison; Western Carolina University; and the University of Nevada, Las Vegas.

Despite the vital role that these programs play, they are unfortunately expensive to run and require small classes taught by qualified professionals. Hospitals, which traditionally conducted most of the training, have shifted their resources and closed most of their programs. Some state governments have determined that the programs are too expensive to maintain because of small class size and the investment in laboratory infrastructure needed to adequately train students. States and schools have had to find other funding streams in order to keep such valuable programs afloat.

In Minnesota, the state was able to use Department of Labor grant money designated for workforce training. The state garnered two grants under the Community Based Job Training Program, totaling approximately five million dollars and partnered with a local educational institution along with a health care system to build a cohesive structure that naturally led from training to employment. The numbers tell the story of this collaborative success:

- During 2006-2008, 308 students graduated from Medical Laboratory Technician (MLT) and Medical Laboratory Science (MLS) programs.
- During the period spanning 2009-2011, the number of graduates from MLT and MLS programs rose to 423
- From the initial period of 2006-2008 through the 2009-2011 cycle, there was an increase in the number of graduates; an increase of 115 graduates or an increased graduation rate of 137.4%

At San Jose State University federal stimulus dollars are being used to help put a dent in a looming shortage of clinical lab scientists and those in related fields. The university's Clinical Laboratory Scientist Training Program, part of the Department of Biological Sciences, won a \$5 million grant through the American Recovery and Reinvestment Act of 2009 to train future health care professionals. "To fill the needs in California alone, we need to be training 850 people a year," said Michael Sneary, professor and chairman of the Department of Biological Sciences. "At this point, we are training 300." California is but a microcosm of a systematic problem nationwide.

- In California there are 34 clinical lab scientists for every 100,000 Californians compared to the national rate of 54 such workers for every 100,000 people. Vacancies of nearly one-third of the jobs now occupied are predicted for coming years because the average age of workers in the field is above 50, as possibly up to one-third of staff could be lost to retirements over the next four or five years.

Minnesota and the San Jose programs are just two examples of the synergy and partnership that other states could replicate as they seek to resolve the disconnect between needed laboratory personnel and available jobs. The missing link continues to be financial resources. Congress has the authority to provide financial resources to make job training a priority. Despite difficult economic times, investment in our nation's future workforce is the key that will not only sustain the laboratory but also the nation's economy.

Reauthorization of the Workforce Investment Act (WIA) remains crucial; it is the piece of the puzzle that Congress can and needs to fill in as the nation seeks to put together a qualified, marketable workforce. It provides the best case scenario to stabilize our nation's clinical education and training programs and fill long standing vacancies with qualified laboratory professionals.

In reauthorizing the WIA, Congress should include provisions that make institutions of higher learning partners in job creation initiatives. This can be accomplished by including provisions in a reauthorized WIA that make public institutions of higher education automatically eligible as job-training providers. Provisions should be included that designate medical laboratory personnel training programs as one of a group of preferred programs where a large number of jobs vacancies exist. Congress must close the gaps between workforce training, adult basic education and postsecondary education to give workers the skills and knowledge they need in today's economy.

As a nation, we continue to struggle to put our citizens to work. There seems to be an inability to make the financial investment to put America to work. In contrast, Minnesota, California and a small program in Nevada have been lucky enough and resourceful enough to create a cobblestone path from education to employment based from government sources such as the WIA. What about the remaining 47 states? What about the states that each Member of this Subcommittee represents? How will your constituents have their laboratory needs met, if there are no skilled professionals to read and understand the blood draws, the biopsies, the pap smears? These creative approaches to funding needed education in some sort of patchwork format grew out of necessity, it should not however replace a national commitment to job training. Investment in education and job training is the catalyst for building a strong workforce that contributes to society and strengthens the nation's economy. An investment in laboratory professions training is the key to establishing a marketable workforce capable of providing skills that bolster the health and well-being of a nation.

**Prepared Statement of Maureen Conway, Executive Director,
Economic Opportunities Program, the Aspen Institute**

Thank you Chairwoman Foxx, Ranking Member Hinojosa and members of the subcommittee for allowing me to submit this written testimony on behalf of the Aspen Institute's Economic Opportunities Program. For over 20 years, the Aspen Institute's Economic Opportunities program has investigated fields of practice that offer low-income Americans the chance to participate fully in the American economy. Our work includes investigations of promising approaches to helping Americans gain the skills they need to find better jobs or to start businesses, providing much needed income and opportunity for themselves and their families. We have also examined opportunities to develop sustainable financial products and educational strategies that can help these low-income Americans better manage their income and assets, building a more promising economic future. We believe all Americans deserve a chance to both contribute to and benefit from our country's economic vibrancy.

Today, more than ever, it is critical for all capable workers to develop and contribute their talents. We face many economic challenges not only now, but as we look to the future. Consider the demographics of our workforce. The proportion of our workforce that is 55 or older is projected to double in the short space of 20

years, going from a little over 12% in 1998 to nearly 25% in 2018.¹ In addition, the proportion of workers who are African American or Hispanic is expected to grow over the coming years, while the proportion of workers who are white will decline. The increasing diversity of our nation is in many ways a strength. It is also unfortunately a reality that these minority populations have disproportionately struggled in underperforming schools, are low-income, and as a result often have low levels of educational attainment. As the exigencies of economic competitiveness require growth in the skills and abilities of the American workforce, we need to ensure those workers remaining in the workforce—workers of all ages and backgrounds—have the opportunity to develop skills that are in demand in today’s economy and to become full participants in our nation’s economic recovery and revitalization.

Since the mid-1990s, the Workforce Strategies Initiative at the Aspen Institute (AspenWSI)² has been studying and exploring industry-specific or sectoral approaches to workforce development. These strategies address problems confronting both individuals who need better employment opportunities and companies that need skilled workforces. Thus they are designed based on the specific needs of employers and workers in local communities. Sector strategies are implemented by a range of institutions and groups working collaboratively, including community- and faith-based organizations, business and industry groups, community and technical colleges, Workforce Investment Boards, and others. Some of these partnerships operate initiatives focused on one target industry in a specific geographical region; others work simultaneously in a handful of industry sectors; a few take a cross-regional or multi-site approach.

Over the years of our research we have confirmed that sector strategies are effective in helping low-income workers find employment and improve their earnings. We did some of the earliest outcome research that documented employment and earnings gains achieved by these programs. More recently we collaborated with Public/Private Ventures on a study that employed an experimental design, looking at three distinct sector initiatives, and we found significant impacts in terms of employment and earnings.³ In 2010 we released reports detailing extremely promising employment and education outcomes of sector initiatives that are partnerships between nonprofits and community colleges.⁴ In addition, while more difficult to study with as rigorous a research design, we have also seen evidence that sector programs can provide significant benefits to employer customers in terms of reducing employment vacancy rates, lowering turnover, enhancing productivity, improving customer satisfaction, and other specific and highly valued business outcomes.⁵

For the purposes of the committee’s work in examining how to reduce inefficiencies in our nation’s workforce system, and in particular in consideration of the issues posed by the existence of multiple federal programs that provide resources for employment and training, it is critical to distinguish between this type of highly effective program and an employment and training “program” as defined by a federal funding source. Sectoral programs are defined by the strategies they pursue in working with local employers and with residents in their community, and by the choices they make in terms of curricula used, services offered, and other specific activities undertaken in order to meet the needs of the industries and the job seekers they serve. In contrast, federal programs generally have specific purposes, may define eligible populations to be served, often outline eligible uses of funds and may require reporting on specific activities, such as numbers served, or accomplishments, such as number of trainees who found jobs or experienced wage gains, but there is nonetheless scope within those guidelines to make a variety of strategic choices. So while sectoral programs often use (and need) federal funds, they cannot be accurately characterized as a “WIA program” or a “Wagner-Peyser program” or a “SNAP

¹Mitra Toosi, “Labor Force Projections to 2018: Older Workers Staying More Active”, Monthly Labor Review, US Bureau of Labor Statistics: Washington DC, November 2009. (<http://www.bls.gov/opub/mlr/2009/11/art3full.pdf>).

²AspenWSI is an initiative of the Economic Opportunities Program (<http://www.aspenwsi.org>).

³Sheila Maguire, Joshua Freely, Carol Clymer and Maureen Conway, Job Training That Works: Findings from the Sectoral Employment Impact Study, P/PV In Brief (Public/Private Ventures), May 2009, <http://www.ppv.org/ppv/publications/assets/294—publication.pdf>. SEDLP Research Report No. 3: Gaining Ground: The Labor Market Progress of Participants of Sectoral Employment Development Programs, February 2002, <http://www.aspenwsi.org/publicationdetailsdb.asp?pid=9>

⁴For detailed information on the employment and education outcomes of participants of five sectoral initiatives operated in partnership by nonprofit organizations and community colleges, see <http://www.aspenwsi.org/pubs-topic.asp#Ed>.

⁵The Aspen Institute, Workforce Strategies Initiative, Business Value Assessment Examples, <http://www.aspenwsi.org/WSIwork-BVAexample.asp>.

program". A sectoral program may be supported by one or more federal sources depending upon the needs of its industry and community, and how these needs match up with federal priorities and criteria as stated in the guidelines.

Indeed, rarely does a sector program rely on any single source of funding, but rather a mix of funds from public and private funding streams is pulled together to develop an operating budget that covers the training and other services needed to serve participants and work with employers effectively.⁶ Program leaders patch together an operating budget from different sources for a variety of reasons. Below are a few of the key reasons:

a) Participants meet different eligibility criteria for services. Some meet income guidelines, others are TANF recipients, some are youth and some live within designated zip codes. Quality sector programs, however, are looking for candidates who have an interest in the industry, meet specific industry criteria or aptitudes, and are likely to benefit from the training and other services the program can offer.

b) Funding streams serve different purposes. For example some funding can only be used to pay for training services, while other funding streams allow expenditures on supportive services, such as counseling and case management, transportation assistance, stipends or other supports, that many lower-income workers need to stay in and succeed in a training or education program. Other funding allows resources to be dedicated to equipment acquisition or materials purchases that allows training to be better tailored to an industry's needs, etc. Thus a mix of funding is often needed in order for a program to develop a complete package of services that address both worker and industry needs.

c) Levels of federal funding from any one program vary dramatically from year-to-year, and thus relying on any single funding source can be very risky.

d) It is rare to find a single funding source that provides a sufficient level of funding to support a quality program.

It is critical that in reviewing federal job training, we must be clear and not confuse a funding stream with an actual program design on the ground. To evaluate effectiveness, we must know more about what's actually being done with the money. Based on our years of research, we know that some approaches work, and we have learned a great deal about how these effective programs operate. A critical challenge highlighted in the GAO's report is that we do not know enough about what service providers are doing with the money they receive and what they are accomplishing.

We do know, however, that there are programs doing good and valuable work that is supported through federal funding. For example, in the study on which we collaborated with Public/Private Ventures, two of the participating programs relied, in part, on Workforce Investment Act funding.

The critical question then is how to ensure that federal dollars are being used to build and support effective programming and we believe that this is where federal investments should be focused. We hope the committee will recognize the valuable contribution that federal job training funds have made to addressing our nation's employment and workforce skills challenges. We believe there is great opportunity to build upon the effective work that has happened to date, spreading effective practices and approaches to more communities and supporting high quality job training programs for a variety of American workers.

**Prepared Statement of Harry J. Holzer, Professor of Public Policy,
Georgetown University and Institute Fellow, Urban Institute**

I would like to share my thoughts on the Workforce Investment Act (WIA), and particularly on the levels at which it should be funded, in Fiscal Year 2012 and beyond. These thoughts reflect my nearly 30 years of research and writing on these issues as a labor economist, including a stint as Chief Economist of the U.S. Department of Labor.

There is little doubt among most labor market analysts that the growth of education and skills among American workers has not kept up with growth in the labor market demand for these skills in the past three decades (Goldin and Katz, 2008). In order for productivity gains to be widely shared among Americans, and for employers to be able to fill vacant jobs with highly productive workers, the skill levels of our workers will need to increase. And the skills that will be demanded in the labor market are not only those represented by BA or more advanced degrees from

⁶For additional information describing how sector initiatives finance their activities and services, please see: Aspen Institute, Workforce Strategies, Update Issue 5: The Price of Persistence: How Nonprofit-Community College Partnerships Manage and Blend Diverse Funding Streams, February 2011, <http://www.aspeninst.org/publicationdetailsdb.asp?pid=47>.

four-year colleges and universities, but also the “middle skill” categories in many sectors that include a wide range of education and training credentials beyond high school (Holzer and Lerman 2007; Holzer, 2010).

In order for the skills of American workers to rise in ways that meet our labor market demands, we need an effective workforce development system that is well-coordinated with our systems of secondary and postsecondary education. On their own, and without effective workforce programs, our institutions of higher education are unlikely to generate workers with the skills needed to meet our labor market needs. For one thing, the dropout rates at many such institutions (especially community colleges) are extremely high; large percentages of students leave without earning any kind of credential at all (Bailey et al., 2005). And, among those who complete a degree or certificate program, many do not attain good-paying jobs (Jacobson and Mokher, 2009).

At least partly, these outcomes reflect the fact that many institutions of higher education provide little in the way of career counseling or labor market services for students that would effectively point them towards good-paying jobs and careers (Jacobson and Mokher, *op. cit.*; Soares, 2009). And, perhaps due to their previous levels of education or their family situations, not all workers are able to attend or succeed at institutions of higher education; instead, many need some kind of job training that is targeted towards specific jobs and sectors of the market that do not require as much in the way of academic skills.¹ Also, while employers could provide more on-the-job training to meet their skill needs, there are many reasons for why they often choose not to do so, especially for their non-professional and non-managerial employees.²

For all these reasons, a strong workforce system remains critical to maintaining a labor market in which skilled workers are well-matched to the jobs that require and reward such skills. Jobseekers often need assistance locating the best local jobs for which they are qualified; they might need counseling about how best to upgrade their skills and for what kinds of jobs and careers; and they might need funding for such training. Training resources also need to be directed towards sectors with good-paying jobs that are in high demand. Indeed, the core, intensive and training services provided at One-Stop centers around the country that are funded by WIA, especially Title I, do all of these things.

Unfortunately, the overall resources that fund our workforce system have declined dramatically over time, both in an absolute sense (adjusted for inflation) and especially relative to the size of our economy and workforce. Indeed, since 1980 WIA expenditures (compared to its predecessor programs, CETA and JTPA) have fallen by as much as 90 percent, while our economy has doubled in size and our workforce has grown by nearly half (Holzer, 2009). We now lag behind almost all other industrial countries in the share of our GDP that we devote to such efforts (O’Leary et al., 2004).

At the same time, the scope of employment services funded by WIA has risen dramatically, as the services have become more universal and the number of individuals receiving training has diminished. In fact, in a nearly \$15T economy with over 153 million workers, the roughly \$2.8B now available (in FY 2011) in Title I formula funds provides about \$18 per American worker—much too small a sum to greatly affect the skills and employment outcomes of American workers in the aggregate.

Our national unwillingness to sufficiently fund our workforce system reflects, to some extent, a widespread belief that such expenditures are wasteful or ineffective. But the literature based on rigorous research of WIA programs does not bear out this point of view. Indeed, the most rigorous studies of programs funded under WIA (summarized in Heinrich and King, 2010) suggest that these modest investments are quite cost-effective on an individual basis, generating significantly higher earnings for those who receive them. This is particularly true of “sectoral” programs that target growing industries providing high-paying jobs, and often actively involve employers in the process of training workers to fill their jobs (Maguire et al., 2010; Roder and Elliott, 2011).

And the concerns that have been recently expressed over duplication across federally-funded employment programs are quite overblown. Estimates by the U.S. Government Accountability Office (GAO) show that, while there are many employment

¹These alternatives include apprenticeship programs in construction or other fields as well as a variety of certificate programs in the health services and information technology. Programs that train machinists and precision welders for advanced manufacturing are also frequently offered in non-college settings.

²Employers are often unwilling to invest in general training for workers who might soon leave their firm or whose basic skills are questionable. Also, imperfections in information and the capital markets further constrain their ability or willingness to do so (Lerman et al., 2004).

and training programs scattered through the federal budget, they generally target towards very small and specific populations and expend very few resources in the aggregate. Overall, the need for such services among American workers far outstrips overall available funding.

Not all estimated training impacts have been as positive as they can be, and therefore our workforce systems still need to evolve and incorporate our growing understanding of what constitute “best practices.” This is especially true for some of our least-skilled workers and for out-of-school youth.³ Some of the most promising models, like “career pathways,” need further development and rigorous evaluation. Workforce development efforts also need to be better integrated with the higher education and economic development programs of states, though some have made considerable progress on this front in recent years.

However, these improvements will likely not occur in a system that is effectively starved of needed resources. Instead, appropriate incentives (through better and simpler performance measures on formula funds) and technical assistance should be provided, along with the resources, to make sure that such improvements occur. Workforce innovations should be competitively funded and rigorously evaluated; and this continuously growing body of knowledge should then inform our workforce legislation and its funding of “best practices” in the field.

An appropriately funded education and workforce system that generates more knowledge about effective practices and adapts to labor market changes over time is what we should aspire to build over time—not with ill-informed budget cuts but with sensible program adjustments and an adequate base of funding.

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³For instance, the most recent evaluations of the Job Corps show positive and cost-effective impacts that tend to fade over time for teens, though not for older youth (Schochet et al., 2008). Estimates of the impacts of youth funding under the Job Training Partnership Act (JTPA), the predecessor of WIA, were not positive (Orr et al., 1997), though we know little about their impact under WIA. And recent evaluations of training impacts for the hardest-to-serve populations have generated mixed results (Bloom and Butler, 2007).

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**Prepared Statement of Joan Kuriansky, Executive Director,
 Wider Opportunities for Women**

Thank you Chairwoman Foxx, Ranking Member Hinojosa and members of the subcommittee for allowing me to submit this written testimony. WOW appreciates the opportunity to submit testimony about the efficiency and effectiveness of the nation's workforce system. Wider Opportunities for Women (WOW) is a nonprofit organization that works nationally to build pathways to economic security for America's women and their families. For more than 40 years, WOW has helped women learn to earn, with programs emphasizing literacy, technical and nontraditional skills, welfare-to-work transition, career development and retirement security. Today, WOW is recognized nationally for its skills training models, technical assistance and advocacy for women workers.

In January 2011, the Government Accountability Office released a report analyzing the federal workforce education and training system. The report findings are being distorted by some in a misdirected attempt to exact substantial program cuts that will jeopardize both the economic recovery and workers trying to achieve economic security. To the contrary, cutting the very programs that have helped people find new jobs is a short-sighted budget maneuver that will hurt recent economic growth and ultimately put less money in the hands of struggling families and ultimately the economy as a whole.

Jobs continue to be scarce with the number of working poor increasing and their wage values continuing to fall in many jobs.¹ The unemployment rate for women who maintain families are even higher than the national average and the under-employment rate for workers with less than a high school degree has risen. Millions of Americans who work full-time cannot pay their basic living expenses let alone have enough money to make investments in their future. These harsh realities demonstrate the need for reinforcing the safety net for hard working families facing hard times and supporting programs and policies that contribute to moving families to economic security such as those contained within the workforce system.

Education and Training Is An Effective Tool to Move Families to Economic Security

GAO stated that "federally funded employment and training programs serve an important role in our society by helping job seekers enhance their job skills, identify job opportunities, and obtain employment."² Education pays; the more education one has the higher their wages.³ "Every additional level of education completed leads to increased earnings and lower rates of unemployment."⁴

WIA has experienced a 234 percent increase in demand for services over the past two years, and has risen to the challenge of assisting millions of individuals annually to secure employment.⁵ As our country continues to recover from the recession eliminating or even reducing employment and training programs⁶ is a step that will further harm both businesses and workers, not support them. Employer associations like Deloitte Touche and the Manufacturing Institute have been crying out for job training programs. Manufacturing employment has shown signs of an unexpected recovery that is dependent to a significant degree on access to a skilled workforce.

Workforce development programs work. In the last year at height of the recession, WIA programs helped 4.3 million workers find employment out of 8 million who entered the program. Hundreds of thousands more enrolled in education and skill training through WIA, career and technical education in community colleges and a variety of other job training programs. Here in Washington, of the 278 women and men who completed our Building Futures pre-apprenticeship construction program, 74% gained employment during the two years that ended April 31, 2011. This program, has been supported by the Women in Apprenticeship and Nontraditional Occupations (WANTO) program, administered by the Office of Apprenticeship and Women's Bureau at DOL, and green jobs training funds from the Recovery Act administered by the GSA.

Funding for Education and Training Programs Has Continued To Decrease

The GAO report states that "In fiscal year 2009, 9 federal agencies spent approximately \$18 billion to administer 47 programs—an increase of 3 programs and roughly \$5 billion since our [GAO] 2003 report.⁷ This increase, as GAO importantly highlights, was temporary resulting from American Recovery and Reinvestment Act of 2009 (ARRA) investments that are now no longer available.

Funding for programs such as Workforce Investment Act (WIA) and Temporary Assistance to Needy Families (TANF) has gone down to their pre-ARRA rates. These pre-ARRA rates are rates that have significantly decreased over the years as neither has been reauthorized—WIA since 1998 and TANF since 2005. In fact, TANF funds have not been adjusted since TANF was created in 1996.

Programs Provide Critical Services Targeted to Participants

Critics of workforce development programs were quick to highlight a GAO finding there are 47 programs with significant overlap. However, a more in-depth read of the GAO report⁸ provides further detail—the vast majority of programs are provided through DOL and HHS and in fact, 76 percent of all funding and 91 percent of all participants identified by the GAO are served through programs authorized under WIA.⁹ Programs funded outside of DOL and HHS are typically for specific populations such as veterans or youth or for specialized industries such as in the case of the Brownfield job training program under the Environmental Protection Agency and; have broader goals such as the employment and training services of TANF. Moreover, services provided often differ in meaningful ways.¹⁰ For example, individuals within a population group may be eligible for one program, but not another because program eligibility criteria differ and overlapping programs also have different objectives.¹¹ HHS points out that some overlap is appropriate and necessary so as not to exclude populations from receiving certain services—this does not imply duplication.

As pointed out in the report, many of the programs critics point to as wasteful or duplicative, in fact, have no overlap with any other program and serve a unique population, such as the Brownfield Job Training Cooperative Agreements program, the Senior Community Service Employment Program, and the Women in Apprenticeship and Nontraditional Occupations (WANTO) program. In fact, recent proposals would cut SCSEP—a unique and vital program gives low-income, unemployed seniors work experience that can be applied to post-retirement careers—almost in half.

WANTO is the only job training specifically designed for girls and women seeking to enter occupations where they are currently less than 25% of the workforce. These are occupations where they can earn 30% or more than in jobs traditionally occupied with women who have less than a 4-year degree. One example is the building trades where women are currently less than 5% of the workforce. Others are in high-paying technical occupations such as office machine repair where women make up only 11% of the workforce and where the median weekly wage was \$832 in 2009. WANTO is a small (\$1 million), competitive grant program that supports organizations that have staff with specific experience in outreach, recruitment and career counseling to see the possibilities these fields offer and to learn the specialized skills necessary to succeed. WANTO tackles gender stereotyping, mentors women on the job, and works with employers and labor unions to ensure that, once employed in a nearly all-male workplace, they are able to remain in the job and have a lifetime career.

Better System Alignment Does Not Equal Program Funding Cuts

The GAO report findings can inform decisions leading to improved system alignment, a goal that we share along with those in Congress and the Administration who are working to reauthorize the Workforce Investment Act. The Senate Health, Education, Labor and Pensions Committee is reportedly planning to introduce a bipartisan proposal to reauthorize WIA in the near future that would move toward better alignment. Over the years, WOW has supported other reauthorization bills that moved toward program alignment, including the use of a Self-Sufficiency measure in goal setting and evaluation, as defined in the Carl D. Perkins Act of 2006 the Green Job Act of 2007.

At the same time, the GAO report should not, be used to rationalize further cuts in training services that currently are funded at 40 percent less than they were in 2002, adjusted for inflation. Research shows that a stable funding structure is needed for One-Stop Career Centers to be successful.¹² Achieving the goal of streamlining services must be done in a way that recognizes the realities of those the program services. Streamlining can simultaneously afford states flexibility to respond to local needs and should be achieved without losing connection to other important supports needed such as those needed by TANF enrollees. GAO highlights that factors, such as the number of clients that any one-stop center can serve and one-stops' proximity to clients, particularly in rural areas, could warrant having multiple entities provide the same services.¹³ We need more information about strategies and results of such initiatives to understand how states and localities should undertake streamlining of services and if such an undertaking would garner cost savings and

greater administrative efficiencies. Further, service alignment or streamlining would take time to implement and not likely realize financial benefits for some time. DOL and DHHS could begin by disseminating information that could inform efforts recommended by GAO. Currently, however, HHS lacks legal authority to mandate increased TANF-WIA coordination to create incentives for such efforts.¹⁴

Program Outcomes Can Be Improved by Employing Practices Known To Work

Despite critiques that there is no program outcome data—the fact is, we do have outcome data from the programs including entered employment, employment retention, and wage gain or change. The Department of Labor has inaugurated a rigorous evaluation program and proposals have also been made in the context of WIA reauthorization.

Research entities such as MDRC, for example, have provided concrete information on what makes an education and training program effective. Their research showed that programs providing financial incentives to supplement earnings in combination with services can promote employment retention among low-wage workers. Low-wage workers often advance by changing jobs and that matching individuals with jobs in particular firms that pay higher wages can be an effective strategy to promote advancement.¹⁵ Even more directly, data from Jobs for the Future show that:

- Employment and training services under the WIA Adult Program generate significantly higher earnings and employment rates. The impacts persist for several years resulting in a minimum 10 to 15 percent boost in annual earnings for disadvantaged adults, and return \$1.50 for every dollar invested by society.
- Women's earnings are boosted by as much as 25 percent (\$2400 annually) and men's earnings by 10 to 15 percent (\$1700 annually) from the program's services.
- Core and intensive counseling and job placement services are cost effective, raising employment rates by 6 to 10 percent quarterly; and training increases earnings by at least 10 percent, with training most closely connected to employers (such as on-the-job and sector-based training) creating returns of 15 to over 20 percent.¹⁶

Business Can Improve Their Partnership with the Workforce Development System

Last year, WIA served 8 million jobseekers; over 4.3 million secured jobs through the system; and hundreds of thousands of WIA participants received training to prepare for new careers.¹⁷ Can corporate America pick up the slack? They haven't. Business is a partner within the workforce development system and is at the table to assure its needs are met along with workers looking to improve their financial status. Business and the workforce education and training system could certainly do better to align programs and services to ensure full mutual benefits are achieved—but simply put, government programs fill in the gap when there is broad need.

The workforce system does provide vital services to employers, including brokering training and helping employers find the skilled workers they need to be competitive while matching workers to employment.

Conclusion

Poverty is on the rise and is projected to increase in the coming years as the country makes its way out of this recession. It is essential that the foundation of our safety net is there for individuals and families and that it provide the opportunity to improve their economic security. We know that the path to self-sufficiency for low income, low-skilled workers often requires career pathways that lead to economically secure jobs. Eliminating education and training opportunities that foster economic advancement is not the right path.

Indeed the GAO findings can be used as a guide for system improvements. Its intent was not, nor should it be, used to rationalize massive, arbitrary program cuts. Job training and education have been proven to assist low-income working families increase their wages and employers to build a skilled workforce. Those with a college degree, on average, can earn twice as much as high school graduates.¹⁸ We still have 13.7 million American workers unemployed. We must make smart investments in spending that foster an educated workforce that can move workers to economic security with the skills that are needed for a strong economy.

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⁵Statement of Raymond J. Uhalde Vice President, Jobs For The Future. Before the Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations United States House of Representatives <http://appropriations.house.gov/files/040711TestimonyofRaymondUhaldeVPJobsfortheFuture.pdf>

⁶Government Accountability Office. Report to Congressional Requesters. Multiple Employment And Training Programs: Providing Information on Colocating Services and Consolidating Administrative Structures Could Promote Efficiencies. January 2011. <http://www.gao.gov/new.items/d11192.pdf> page 8. Employment and training programs are defined by GAO as—a program that is specifically designed to enhance the specific job skills of individuals in order to increase their employability, identify job opportunities, and/or help job seekers obtain employment.

⁷Ibid page 2

⁸Ibid—Figure 1 page 12

⁹Statement of Raymond J. Uhalde Vice President, Jobs For The Future. Before the Subcommittee on Labor, Health and Human Services, Education and Related Agencies, Committee on Appropriations United States House of Representatives <http://appropriations.house.gov/files/040711TestimonyofRaymondUhaldeVPJobsfortheFuture.pdf> Page 3

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[Additional submission of Mr. Tierney follows:]

**Prepared Statement of John Twomey, on Behalf of the
National Workforce Association**

Thank you for the opportunity to submit this testimony on behalf of the National Workforce Association (NWA) on Removing Inefficiencies in the Nation's Job Training Programs.

In improving efficiencies in the nation's job training efforts, we believe that Congress must consider these two immutable but competing factors:

1. We are in an exceptionally difficult fiscal environment where more than ever every single dollar must be wisely spent. We are unlikely to see increased federal investment in the foreseeable future; in fact we are likely to see some level of reduced funding for workforce development. So doing more will require squeezing

greater efficiencies out of the multiple programs Congress has authorized over the years.

2. At the same time, our global competitors have been increasing their investments in education and workforce development. Our high school completion rate lags well behind many of the other developed nations in the OECD (Organization of Economic Cooperation and Development). Our 15 year olds consistently score 23rd out of the 30 developed countries which whom we compete in today's global economy. According to the U.S. Department of Education's National Assessment of Adult Literacy Skills (NAALS, released January 2009), 14% of working age Americans are in NAALS Level 1—either totally illiterate or at best they can read one sentence. And our young people 25 to 34 have slipped to 9th in the world in the percentage that have a postsecondary degree. In fact, of all the developed countries, only in Germany and the United States are young working age people less educated than their parents.

For the above reasons the National Workforce Association believes now is the time to better align and coordinate federal job training efforts. During this fiscal crisis we must narrow the gap with our global competitors, not risk it widening even further.

NWA's general observations-on The Government Accountability Office's January 2011 report entitled

Multiple employment and training programs

Providing Information on Collocating Services and Consolidating Administrative Structures Could Promote Efficiencies are as follows:

- We agree with GAO that “Federally funded employment and training programs play an important role in helping job seekers obtain employment.”

- We also believe that the 47 programs listed in the report were all authorized by Congress in a different time, to address real problems facing specific target populations.

- We respectfully point out that GAO found “overlap” not “duplication”. Probably the best example of overlap as opposed to duplication is in delivery of disabled veteran's programs and homeless veteran's programs. Both initiatives have a strong job training component and serve veterans; but obviously you would need to hire very different staff expertise and embrace different strategies when dealing with young men and women who bravely served their country and now suffer post traumatic stress than a veteran who lost his or her legs to an Improvised Explosive Device.

In the case of the above two programs merging them is not the answer. NWA believes that they and all the federal job training programs must be better aligned and coordinated.

- We recognize that in undertaking efficiency improvement, Congress must also overcome differing committee jurisdictions if the goal is to be achieved. For example, while the Workforce Investment Act and the Wagner Peysner Act's Employment Service fall under the jurisdiction of the House Education and Workforce Committee, other major initiatives like Trade Adjustment Assistance Act (TAA) and Temporary Assistance to Needy Families (TANF) are under the purview of the Ways and Means Committee.

Funding considerations-In terms of the \$18 Billion dollars and 47 separate programs, we would like to point out three facts:

1. The time period of GAO's examination covered the implementation of the American Recovery and Reinvestment Act (ARRA), and the \$18 Billion GAO referenced was actually \$12 Billion in a normal year. Make no mistake this is a significant investment, but using an amount 50% larger does distort today's discussion.

2. Of the 47 programs GAO considered, they found that 7 of the programs received 77% of the federal investment. In reality, GAO considered WIA Adult, Dislocated Worker, and Youth programs as three of those seven. They are all WIA funds that run by formula through the country's Local Workforce Investment Boards. In our minds then, 5 programs represent 77% of the funding.

Another way to look at this is to say the other 40 programs represent only 23% of the total Federal funding, an average of less than 0.6% of the total Federal investment per program. So one of the great challenges is how to incorporate these small programs into an identifiable, coordinated, private sector-led local workforce system.

3. GAO acknowledges that 77% of the total number of participants served in all the 47 programs is served by either The Employment Service or the Workforce Investment Act Adult program. While both of these programs served over 1 million individuals a year, 7 programs each reported serving less than 5,000 individuals. We think these smaller programs must be integrated into local workforce systems. We think this will save money and increase efficiency.

Performance

The National Workforce Association believes that the taxpayer is entitled to know that all workforce development programs funded by the federal government have real performance that is widely displayed and readily available; and that achievement should be rewarded and failure should have real negative consequences.

In addition we think that as WIA is reauthorized, or any of the other job training programs are reauthorized, a Return On Investment formula (ROI) should be included and required in each piece of legislation. We think this has to be a national ROI formula, otherwise it will be impossible to compare local ROI methodologies, no matter how well thought out they are.

We believe that performance must be aligned. In order to do that there must be common definitions across programs, so that the same wording, like “entered employment” means the same thing to every program operator.

The common measures should be required in all workforce programs unless their specific mission leads to other explicit legislated outcomes outside the common measures. Like most Americans we are puzzled that GAO found three programs had no performance at all.

Of the 47 programs GAO examined only 31 had entered employment as a goal. While it is possible that a program might have a mission of enhancing a person’s employability skills, we would argue that interim performance metrics should be set and rewarded so that the providers of that program are fully aware the ultimate goal is a job.

We also believe that as Congress works to align programs into a coherent workforce system, there will be times where the goals of longstanding programs must yield to today’s difficult fiscal realities.

An example of this is the WIA Title II Adult Basic Education and Family Literacy program. The goals of this program today are threefold:

1. Assist adults to become literate and obtain the knowledge and skills necessary for employment and self-sufficiency.
2. Assist adults who are parents to obtain the educational skills necessary to become full partners in the educational development of their children.
3. Assist adults in the completion of a secondary school education.

While these are all worthy goals, we suggest that today’s fiscal constraints necessitate narrowing the focus to just Goals 1 and 3 (above). Title II is funded under a workforce development act, and we believe the goal should be to increase employability leading to a job and next a better job.

Finally, by instilling rigorous performance throughout all Federal workforce development programs, we urge Congress to recognize that for jobseekers with significant barriers to employment only having short-term goals is unlikely to produce the skilled workers our employers need to thrive.

Staying with Adult Education and Literacy provides a good example of where today’s performance is not correctly aligned with the largest federal workforce program, WIA Adult’s one stop career centers, and employer needs. There should be an acknowledgment that in today’s 21st Century economy success is measured not by today’s two grade literacy improvement metric, but by rewarding interim achievement up to the ultimate literacy goal of mastering the literacy proficiency required by the local labor market.

For example, today an Adult Education provider who’s intervention helps a student move from a 2nd grade reading level to 4th grade level obtains a positive performance outcome. But the labor market does not reward a prospective employee with a 4th grade reading level with a job. NWA thinks the provider should receive credit for this outcome, but that that should be an incremental benchmark, and more work needs to still be done to move beyond 4th grade level.

Leveraged training-The way that we currently count how many people a program gets into training is woefully insufficient to really judge how some of our major workforce development efforts are effectively operating. An example is how the nation’s 3,000 One Stop Career Centers do placing jobseekers into training. That is what really happens, and what gets reported.

What gets reported as entered into training is how many one stop customers are placed into WIA-funded training.

What we don’t measure or count is how many customers who come to One Stop centers looking for a job are also placed into training that is paid for by TANF, Vocational Rehabilitation, PELL grants at a community college, or in a registered apprenticeship. While individual workforce papers show this to be common and widespread, our official performance metric make it appear the one stop system is much less productive on the taxpayer’s dime.

Reporting systems-Obviously, in this fiscal climate the emphasis is-as it should be-on ways to do more with less; ways to save money, not spend more money. NWA

would be remiss; however, if we did not take a minute to point out the terrible inefficiencies in today's computerized reporting systems.

Imagine a citizen who desperately seeks employment. Because of prolonged unemployment they are now receiving public assistance through TANF. They also have low literacy levels and are getting help from the local Literacy Volunteers organization. Because they have a learning disability they are getting some assistance through a vocational rehabilitation agency. Finally, a counselor in the one stop career center has worked with this person on their resume, on job search techniques, and prepared them for employment interviews.

As Congress authorized these four separate programs, to serve people who meet narrow eligibility criteria, each resulted in the creation of a separate reporting system. The people who worked with our hypothetical jobseeker need to enter the data into four separate reporting systems. So we find ourselves unable to get a complete picture of what the federal investment has done.

In a time when Macy's or Wal-Mart can tell you the Saturday after Black Friday's busy shopping day what each store did in sales, and what the entire company did, we operate these programs with aging legacy computer systems that don't help the accountability discussion. Fixing this would require an initial increased investment but that would quickly generate savings, better information, and the means to measure performance.

Real Time Labor Market Information-Software exists that can guide education, training, employment and reemployment efforts in almost real time in local areas and in the regions. Today it has not been widely adopted because of cost on an individual basis.

Using the buying power of the Federal workforce development programs, Congress should explore obtaining and rolling out such systems. Near real time labor market information enables the quick development of needed training, and it would ensure we are training people for jobs that really exist. At the same time this helps our businesses get the workers with the skills they need to compete.

The role of the private sector-The National Workforce Association believes that the vision of the Workforce Investment Act, that local Workforce Investment Boards should be private sector-led is the right one.

Training programs that are set up in a vacuum from local and regional business needs cannot succeed. Yet many of the 47 federal programs in the GAO report do not have this private sector-led guidance; nor do they have business telling them what skills they really need.

As Congress moves to align existing efforts, and require better coordination we hope that the role of the private sector-led Workforce Investment Boards will be enhanced. The current WIA legislation only gives these WIBs direct oversight over 3 of the 47 listed programs: WIA Adult, WIA Youth, and WIA Dislocated Worker.

We believe that these boards should have a broader role of federal workforce development in their communities, and that their role as neutral conveners should be specifically addressed in legislation.

Conclusion

The members of the National Workforce Association think that today's crisis is an opportunity to improve, to transform how we do business, and to innovate.

We stand ready to work with Congress in any way you think we can help your efforts. Thank you again for the opportunity to provide this testimony.

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

Dr. Andrew Sherrill is the Director for Education, Workforce and Income Security at the U.S. Government Accountability Office. His responsibilities include GAO's work on employment and training programs and worker protection issues. He was appointed to GAO's senior executive service in 2009.

Over his 20-year career at GAO, he has led teams in producing reports for the Congress on a broad range of topics, including workforce development, unemployment insurance, and Workers Compensation programs. Dr. Sherrill also led GAO's review of the use of Recovery Act funds for employment and training programs.

Mr. Larry Temple is the Executive Director of the Texas Workforce Commission, a State agency that has oversight of the State's

employment training, welfare reform, child care and unemployment insurance programs. TWC delivers these services to its 254 counties through a network of 29 local workforce development boards. Mr. Temple serves as a member of the State's P-16 Council, a member of the Texas Workforce Investment Council, and the chairman of the newly formed Texas Interagency Literacy Council.

Ms. Evelyn Ganzglass is the director of Workforce Development at the Center for Law and Social Policy, and has extensive experience in workforce development policy, education economic development, and social service policy and programs.

Prior to joining the Center for Law and Social Policy, she directed the Global Workforce in Transition Project at the Educational Development Center, Inc., a U.S. agency for International Development Global Initiative, to help developing and transitioning countries respond to changing economic needs. Before that, Mrs. Ganzglass worked for the National Governors Association for more than 20 years.

Mr. Van Royal currently serves as the chairman of the First Coast Workforce Development Board of Directors. With partners, he is also the owner of Magnolia Point Realty, Inc., and K&V Investment Group, Inc. Mr. Royal has served on the First Coast Development Board since 1999 and chaired what is now the Youth Council from 2001 to 2006. He is a native of Alva, Florida, and graduated from Southern Methodist University with a Bachelor's of business administration.

Now I would like to recognize the Ranking Member, Mr. Rubén Hinojosa, for his comments.

Mr. HINOJOSA. Thank you, Chairwoman Foxx. I have to apologize to you and the panel for being a little late, but there were some unexpected things that occurred that kept me from getting here. I am delighted to be able to participate this morning. I am pleased we are having a hearing on the critically important work of our nation's workforce and training programs. I would like to thank our distinguished panel of witnesses for joining us today.

While our economy is moving in the right direction, in my congressional district and across our nation, millions of American workers continue to struggle to find good jobs and make ends meet. In order to thrive in today's workforce, American workers, particularly those adults and youth who are unemployed, dislocated, or disadvantaged, need education and training, counseling, guidance, and support to secure family-sustaining jobs, achieve their educational goals, and improve their lives.

In part, today's hearing will focus on recent reports released by the GAO on federal programs that provide some form of employment and training services. In these reports, GAO has recommended collocating and consolidating administrative structures to avoid duplicating services.

In addition, the GAO recommended that the Secretaries of Labor and HHS work together to develop and disseminate information to encourage such efforts.

While my colleagues in Congress on the other side of the aisle support the consolidation of administrative structures and funding streams and argue that any savings should be applied to the def-

icit, I believe that consolidation should be used to improve the quality and accessibility of employment and job training services.

If the process of colocating or consolidating programs leads to a savings, I strongly believe that these resources should be reinvested into our public workforce and adult education system and be used to address the needs of those workers who are hardest to serve. Those who are jobless, desperately need our help to improve their lives.

In the Rio Grande Valley of deep south Texas, we have waiting lists for adult education and employment and training services, and are unable to meet the needs of our most vulnerable workers and youth due to limited resources.

As ranking member of the Subcommittee on Higher Ed and Workforce Training, reauthorizing and improving the Workforce Investment Act, better known as WIA, and adequately funding our nation's public workforce and adult education system are top priorities for me. In my view, our public workforce and adult education system has been starved for far too long.

It is my hope that we members of this committee can identify areas of common ground and work in a bipartisan manner to reauthorize WIA in this 112th Congress.

In closing, I believe, as the members of this committee, we must address these issues in a comprehensive manner. It is not enough to simply highlight the inefficiencies without assessing the unmet needs of our most vulnerable workers and youth. In many parts of our nation, American workers need the federal government's assistance in acquiring the education, training, counseling and guidance to reenter the workforce. I look forward to working with the Secretary and my colleagues in both the House and the Senate to reauthorize and improve WIA.

I thank you, Madam Chair.

Chairwoman FOXX. Thank you, Mr. Hinojosa.

[The statement of Mr. Hinojosa follows:]

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

Thank you Chairwoman Foxx.

I am pleased that we are having a hearing on the critically important work of our nation's employment and workforce training programs. I would like to thank our distinguished panel of witnesses for joining us today.

While our economy is moving in the right direction, in my congressional district and across our nation, millions of American workers continue to struggle to find good jobs and make ends meet.

In order to thrive in today's workforce, American workers, particularly those adults and youth who are unemployed, dislocated, or disadvantaged, need education and training, counseling, guidance, and support to secure family-sustaining jobs, achieve their educational goals, and improve their lives.

In part, today's hearing will focus on recent reports released by GAO on federal programs that provide some form of employment and training services. In these reports, GAO has recommended co-locating and consolidating administrative structures to avoid duplicating services.

In addition, the GAO recommended that the Secretaries of Labor and HHS work together to develop and disseminate information to encourage such efforts.

While my colleagues on the other side of the aisle support the consolidation of administrative structures and funding streams and argue that any savings should be applied to the deficit, I believe that consolidation should be used to improve the quality and accessibility of employment and job training services.

If the process of co-locating or consolidating programs leads to a savings, I strongly believe that these resources should be reinvested into our public workforce and

adult education system and be used to address the needs of those workers who are hardest to serve. Those who are jobless desperately need our help to improve their lives.

In the Río Grande Valley of South Texas, we have waiting lists for adult education and employment and training services and are unable to meet the needs of our most vulnerable workers and youth due to limited resources.

As Ranking Member of the Subcommittee on Higher Education and Workforce Training, reauthorizing and improving the Workforce Investment Act (WIA) and adequately funding our nation's public workforce and adult education system are top priorities for me. In my view, our public workforce and adult education system has been starved for far too long.

It is my hope that we, the members of this committee, can identify areas of common ground and work in a bipartisan manner to reauthorize WIA in the 112th Congress.

Closing Statement

In closing, I believe that we, as the members of this committee, must address these issues in a comprehensive manner. It's not enough to simply highlight the inefficiencies without assessing the unmet needs of our most vulnerable workers and youth. In many parts of our nation, American workers need the federal government's assistance in acquiring the education, training, and counseling and guidance to re-enter the workforce.

We have an obligation to help them and put them on a path to good jobs, careers, a high school diploma, higher education and ultimately to a better life. Finally, jobs is the most important issue of today. We must not lose sight of this and continue to strengthen and adequately fund our nation's public workforce and adult education system.

I look forward to working with the Secretary and my colleagues in both the House and the Senate to reauthorize and improve WIA.

Thank you.

QUESTIONS FOR THE PANELISTS

1. Question for Larry Temple, Executive Director of the Texas Workforce Commission:

Mr. Temple, in Ms. Ganzglass' testimony, she points out that Adult Education services reach about 2.4 million students out of a pool of 93 million adults with low basic skills who may be eligible for and need these services to upgrade their skills. Those numbers are staggering. In my own area, I know that there is a need for these literacy services. How do you ensure in a consolidated system that individuals like those in need of Adult Education receive the services they need?

2) Question for Mr. Temple, Executive Director, Texas Workforce Commission:

Mr. Temple, when Texas consolidated the programs you discussed, can you tell me if state workers were laid off in that consolidation?

3) Question for Andrew Sherrill, Director of Education, Workforce, and Income Security Issues, GAO:

Mr. Sherrill, to be clear, GAO did not find any actual duplication in its analysis of federal job training programs.

Chairwoman FOXX. Before I recognize each of you to provide your testimony, let me briefly explain our lighting system. You will each have 5 minutes to present your testimony. When you begin, the light in front of you will turn green. When 1 minute is left, the light will turn yellow. And when your time has expired, the light will turn red, at which point I will ask you to wrap up your remarks. After everyone has testified, members will each have 5 minutes to ask questions of the panel.

I would now like to recognize Dr. Sherrill for 5 minutes.

STATEMENT OF ANDREW SHERRILL, DIRECTOR FOR EDUCATION, WORKFORCE, AND INCOME SECURITY, U.S. GOVERNMENT ACCOUNTABILITY OFFICE

Mr. SHERRILL. Chairman Foxx, Ranking Member Hinojosa, and members of the subcommittee, thank you for inviting me here

today to discuss the findings from our recent work on federal employment and training programs.

GAO recently identified 47 federally funded employment and training programs for fiscal year 2009, administered by nine federal agencies which spent about \$18 billion to provide services; 44 of the programs overlap with at least one other program, in that they provide at least one similar service to a similar population. However, differences may exist in eligibility, objectives, and service delivery.

While almost all of the 47 programs track multiple outcome measures, little is known about program effectiveness. Since 2004, only five programs reported conducting an impact study, and about half of the remaining programs have not had a performance review of any kind.

My testimony today will focus on two areas where we identified opportunities to promote greater efficiencies, collocating services at the same physical location, and consolidating administrative structures. Under the Workforce Investment Act, 16 categories of programs must provide services through one-stop centers in local areas. Other programs, such as Temporary Assistance For Needy Families, are optional partners. Mandatory partners may either be colocated at one-stops or offer services through electronic linkages or referrals.

In our 2007 study, we found that a typical one-stop center in many States offered services for eight or nine required programs on site, and some States had more programs on site. While the WIA Adult and employment service programs were generally colocated in one-stop centers, TANF employment and training services were colocated to a lesser extent in 30 States. Colocated services can result in improved communication among programs, improved delivery of services for clients, and elimination of duplication. While collocating services does not guarantee efficiency improvement, it affords a potential for sharing services and cross-training staff, and may lead to the consolidation of administrative systems such as IT.

Although the potential benefits of colocation are recognized, implementation may pose challenges. For example, while WIA requires certain programs to provide services through the one-stop system, it does not provide additional funds to support one-stop infrastructure. Programs are expected to share the costs of developing and operating one-stop centers. Increasing colocation could also prove difficult for other reasons, such as limited available office space, proximity of one-stops to clients, and differences in programs' client-service philosophies.

The second area of opportunity for greater efficiencies is consolidating administrative structures. Three of the largest programs we examined—TANF, employment service, and WIA Adult—maintain separate administrative structures to provide some of the same services to low-income individuals.

However, Florida, Texas, and Utah have consolidated State workforce and welfare agencies that administer these three programs, among others. For example, Texas consolidated 28 employment and training programs from 10 agencies into one agency. In Utah, the workforce agency administers the entire TANF program. In Florida and Texas, the workforce agencies administer only the

part of TANF related to employment and training. Officials from these three States told us that consolidating agencies led to cost savings through the reduction of staff and facilities.

For example, a Utah official said that the State reduced the number of buildings in which employment and training services were provided from 104 to 34. Texas privatized 3,000 full-time staff equivalents at the local level, which reduced pension, retirement, and insurance costs previously associated with these State positions.

Officials in the three States, however, could not provide a dollar figure for the cost savings that resulted. But they told us that the consolidation improved the quality of services. For example, an official in Utah noted that consolidation allowed employment counselors to cluster services that made sense for the client, and allowed clients to experience seamless service delivery.

Even with the benefits identified by State officials, consolidation may have its challenges. An official in Utah noted that the reorganization was time-consuming and costly, and it took several years before any cost savings were realized. In addition, when States consolidate their agencies, they must still adhere to requirements that can differ by program, such as reporting requirements and program performance measures.

In conclusion, to the extent is that colocation and consolidation would reduce administrative costs, funds could potentially be available to serve more clients, or for other purposes. While some States and localities have undertaken potentially promising initiatives to achieve greater administrative efficiencies, little information is available about the strategies, challenges, and results of these initiatives, so it is unclear the extent to which they could serve as models. Moreover, little is known about whether additional incentives may be needed. We recommended that the Secretaries of Labor and HHS work together to develop and disseminate information that could inform such efforts, and they agreed to do so.

This concludes my prepared statement.

I would be happy to answer any questions.

Chairwoman FOXX. Thank you very much.

[The statement of Mr. Sherrill may be accessed at the following Internet address:]

<http://www.gao.gov/new.items/d11645t.pdf>

Chairwoman FOXX. I would now like to recognize Mr. Temple for 5 minutes.

**STATEMENT OF LARRY TEMPLE, EXECUTIVE DIRECTOR,
TEXAS WORKFORCE COMMISSION**

Mr. TEMPLE. Thank you, Chairwoman Foxx and Ranking Member Hinojosa and distinguished members of the subcommittee. Thank you for allowing me to testify. I am honored to be before this subcommittee and excited about being able to share with you what we are doing in Texas.

A little background, as Dr. Sherrill said—and by the way, three of the four of us went to college in Texas, and I think Ms. Ganzglass would have liked to.

In 1995, the legislature created the Texas Workforce Commission. And as Dr. Sherrill said, we took 28 different programs dealing with work and supporting work and combined them into the one agency. As one of my commissioners said, we weren't given a lot of time. We had to build this airplane in the air. We had to deliver services, help workforce boards come up, and at the same time do all of the federal reporting and things that went along with that. We weren't given any extra money to do any of the IT or any of the new structure.

It took a while. As was said in Utah, it takes a year or 18 months for us to get to where we were. But of those programs, a lot of them saved us a lot of money in being able to consolidate because of the economies of scale. This was certainly important for us in the rural areas of the State, because a lot of the formula funding that we get, particularly from the Department of Labor, is based on population and what-not, so those areas were losing a lot of funding in that formula, and these other programs that we were able to add helped mitigate those costs.

The statewide activities that we are able to provide through the Workforce Investment Act and the flexibility of the TANF dollars have allowed us to do such things as curricula development for renewable energy, STEM academies for at-risk children, middle and high schools.

We have got a program that is very innovative, very effective. It is the Texas Veterans Leadership Program, where we have men and women who have served in Afghanistan and Iraq who are providing peer-to-peer services, reemployment services to their brothers and sisters who are returning who can actually say, Yes, I know what you are going through because I went through it as well.

These are all things we have been able to do with the statewide activity dollars through the Workforce Investment Act. As you are aware, the continuing resolution cuts those dollars; but it is not savings at the federal level, it merely moved it to the Department of Labor to the tune of \$125 million to do innovative grants for States. We would submit that this is exactly the opposite of what we were hoping would come about in the cuts.

We in Texas realize, and other States realize, that cuts are necessary and we will have to do our part, but we would like for the federal government to meet us in the middle and we believe more flexibility—as Dr. Sherrill pointed out, there are a lot of different plans and reports. These are just the State plans for the five major programs, and they are over 700 pages. And that doesn't count the reports and annual reports and the weekly program directions that we get from the federal agencies. So the flexibility would be very helpful for us.

I look at our system sort of like an ATM. When I landed at the airport last night, I needed cab fare, so I went to the ATM. And I really don't care what it takes for my money to come out from the Cattlemens Bank in Dripping Springs, Texas, just as long as it comes out the front. That is the way we look at it with our cus-

tomers. They walk in the door, they shouldn't have to worry about what is happening behind the scenes to fund them.

To the degree that we have been able to integrate our systems and consolidate these programs, that is our goal and that is the way we deliver services.

That is not the case with us dealing at the federal level. I don't have to take one cab ride, I have to take about five. I have got four different agencies. Some of them have two different offices that I have to deal with. So it is not a one-stop shop for us when we come to D.C.

So consolidating these programs at the federal level would certainly take time; but at a minimum, in the meantime, if you could look at giving HHS or DOL or any of the other agencies waiver authority so that we are able to deal with just one entity and come up with some common delivery strategies.

So I thank you. I would welcome your visits to Texas to visit one of our one-stops. We will host them in the valley, Congressman Hinojosa. Thank you very much.

Chairwoman FOXX. Thank you, Mr. Temple.

[The statement of Mr. Temple follows:]

**Prepared Statement of Larry Temple, Executive Director,
Texas Workforce Commission**

Thank you Chairwoman Foxx, Ranking Member Hinojosa and distinguished members of the subcommittee for allowing me to submit this written testimony. I am honored to testify before the subcommittee today.

Let me give you a little background on how the Texas Workforce Commission and our service delivery model works in Texas. The Texas Legislature, in 1995, enacted comprehensive workforce and welfare reforms that envisioned a workforce system that was locally controlled—like local school boards—to respond to local needs. The law established a new agency, the Texas Workforce Commission (TWC), merging 28 workforce development programs from 10 agencies. TWC was charged with creating an integrated service delivery system under the control of local workforce boards that plan, oversee, and evaluate workforce education and training services for their area of the state.

The integrated service delivery system in place includes 28 local workforce boards and 240 one-stop centers covering 254 counties. The 28 Boards build strong bonds between business, education, and job training resulting in a strengthened economy to benefit everyone. The Boards partner with community colleges, community based organizations, economic development and education providers, as well as the local chambers of commerce. Local flexibility with state oversight is the Texas model, and it continues to serve Texans best.

Texas continues to offer exceptional services throughout the state given limited financial resources. With unemployment at an all-time high, we have served more customers (both job seekers and employers) with less funding than in years past. Texas has a demand driven system. We prioritize and coordinate training dollars to what employers tell us their needs are (both present and future). We have identified six industry clusters that represent the most return for our investment. The six industry clusters include, advanced technologies and manufacturing, aerospace and defense, biotechnology and life sciences, information and computer technology, petroleum refining and chemical products, and energy. At the state level through the use of Workforce Investment Act (WIA) state set aside funds, we provide funding for the development of training curriculum for wind, solar and nuclear energy as well as biotech and advanced manufacturing. We also support STEM Academies for middle and high school students with these funds.

Another very innovative and important initiative we fund with these dollars is our Texas Veterans Leadership Program. This statewide initiative provides peer to peer employment services to our warriors returning from Iraq and Afghanistan. These young men and women are outreached by someone that truly understands their challenges because they too have been there. These are but a few of the innovative initiatives being created by states utilizing these funds. Initiatives that truly prove that states are the nation's labs of innovation.

However, through the Continuing Appropriations Act of 2011, Washington has again decided what is best for states. As you know, the Continuing Appropriations Act made cuts to WIA, but most significant were cuts to the WIA Statewide Activity Fund. I believe an unintended consequence of the CR was that it took funding from states instead of creating budget savings. In fact, surprisingly, it created another level of bureaucracy at the federal level by creating a \$125 million discretionary “Workforce Innovation Fund” for the Secretary of Labor and all at the cost of services provided to job seekers and employers by states. In addition, the President’s 2012 budget proposal includes a provision to not only continue this discretionary fund, but to increase it to \$300 million for a total of \$425 million in new discretionary funding at the federal level. Now states will have to once again do the “mother may I” routine with Washington to obtain funding for their own ideas that heretofore were funded at the state level.

We understand at the state level that cuts are necessary and Texas is willing to do our part, but we also need the federal government to meet us in the middle. To mitigate the funding cuts and maximize services, we ask that states be given the greatest amount of flexibility in the use of federal dollars. Diverting dollars away from states and creating another level of federal bureaucracy such as the Workforce Innovation Fund is not our idea of flexibility.

Right now, we have a great opportunity before us to make sweeping changes to the system, not only within the area of providing states flexibility but also in the manner with which states and the federal government interact. For example, the GAO’s report highlighted Florida, Utah, and Texas as the best practices of an integrated service model to serve customers at one stops. What makes our model stand out is not only the integration of services, but also that our customers have one place to go for assistance, instead of a disjointed system that is difficult to navigate.

Such is not the case for states at the federal level. Instead, Texas’ 5 big programs—Temporary Assistance for Needy Families, Wagner-Peyser Employment Services, Supplemental Nutrition Assistance Program, Workforce Investment Act, and Child Care and Development Funds—are administered by different federal agencies with each requiring separate state plans, annual reports, monitoring, audits and reporting. The duplication and overlap of all this paperwork costs taxpayers millions of dollars every year. These are dollars that could be much better spent providing employment and training to those in need of these services. I have with me today examples of the different federal reports required for each one of these programs which as you can see, is quite a handful. For example, the WIA state plan is over 150 pages, but collectively we are producing almost 700 pages of state plans for the above mentioned programs. Finally, this multiple agency maze likely serves the same population.

Let me share with you an example that I often use in describing the larger point at hand. I call it the ATM example. For example, when I landed last night I needed cash for the taxi. From a customer’s perspective, I don’t know what all happens behind the scenes to get my money from the Cattlemen’s Bank in Dripping Springs, Texas to this ATM in the DC airport. When we have a customer come into our one-stop they do not need to, nor do they have to know what happens behind the scenes for us to serve them. We are looking for this same efficiency and flexibility from the federal government. And by the way, my taxi ride is really a series of rides because I have to go to three different federal agencies and four different office locations. Not exactly a one-stop experience for states.

As I stated before, in 1995, we moved all state workforce programs under the jurisdiction of TWC. We were able to co-locate these federal programs dealing with workforce, but because of federal regulations, consolidation was limited. In the short term, consolidating federal workforce programs might not be possible. However, an alternative we would like to see is a waiver process where states can deal with just one federal agency that has authority over workforce programs. This would allow states to be more efficient and more productive which is even more important in light of budget cuts.

My final point is that we need to move to an outcome driven system rather than a process driven system. We need to look closely at what works and what does not. We understand accountability and we understand that while the process is important—from the customer’s perspective, what is achieved at the end of the day is what constitutes the measure of your work. Far too often these federal programs are measured by the process, not the outcome.

As a result of our consolidation, this successful model has allowed Texas to serve more people with less money and is far more convenient for our customers, both job seekers and employers. We welcome your interest in making the system more customer-friendly and stand ready to assist you in any manner you deem necessary.

Thank you for allowing me the opportunity to submit this testimony. We welcome you to come to Texas to see first-hand our model as well as tour our one-stops.

Chairwoman FOXX. You just brought up an irony I hadn't thought about before. The federal government told those of you at the local level to create one-stops, and the federal government just ignores that advice for itself.

Thank you very much.

Ms. Ganzglass, I recognize you for 5 minutes.

STATEMENT OF EVELYN GANZGLASS, DIRECTOR, WORKFORCE DEVELOPMENT, CENTER FOR LAW AND SOCIAL POLICY, INC.

Ms. GANZGLASS. Good morning, Chairwoman Foxx, Ranking Member Hinojosa, and members of the subcommittee. I, too, want to thank you for the opportunity to testify this morning.

First, I want to comment on the effectiveness of WIA and other federally funded workforce programs. Even though the results of experimental evaluations of WIA are not yet available, several rigorous, quasi-experimental evaluations conducted since the year 2000 have demonstrated the value of training and workforce services, especially for disadvantaged individuals, and we have provided a summary of that evidence in the written testimony.

Second, in our view, overlap is not synonymous with duplication. We believe that one size does not fit all, and that it is beneficial to have specialized expertise and capacity that can be brought to bear from multiple systems to provide the appropriate mix of services needed to address the unique needs of different employers and populations.

Many of the 47 or 49 programs identified by the GAO, already administered through the public workforce system and others, are accessible through the one-stop career centers. Numerous States such as Florida and Texas have used different approaches to make federally funded programs work together in nonduplicative and mutually reinforcing ways. However, variations in the breadth and nature of collaborations nationwide suggest the federal government cannot mandate meaningful collaboration if the leadership and will do not exist at the State and local levels. Moreover, the fixed infrastructure cost of physical colocation in one-stop centers has created its own rigidities in the system.

For these reasons, we recommend that rather than consolidating in a hands-off manner, as some have suggested, Congress should take the following actions to promote a more coherent and better utilization of resources.

Congress should align program goals and provide incentives across programs to encourage and nurture stronger connections between WIA and other programs to create multiple pathways to postsecondary and career success for low-income adults, dislocated workers and disadvantaged youth.

We recommend that Congress develop compatible performance expectations and associated administrative requirements across programs; or at least, through waivers, allow unified State and local systems to operate under one set of performance standards. Performance standards and related requirements have proven to be major barriers to greater integration of efforts. The most blatant

example of such incompatible requirements are different performance expectations and rules under which the workforce and welfare-to-work systems operate.

We urge Congress to reduce the number of duplicative reporting and accounting systems. This should be done by agreeing on consistent definitions of units of service, standards of data quality, and commonly agreed-upon cost allocation methods of services funded through multiple sources.

Further, Congress should streamline and reduce the paperwork burden associated with eligibility determination and verification processes. According to a 2002 GAO survey of State and local workforce boards, documenting eligibility has been difficult to accomplish and resource-intensive. We urge Congress to allow cross-system eligibility determination for young people and families who have been determined eligible for other means-tested programs that require families to be low income.

Congress should focus on obligations rather than expenditures in assessing fund availability. GAO has consistently found that States are spending WIA funds within authorized time frames, and has strongly stated that obligations are a more useful measure than expenditures in assessing WIA funding status. The amount of unexpended funds may not reflect what States and localities actually have on hand, because some portion of those funds may be tied up in obligations for things such as long-term training, which, as we know, is successful.

Finally, I would like to say that the system efficiency could be enhanced by providing more consistent funding to encourage States and local areas to plan wisely and well. The recent history of funding the system in dribs and drabs incurs its own administrative costs and inefficiencies, and it also impairs the system's ability to manage at a time of heightened demand for services.

Thank you again for allowing me to testify, and I would be happy to answer any questions.

Chairwoman Foxx. Thank you very much.

[The statement of Ms. Ganzglass follows:]

**Prepared Statement of Evelyn Ganzglass, Director,
Workforce Development Center for Law and Social Policy**

Good morning Chairwoman Foxx, Ranking Member Hinojosa and Members of the Subcommittee. I appreciate the opportunity to testify about improving the efficiency and effectiveness of the nation's workforce system. CLASP is a nonprofit organization that develops and advocates for policies at the federal, state and local levels that improve the lives of low-income people.

In a recent report, the Government Accountability Office (GAO) examined fragmentation, overlap and potential duplication in federally funded workforce programs. We believe that Congress should take steps to create a more coherent and effective workforce system. My testimony will focus on three points:

1. As the subcommittee considers reforms and possible improvements, it is important not to overlook the critical role that the nation's workforce programs have played during the recession and will play as the economy recovers.
2. Program overlap is not synonymous with program duplication.
3. There are actions that Congress can take to encourage greater program alignment and increase the effectiveness of workforce programs.

1. The contribution of federally funded workforce programs

First, it is important to acknowledge the valuable contributions of the Workforce Investment Act (WIA) and other federally funded workforce programs described in the recent GAO report. At a time when nearly 14 million Americans are unemployed, workforce programs are helping those out of work and the underemployed

find jobs, prepare for jobs and build skills for the future. These programs also are helping employers find qualified workers as the nation recovers from the worst recession since the end of World War II.

The programs authorized by WIA, though created during an economic boom, have responded strongly and effectively during the recent economic downturn. When the Great Recession struck, state and local administrators responded with energy and tremendous spirit as the workforce system responded to rising unemployment and economic hardship. A summer youth employment program was implemented rapidly in 2009, ultimately reaching more than 355,000 disadvantaged youth. More than 8 million individuals received services provided by WIA during 2009 and more than 4.3 million found jobs in a difficult labor market. In 2008-2009, about two-thirds of adults and three-quarters of dislocated workers who participated in training found jobs after exiting the program, according to outcome measures tracked by the U.S. Department of Labor.

Although the recent GAO report states that “little is known about the effectiveness” of workforce programs, there is in fact growing evidence that workforce programs are a good investment, especially for disadvantaged individuals. Unlike federal performance accountability systems that focus on outcomes, impact studies are designed to determine whether the outcomes of a program or set of services are a direct result of the intervention. As the GAO has reported, the results of an experimental evaluation of WIA are not yet available; however, several rigorous, quasi-experimental evaluations conducted since 2000 have demonstrated the value of training and workforce services. For example, a 2011 evaluation of Washington State workforce programs revealed that WIA services boost employment and earnings for adults, dislocated workers and youth. A U.S. Department of Labor evaluation of Youth Opportunity Grants, an important component of the WIA legislation, found that these grants increased the employment rate among blacks, teens, out-of-school youth, and native-born youths; increased receipt of Pell Grants; and had a positive effect on the hourly wages of women and teens.

Most evaluations tend to average out results from a wide range of local approaches and consequently mask the success of promising workforce strategies that are increasingly being used in the field and are gaining wider recognition by the policy community. Some of the most promising advances are the use of sector-focused workforce strategies to meet the needs of employers and low-income, low-skilled individuals and integrated education and training strategies that blend basic skills instruction with occupational skills preparation. For example, an experimental study of three sector-focused training programs found positive impacts for low-income, disadvantaged workers and job seekers. Participants in sector-based training programs earned 18 percent—about \$4,500—more than control group members during the two years of the study.¹

Most evaluations also tend to focus on a limited range of outcome measures, especially employment and earnings gains for individual participants. Yet, workforce programs are likely to generate a broader set of benefits to individuals and society. For example, a growing body of research suggests that investments in the adult workforce are likely to pay off for the next generation: when mothers with a high school education or less complete additional education and training, their children have improved language and reading skills.² As Christopher T. King and Carolyn J. Heinrich write in a review of recent research, “workforce investments produce widespread benefits for employers and society as a whole. Returns are particularly remarkable given the magnitude and intensity of workforce investments relative to the size and complexity of the barriers they address.”³ (See Appendix for a full summary of research findings)

2. Program overlap is not synonymous with program duplication

The premise of some of the recent criticisms of employment and training programs, drawing on findings of a recent GAO report, is that there is unwarranted duplication of federally supported employment and training programs and that reducing this duplication or consolidating programs will increase the efficiency with which these services are delivered.

In our view, duplication of effort is not a major problem in the workforce development arena and we believe that consolidation will not result in more efficient or effective utilization of resources. Overlap is not the same as duplication. In fact, we believe that one size does not fit all and that it is beneficial to have a number of delivery systems with specialized expertise and capacity that can be drawn upon to provide the appropriate mix of high- and low-intensity, specialized and more general services to address the unique needs of different populations seeking to enter and advance in the labor market. Program duplication is not a major issue for the following reasons:

- GAO acknowledged that even when the 47 employment and training programs they identified do overlap, the services they provide and the populations they serve may differ in meaningful ways.⁴ The programs identified do, in fact, differ along these dimensions. For example, the three largest programs (WIA, Temporary Assistance for Needy Families (TANF) and Employment Service) provide services to different segments of the population with different levels of intensity of service.⁵ The Employment Service provides job search assistance and job matching to all job seekers, typically through online access or self-service resources. WIA provides three levels of services, including intensive career navigation services such as skills assessment and matching, counseling, and job search and training services for individuals in need of individualized assistance with employment and skill development. Local areas have considerable discretion in whom to serve and how. TANF services vary widely by state and can include job readiness, job search assistance, training and community service or subsidized employment programs. Some of the programs, such as the Trade Adjustment Assistance (TAA) program, were created out of political necessity to compensate a subset of dislocated workers who are negatively impacted by U.S. trade policy with a richer set of services than can be provided to other job seekers at current funding levels. We would welcome resources to extend the types of such services provided through TAA to a broader population. Still other programs are small discretionary grant programs that provide one-time grants for special purposes to states or local areas on a competitive basis.

- Specialization is necessary and desirable to effectively serve populations with different needs. Congress created targeted programs to ensure that appropriate strategies are being used to address the unique needs of certain populations such as veterans and individuals with disabilities, who often require highly specialized services and equipment that cannot easily be provided through general services. Adult education programs are equipped to serve people with limited English proficiency and low levels of literacy. Other programs are designed to serve the unique circumstances of groups such as Native Americans and farm workers.

- Programs are significantly underfunded, rarely serve the same people and together serve only a small fraction of individuals and families in need of or eligible for services. Despite the fact that some postsecondary education is increasingly needed to access employment that pay family-sustaining wages, fifteen percent of U.S. adults lack a high school diploma or GED, and another 30 percent have only a high school diploma or its equivalent. Only a fraction of the individuals with low basic skills or inadequate occupational skills have access to education and training services. Adult Education services reach about 2.4 million students among a pool of an estimated 93 million adults with low basic skills who may be eligible for and need these services to upgrade their skills. The demand for adult education services is growing nationwide, with waiting lists in at least 49 states. Both the numbers of students and the waiting times have doubled since 2008; in states with extremely high demand—Arizona, Texas, and New York, for example—students can wait for one year or longer for services.⁶ States report that some 160,000 people seeking services cannot be served.⁷ In addition, a recent survey of local workforce areas in Illinois found that a number of WIBs have implemented waiting lists at program intake and for training services because of limited funding.

- Many of the programs included in the GAO list are, in fact, administered through the public workforce system. Of the 47 programs identified by the GAO, just 3 programs—WIA's Adult and Dislocated Worker programs and Wagner Peyser programs account for nearly 80 percent of the 24 million people served by the federal workforce development system.⁸ These services are generally accessible through WIA one-stops; and together with the WIA Youth program and TAA they are administered and delivered through a unified system in many states.

- States and local communities have used different approaches to make federally funded programs work together in non-duplicative ways. Looking specifically at connections between WIA and TANF, which GAO found to be the fourth largest source of funding for employment and training services in FY 2009, we find that at one end of the coordination continuum is Utah, where the programs are fully integrated into a seamless system that uses funding from WIA, from TANF and from the SNAP Employment and Training program to provide the same set of services to the extent allowable within funding streams to eligible populations. TANF participation rates and WIA performance standards apply to people served with these funding streams. The same staff work with customers funded under all three programs, with their time allocated to the appropriate programs depending upon whom they actually serve. This approach allows the state to serve more workers with employment and training services than they would with just WIA funds.⁹ Although it minimizes administrative and overhead costs, it is not a low-cost approach.

In the middle of the continuum are the many areas where the TANF agency contracts with the Workforce Investment Board (WIB) to provide some or all workforce services to TANF cash assistance recipients, but they are served through specialized programs limited only to TANF recipients, rather than through the programs offered to other job seekers. For example, the state of Missouri requires that all employment-related services for TANF cash assistance recipients be housed within the Division of Workforce Development. However, in practice, most of the local WIBs subcontract with community-based organizations, such as Goodwill, whom they believe to have more experience in serving low-income populations, to provide the services to TANF recipients. These contracts can also provide for more individualized and in-depth case management than the workforce agency can offer most clients.¹⁰ And at the other end are areas where there is little or no coordination between TANF and WIA agencies.

Many TANF and WIA agencies collaborated in recent years to provide subsidized employment programs for low-income youth and parents using the additional funding provided under the American Recovery and Reinvestment Act (ARRA). In addition, New York State combined discretionary ARRA funds with TANF funds to expand a career pathways initiative targeted at public assistance recipients, TANF-eligible young adults ages 18 to 24 and low-income adults who qualify for WIA services.¹¹ While this funding is now gone, many program administrators indicate that this experience has reinvigorated the relationships between the organizations and led to new interest in partnering.¹²

It is important to note that we do not have evidence about whether TANF recipients are connected to the workforce sooner, or obtain better jobs, through services provided through the WIA system than through stand-alone programs. During the early 2000s, both CLASP and the Department of Health and Human Services undertook studies of WIA-TANF integration, and both concluded that there was little basis on which to claim that one model was superior.¹³

In particular, there is reasonable basis to be concerned that individuals with significant or multiple barriers to employment may not be well served in a system that has a universal service mandate, and that is charged with providing employers with a ready-to-work workforce. For this reason, CLASP does not believe that TANF should be made a mandatory partner in the WIA one-stop system unless substantial changes are made to WIA as part of that program's reauthorization to ensure that TANF recipients are well served. While an integrated approach is working well in some areas, we do not think that mandating a partnership between unwilling agencies is likely to produce optimum results.¹⁴

Therefore, rather than focusing on reducing duplication to possibly—but not certainly—reduce administrative costs, we believe that Congress should take steps to reduce unnecessary incompatibilities among existing programs to make it easier for states and local areas to coordinate the use of multiple funding streams to improve services for both workers and employers. Such improvements would allow workforce programs to make the best use of the very limited funds Congress has chosen to devote to these programs.

3. Toward a more coherent and effective workforce system

Consolidation and use of vouchers for training services are two strategies that are typically offered to address perceived program duplication.

In our view simple consolidation is not the answer. Experience has shown that block granting multiple funding streams is not an effective strategy for achieving either greater efficiency or effectiveness in service delivery. Because of the flexible nature of block grants, it is often difficult to report clearly regarding who is being served, how and to what result. This makes oversight difficult, and leaves block grants with uncertain support.

Moreover, maintenance of effort requirements have a poor track record. In practice, states often have the ability to substitute block grant funds for existing state investments, reducing the total amount of funding available and shifting costs from states to the federal government.

High-need groups such as individuals with disabilities, veterans, and workers with multiple barriers to employment are likely to be ill-served under block grants, as they are more expensive to serve, and are likely to have weaker results under outcome-based performance measures.

Margy Waller, while at The Brookings Foundation¹⁵ found that state-wide programs tend to benefit whereas local communities tend to lose resources when programs are block granted.

Nor is voucherizing programs. While an increased investment in training is needed, exclusive reliance on vouchers for providing access to training is not warranted. The research evidence on the effectiveness of using vouchers with disadvantaged

adults has been negative, and evidence on effectiveness with dislocated workers has been mixed. The sole reliance on vouchers would deprive the workforce investment system of two important training tools to increase the self sufficiency of individuals and the economic development of communities:

- customized training that supports local economic development and ties training directly to employment, resulting in job placement for trainees; and
- contract training that allows local areas to purchase cohort and other training tailored to the needs of hard-to-serve customers.¹⁶

The current use of Individual Training Accounts under WIA unnecessarily discourages the use of contract training, which can be an effective way to design programs that are tailored to the needs of low-skilled individuals, such as bridge programs, which prepare adults with low basic skills to enter postsecondary education and training programs. The use of contracts can also facilitate the provision of training to groups or cohorts of lower skilled adults with similar needs, which can provide important peer support to participants.

It is our contention that rather than a single consolidated program, we need a more coherent system that brings together diverse services, service providers and resources to provide appropriate and effective services to address the diverse needs of different populations.

CLASP recommends that the following actions be taken to promote greater alignment of resources and effectiveness:

- Streamline and reduce the paperwork burden associated with the eligibility determination and verification processes. According to a 2002 U.S. Government Accountability Office (GAO) survey of state and local workforce boards, documenting eligibility has been “difficult to accomplish and resource-intensive.”¹⁷ We recommend that Congress allow cross system eligibility for young people and families who have been determined eligible for other means-tested federal programs that require families or individuals to be low-income. For example, Congress should allow students who are determined eligible for free or reduced lunch under the National School Lunch Program to be automatically determined income eligible WIA youth services. This was the policy under the Job Training Partnership Act (JTPA). Congress should allow local workforce areas to include youth that live in a high-poverty area or who live in a school district with high percentages of free and reduced lunch when it is not possible to identify individuals enrolled in the free or reduced lunch program due to privacy concerns. In addition Congress should be eligible for WIA services without regard to income if youth are out of school and have not received a high school diploma or fall into any of the specified target groups such as youth in foster care, youth in the juvenile justice system, youth with disabilities, homeless and runaway youth, and young parents. Also, Congress should clarify that self-certification methods, such as sampling and other methods that reduce the documentation burden, are acceptable alternatives to individual documentation.

- Reduce the need for duplicative reporting and accounting systems. This should be done by agreeing on consistent definitions of units of service, standards of data quality, and commonly agreed upon accurate and unbiased cost-allocation methods for services funded by multiple sources for use across federal workforce education and training programs.

- Align performance expectations across programs. Incompatible performance accountability requirements across programs serve as a barrier to greater integration of efforts. The most blatant examples of incompatible performance expectations and associated administrative requirements are the ones under which the workforce and welfare systems operate. WIA’s primary performance measures are outcome measures focusing on employment and earnings. In contrast, TANF’s primary performance measure is the work participation rate, which is a process measure. Particularly in the wake of the changes made by the Deficit Reduction Act of 2005, states must track and verify every reported hour of participation. Workforce agencies consistently report that this is a significant barrier to serving TANF recipients in programs that are not solely dedicated to this population. The WIA performance expectations have discouraged many local areas from serving individuals who are perceived as having greater barriers to employment. It is worth noting that even states with highly integrated systems, such as Utah and Florida, rarely cross-enroll TANF recipients in WIA programs.

The federal government should ensure that the WIA performance measures make sufficient adjustment for individuals who are more difficult to place in higher paying jobs. States that are ready to adopt fully integrated models should be allowed to substitute the WIA outcome-based performance measures for the TANF work participation rate accountability measure. In addition, in order to encourage coordination, states should be able to deem TANF cash assistance recipients who are partici-

pating in WIA intensive and training services as fully engaged for the purpose of the TANF work participation rates.

We also recommend that over time the federal government develop and implement a system of shared accountability across workforce and other education and training programs.

- Align WIA with other education, training and work support programs to create multiple pathways to postsecondary and career success for low-income adults, dislocated workers and disadvantaged youth. Each step in a career pathway is designed to prepare students for the next level of employment and education and to meet employer demand for skilled workers. Ideally, pathways begin with short, intensive remedial “bridge” and “pre-bridge” programs for those at the lowest literacy and English language levels and extend through two-year and four-year college degrees. Connecting these services can accelerate learning, and help people attain necessary credentials as well as advance over time to successively higher levels of education and employment in a given industry or occupational sector. This will promote long-term, inclusive economic growth by helping workers gain the skills and connections they need to access family-sustaining employment and by ensuring that employers have access to the skilled workers they need to retain and create good jobs. In particular, to better meet the needs of limited English proficient individuals and individuals with lower levels of education, Congress should encourage stronger connections between the workforce development and adult education systems, and provide additional flexibility within the workforce system to provide the basic skills and English language training services that are necessary for success in the labor market.

- Focus on obligations rather than expenditures in assessing fund availability. GAO has consistently found that states are spending WIA funds within authorized time frames and has strongly stated that obligations are a more useful measure than expenditures for assessing WIA funding status.¹⁸ The amount of “unexpended funds” may not reflect what states and localities actually have on hand because some portion may be tied up in obligations. The relentless focus on expenditures rather than obligations also discourages use of long-term training or long-term engagement of individuals in services that will help them advance in the labor market.

- Finally, system efficiency could be enhanced by providing more consistent funding to encourage states and local areas to plan wisely and well. The recent history of funding the system in dribs and drabs incurs its own administrative costs and inefficiencies. It also impairs the system’s ability to plan at a time of heightened demand for services.

APPENDIX: SUMMARY OF RESEARCH ON WORKFORCE PROGRAM EFFECTIVENESS¹⁹

Federal investments in workforce development help low-income adults and youth find jobs, improve their earnings and contribute to their communities. Although the results of an experimental evaluation of the Workforce Investment Act (WIA) are not yet available, several rigorous, quasi-experimental evaluations conducted since 2000 have demonstrated the value of training and workforce services, especially for disadvantaged individuals.

- A 2005 study found that Workforce Investment Act (WIA) services in seven states generate employment and earnings gains for adults and dislocated workers. Individuals receiving WIA services are more likely to be employed (by about 10 percentage points) and to have higher earnings (by about \$800 per quarter in 2000 dollars) than those who have not received services. In addition, participants in WIA programs are less likely than non-participants to receive public assistance. The authors conclude that “WIA services, including training, are effective interventions for adults and dislocated workers, when measured in terms of net impacts on employment, earnings, and receipt of public assistance for participants.”²⁰

- A 2008 report found positive outcomes for WIA Adult participants in 12 states, concluding that there are “large and immediate impacts on earnings and employment for individuals who participate in the WIA Adult program * * * Those who obtained training services have lower initial returns, but they catch up to others within ten quarters, ultimately registering total gains of \$800 for females and \$500 to 600 for males.” Despite substantial variation in program structure and implementation across the 12 states, “overall net impacts were estimated to be positive in almost all states.”²¹

- A 2008 evaluation of the Youth Opportunity Grant program found positive results, noting increased educational attainment, Pell Grant receipt, labor market participation, and employment rates and earnings for more than 90,000 program participants. The study found that the program increased overall labor-force participation rates, specifically for teens ages 16 to 19, women, native-born residents, blacks,

and in-school youth. It also increased employment rates among blacks, teens, out-of-school youth, and native-born youths, and it positively impacted the hourly wages of women and teens.²²

- A 2011 evaluation of Washington State workforce programs—one of only a few net impact evaluations conducted by a state—revealed that WIA services boost employment and earnings for adults, dislocated workers and youth. Adults and youth receiving WIA services have higher employment rates and higher earnings than non-participants three quarters following participation. Dislocated workers receiving WIA services are more likely to be employed than non-participants three quarters following participation.²³

The national studies tend to average out results from a wide range of local approaches and consequently mask the success of promising workforce strategies that are increasingly being used in the field and are gaining wider recognition by the policy community.²⁴ Some of the most promising advances are the use of sector-focused workforce strategies to meet the needs of employers and low-income, low-skilled individuals and integrated education and training strategies that blend basic skills instruction with occupational skills preparation.

- An experimental study of three sector-focused training programs found positive impacts for low-income, disadvantaged workers and job seekers. Participants in sector-based training programs earned 18 percent—about \$4,500—more than control group members during the two years of the study. Participants also were more likely to work, work in jobs with higher wages and hold jobs that offer benefits (such as health insurance). Sector-focused programs usually target rapidly growing jobs that require limited postsecondary education but pay wages at or near the median wage in the economy and that involve intermediary organizations that bring together training providers, employers and workers.²⁵

- Sector-focused workforce programs are beginning to identify the benefits that flow to participating employers or an entire industry. These outcomes include improvements to a business's ability to find and retain qualified workers, increases in productivity and increases in the skills of existing workers. For example, a hospital participating in a healthcare initiative documented \$40,000 in savings as a result of lower turnover and reduced hiring costs.²⁶

- A quasi-experimental evaluation of Capital IDEA, a sector-focused training program in Austin, Texas found substantial employment, earnings, and Unemployment Insurance-related impacts relative to a comparison group receiving low-intensity one-stop center services. Participants trained in healthcare and other fields have experienced earnings impacts of more than \$3,100 per quarter seven years after enrollment and the impacts appear to be increasing during the economic recession and recovery.²⁷

- Research on programs that contextualize basic skills instruction to a specific occupation or set of occupations has yielded promising results. One of the best examples is Washington State's Integrated Basic Education and Skills Training (I-BEST) program, which blends adult education with occupational training and pairs adult education teachers with career and technical education instructors. A recent study found that IBEST participants are 56 percent more likely than regular adult education students to earn college credit, 26 percent more likely to earn a certificate or degree, and 19 percent more likely to achieve learning gains on basic skills tests.²⁸ Another study found that IBEST participants experience higher employment rates and earnings than nonparticipants three quarters after leaving the program.²⁹

A growing body of research suggests that workforce investments are likely to pay off for the next generation. Most evaluations have focused on a limited set of outcome measures, especially employment and earnings gains for individual participants. Yet, there is evidence that workforce investments may produce benefits both for adult participants and their children.³⁰

- As Katherine Magnuson has written, “many workers, although certainly not all, are also parents, and human capital accumulation is an intergenerational process. Improving the educational and employment prospects for parents in the workforce today may also do the same for their children as they enter the workforce tomorrow.”³¹ There is encouraging evidence that, when mothers with low education levels complete additional education, their children appear to have improved language and reading skills.³² These quasi-experimental studies suggest that the effects of increased maternal education are apparent only for mothers with a high school education or less and are associated with a variety of education and training services, including high school completion and GED, occupational training and college.³³

ENDNOTES

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²Several quasi-experimental studies have shown this linkage. K. Magnuson, H. Sexton, P. Davis-Kean, and A. Huston, “Increases in Maternal Education and Young Children’s Language Skills,” *Merrill-Palmer Quarterly*, Vol. 55, No. 3, July 2009, <http://muse.jhu.edu/login?uri=/journals/merrill-palmer—quarterly/v055/55.3.magnuson.pdf> and K. Magnuson, “Maternal Education and Children’s Academic Achievement During Middle Childhood,” *Developmental Psychology*, Vol. 43, No. 6, 2007, <http://muse.jhu.edu/login?uri=/journals/merrill-palmer—quarterly/v055/55.3.magnuson.pdf>. In addition, Transitional Jobs programs, which combine time-limited subsidized employment with a comprehensive set of services including case management, have been found to significantly reduce recidivism among individuals who have left prison.

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Chairwoman FOXX. Mr. Royal, are you recognized for 5 minutes.

**STATEMENT OF BERT “VAN” ROYAL, OWNER/BROKER,
MAGNOLIA POINT REALTY, K&V INVESTMENT GROUP, INC.**

Mr. ROYAL. Good morning Chairwoman Foxx, Ranking Member Hinojosa, and other distinguished members of the subcommittee. My name is Van Royal and I serve as the volunteer chairman of First Coast Workforce Development, Inc, known locally at WorkSource.

We are the regional workforce board serving Jacksonville in northeast Florida. In my testimony today, I would like to address from a business perspective some of the inefficiencies in the current employment and training programs, as well as how we in Florida have worked to eliminate some of these issues.

As a small business owner, I know firsthand the frustrations of trying to wind through programs and regulations that aren’t only

necessary to grow your business, but oftentimes to sustain the business you have. Most small businesses do not have HR directors; they barely have time to write an ad for the newspaper, much less analyze growth incentives, community block grants, brownfield initiatives, or available training programs. If a small business employs ten people, a change of two people represents a 20 percent increase in jobs.

Many of the above-mentioned programs could help; but most important to the small business owner is a skilled and easily identifiable new employee. The various agencies—DOL, EPA, HUD, USDA, and I am sure there are more—all have economic incentives that address employment or have employment standards in their regulations. Even the best economic advisers have a difficult time guiding large employers through the maze of hiring and training incentives, so imagine the small businesses owner trying to do the same. It is no wonder that these employment incentives are often overlooked or ignored by small businesses that are just trying to survive.

Selecting and training the right employee is critical to the process of small businesses. It is more important than large companies, due to the expense of replacement and the downtime expense of no one being in that slot, particularly if you as an owner have to fill that slot. That is why it is critical that not only the services of the workforce development system be easy to use, but the perception of the programs must be positive and reinforcing.

The GAO report referenced here today describes a plethora of federal job training and employment programs. While all of them were likely created with the best of intentions, it is virtually impossible for businesses, particularly small businesses and job seekers, to know about and navigate the services of that many programs. We need a system that is simple to understand and easy to use.

My home State of Florida has made some great progress in at least consolidating some of these programs of our local workforce boards. So what makes Florida different?

We believe that with an integrated, flexible system, we can really make a difference. The State of Florida had the foresight to design a workforce development system that takes the best of what WIA had designed and builds an even more integrated system based on business involvement and local decisionmaking. By pulling together no less than seven federalemloyment and training programs, and integrating them and the funding streams through their regional workforce boards, we have been able to shape our policies and training to meet our local business needs.

Having the flexibility to meet these programs and funding streams together allows us to maximize services to businesses, as well as job seekers. We are able to leverage funds from multiple programs to customize service delivery. We cross-train staff in multiple programs and are able to cost-allocate salaries, et cetera, in a manner that creates great efficiencies.

There is, however, a tremendous amount of administrative waste in the process of separately tracking each funding silo, reporting redundancies, eligibility data, et cetera. While we strive to make our services seamless to services and job seekers, these multiple

programs that all support employment and training services make that seamlessness more difficult than it should be.

A prime example of one of the difficulties is the State merit staff requirement for the delivery of Wagner-Peyser, veterans and trade adjustment assistance. This requirement eliminates our ability to cross-train staff supporting these programs. For instance, a veterans program staff member cannot assist the military member spouse if both are in need of job placement or training assistance.

Although there is no direct federal statutory mandate in the Wagner-Peyser Act requiring State merit staff to deliver services, the U.S. DOL Secretary has denied Florida's waiver request from this regulation every year since 2007. This waiver has been granted to the States of Colorado, Massachusetts, and Michigan, but U.S. DOL has taken a position that no further exceptions will be approved. This is just one example of regulatory rules getting in the way of efficient service delivery. There are many, many more.

Chairwoman Foxx, that concludes my remarks. However, in last 15 seconds, a personal note: What you do is the most important thing to businesses at this point in time. Growing our job force and working with them on employment is hugely important, as is this committee, and I give you great kudos for the work you do. I want to thank you for allowing me to speak.

[The statement of Mr. Royal follows:]

Prepared Statement of Van Royal, Chairman, WorkSource

Chairwoman Foxx and other distinguished members of this Subcommittee: my name is Van Royal and I serve as the volunteer Chairman of First Coast Workforce Development, Inc., known locally as WorkSource. We are the Regional Workforce Board serving Jacksonville and Northeast Florida.

In my testimony today, I would like to address, from a business perspective, some of the inefficiencies in the current employment and training programs as well as how we, in Florida, have worked to eliminate some of those issues.

As a small business owner, I know first-hand the frustrations of trying to wind through programs and regulations that aren't only necessary to grow your business but often times to sustain the business you have. Most small businesses do not have HR directors, they barely have time to write an ad for the newspaper much less analyze growth incentives, community block grants, brownfield initiatives or available training programs. If a small business employs 10 people, a change of 2 people represents a 20 % increase in jobs. Many of the above mentioned programs could help, but most important to the small business owner is a skilled and easily identifiable new employee. The various agencies, DOL, EPA, HUD, USDA and I am sure there are more, all have economic incentives that address employment or have employment standards in their regulations. Even the best economic advisors have a difficult time guiding large employers through the maze of hiring and training incentives so imagine the small business owner trying to do the same. It is no wonder that these "employment incentives" are overlooked or ignored by small businesses who are just trying to survive.

Selecting and training the right employee is critical to the success of a small business. It is more important than a large company's due to the expense of replacement and the "down time expense" of no one being in that slot particularly if you as an owner have to fill that slot. That is why it is critical that not only the services of the workforce development system be easy to use but the perception of the programs must be positive and re-enforcing. The GAO report referenced here today describes a plethora of federal job training and employment programs. While all of them were likely created with the best of intentions, it is virtually impossible for businesses, particularly small businesses, and job seekers to know about and navigate the services of that many programs. We need a system that is simple to understand and easy to use. My home state of Florida has made some great progress in at least consolidating some of these programs under the umbrella of our local workforce boards.

What Makes Florida Different?

We believe that, with an integrated, flexible system, we can really make a difference. The State of Florida had the foresight to design a workforce development system that takes the best of what WIA had designed and build an even more integrated system based on business involvement and local decision-making. By pulling together no less than seven federal employment and training programs (WIA, Wagner-Peyser, Welfare Transition, a portion of Unemployment Compensation, Trade Adjustment Act, Food Stamp Employment and Training, and Veterans funds) and integrating that funding through the regional workforce boards, we have been able to shape our policies and training to meet our local business needs.

Having the flexibility to mix these programs and funding streams together allows us to maximize services to businesses as well as job seekers. We are able to leverage funds from multiple programs to customize service delivery. We cross-train staff in multiple programs and are able to cost allocate salaries, etc. in a manner that creates great efficiencies. There is, however, a tremendous amount of administrative waste in the process of separately tracking each funding silo, reporting redundancies, eligibility data entry, etc. While we strive to make our services seamless to businesses and job seekers, these multiple programs that all support employment and training services make that seamless more difficult than it should be.

A prime example of one of the difficulties is the State merit staff requirement for the delivery of Wagner-Peyser, Veterans and Trade Adjustment Assistance. This requirement eliminates our ability to cross train staff supporting these programs. For instance, a Veterans program staff member cannot assist the military member's spouse if both are in need of job placement or training assistance. Though there is no direct federal statutory mandate in the Wagner-Peyser Act requiring State merit staff to deliver services, the USDOL Secretary has denied Florida's waiver requests from this regulation every year since 2007. This waiver has been granted to the states of Colorado, Massachusetts and Michigan but USDOL has taken a position that no further exceptions will be approved.

Florida created its own version of a system that was "customer-focused." In Florida, we determined that the primary customer of our system was the business community that creates the jobs workers need. The WIA legislation mandated that local workforce boards include business as an active partner. It's imperative that we keep that part of the system intact. In fact, we would recommend, based on our experience, that local boards have a "super majority" of at least 65% of their board members comprised of private industry.

With business in charge of our local system, we found ourselves changing our organizational culture—from an internal focus on process and procedures to an external focus on results. If you want a system that is truly market-driven, the market must have a voice. That strong, private-sector business voice is what set us on a new path of responsiveness to business needs. The business leadership of our board asked questions that don't typically get asked in many public sector led initiatives; questions, for example, about the return on investment of funds in particular projects and contracts. It didn't take long for us to shift our priorities and ask how we could operate differently to better use our funding and leverage resources from partners.

Another point that Florida got right was encouraging partners to work together to provide seamless services to jobseekers. Bringing agencies together was good for the jobseeker, but it also helped us to eliminate duplication of services and achieve more by working together. One partner that we have found to be invaluable is economic development. By bringing our local ED organizations in as valued partners, we gain insight into targeted industries and can help shape the workforce our local economy demands.

Under WIA, training is delivered in response to the local labor market needs. The legislation required that training resulted in an industry-recognized certification. In our local region, we invested in education to learn the language of economic development, and changed our training strategy to focus on helping companies and industries expand.

The consumer of our training system is business—but to date, there is no funding and no performance measure that is tied to serving business. Currently, WIA funding is delivered in silos based on categories of workers (adult, dislocated, etc.) We need funding that is flexible and that allows us to react to our local labor market conditions.

We've spent twelve years building partnerships, learning how to understand the market, and building the foundations to be competitive. We must continue to build on the things that WIA got right—a demand-driven, flexible system that allowed us to become a meaningful player in growing the economy.

Consolidation of the multitude of federally funded employment and training programs as part of the Reauthorization of WIA needs to expand that flexibility, eliminate meaningless silos and create a new formula for funding that recognizes 21st century workforce challenges of business retention and expansion.

Life Long Learning and Career Services

After K-12 education, we must provide a flexible workforce system that engages workers at every stage of their career, offering entry points for skill advancement in the classroom or on the job. In order to be competitive in the global economy, we must create a culture of lifelong learning that rewards higher skills with economic advancement.

The focus of a successful career development system, one that supports business growth and global competitiveness, is not job placement. Rather, it centers on the skill sets needed in the local labor market, and how workers can obtain those skills through education, training and job succession. WorkSource, Cornerstone (our regional economic development partnership), and our community college and training partners work together to strategically provide a wide variety of activities that are designed to recruit proficient workers, retain valuable workers and re-train workers with new skills.

This philosophy is embodied in a career development methodology resulting in income growth. The Income Growth Strategy promotes wage progression through rapid attachment to the workforce, continual skill gains, and personal development activities. As a strategic framework, this approach builds upon a program design generally referred to as "post-employment:" placement, retention, advancement and/or rapid re-employment services. The foundation of this approach is that all employment and training services are delivered within the framework of the skills needs of the business community.

The Income Growth Strategy involves designing a planned sequence of service interventions, which target the needs of the job seeker in the larger context of serving our business customer. The model embraces incremental income goals achieved through labor market advancement. In our model, job seekers are not necessarily terminated from career development services at job placement. Success is measured by the ongoing skill development and wage growth of the job seeker.



Traditionally, workforce system contact with the employer ends at placement or soon thereafter, not resuming until the next time placement services are needed. Under Income Growth, a business services strategy, represents activities, such as employed worker training, as value-added products for the employer, part of a comprehensive set of business services.

Providing services to the worker is no longer limited to a physical one-stop location, but may be offered at the worksite, at a training center, or over the internet.

Currently, performance standards drive the system toward an early termination approach. We must create strategies that allow workers to access a flexible system

that offers skill attainment and comprehensive career development services. System performance should be measured, incrementally, as a worker progresses in income growth without terminating them from services.

What We Need Now for the New Economy

Funding of the workforce system is still based on the concept of equity, rather than competitiveness. While we recognize that it's important to help everyone engage in meaningful work, a funding formula based primarily on unemployment and poverty rates doesn't address the needs of our businesses or our workforce. It doesn't help either of them compete in the global economy.

When we compete against other cities for new industries and good jobs, we're not competing against the places that we were five or ten years ago. Today, our economic development partners are not just competing against typical regional rivals in Georgia, South Carolina or Alabama or even cities in other regions, we are facing increasing competition from countries such as Malaysia, India and China. With the advent of technology, companies can now locate their businesses where they find the best talent for any given aspect of their business. U.S. companies are establishing a global footprint in order to compete and to open new markets. Our workforce and education systems need to reflect the current reality of global competition.

Where do we go from here?

- We ask your support to improve the legislation in a manner that broadens, coordinates, and supports partnerships at a local delivery level. Local boards are responsible for the system-wide coordination of resources and services, but distinct program rules, coupled with the authority granted to state and federal partners, undermines seamless delivery to the public.

- Local boards should have a "super majority" of at least 65% of their board members comprised of private industry. The current requirement that the board chair should be appointed from the private sector is a critical factor in maintaining business involvement.

- Performance standards must be re-visited and redesigned to give all programs common goals. In addition, we must create standards that reinforce and reward ongoing career development services and end short term episodic fixes. WorkSource supports performance standards that target income growth and skill attainment as outcomes for all programs. We believe these measurements should be calculated incrementally while the job seeker or worker is receiving services, not at termination. Also, we support the creation of performance standards that measure business involvement and satisfaction with the workforce system.

- The workforce development pipeline begins in our K-12 educational system. In addition to intervening with the most at-risk youth, career services must be provided to all young people. Incentives should be used to encourage regional workforce boards to work in partnership with their educational systems to create workforce learning environments (i.e. Career Academies) that reflect the skills needed in the local labor market, and provide industry recognized certifications and/or college credit for all high school graduates.

- Programs and funding streams should be consolidated at the federal level to ensure real flexibility in providing effective services at the local level. Maintaining separate funding streams will continue to keep the focus on programmatic barriers and not on services.

- We urge that funding formulas be based on building competitiveness, rather than an approach that only considers equity. A funding formula based primarily on unemployment and poverty rates won't lead to our workers obtaining the skills to compete in the global economy.

Chairwoman Foxx, that concludes my remarks. I want to thank you again for this opportunity to testify before the Subcommittee on this critical issue. I welcome any questions that you may have.

Chairwoman FOXX. I want to thank all of the witnesses for their comments. I am going to start the questioning off with Dr. Sherrill.

You mentioned in your comments that very little evaluation has been done in terms of the effectiveness of the programs. Could you give us some advice on what types of evaluations you would recommend that the Departments undertake to ensure that the precious taxpayer dollars that we are spending are being spent well, and that we can determine that they are either being spent well or not?

Mr. SHERRILL. Yes. This can be a challenging area to evaluate programs. Impact studies can be very revealing about what the program achieved. It often can be expensive. In some cases, some of these programs are small, and so it may not be cost-effective. There are other kinds of studies as well.

We issued a couple of reports in the last 2 years focusing explicitly on the Department of Labor's employment and training, ETA's research agenda, and made several recommendations in this area to improve that. One of the things that was telling is that in 2008, 34 of the research products disseminated by ETA were delayed by 2 to 5 years. So they have been doing numerous research studies but not disseminating them; so part of the issue was that they weren't available to be used, some of these, in a very timely manner.

So we made several recommendations to the Department of Labor to better track, have tracking processes for these studies that they were doing, to get more external input in the studies, to provide more public transparency and accountability. And we have taken some steps to make progress in this area.

Chairwoman FOXX. Thank you.

Mr. Temple, you advocated in your comments more flexibility for the States in what they are doing. Could you give some suggestions of some red tape that ought to be eliminated?

Mr. TEMPLE. Thank you, Madam Chairwoman.

I think probably the biggest hurdle that we have, as has been stated earlier, is just working through all of the red tape for approvals and reports that just take a lot of staff time and a lot of time at the local level for our board partners and anyone that they contract with.

The administrative dollars that are represented in all of this paperwork and everything that is behind it could certainly be spent better serving our customers, job seekers, and employers.

I truly believe that the States are the labs of innovation, and I would like to go back to this movement of money from the States to the Department of Labor for innovation fund and the President's proposed budget that would increase it from \$125 million to \$300 million. So that is \$325 million taken away from the flexibility that States have now to do such things, as I have said earlier, like the Texas Veterans Leadership Program, or our STEM academies or developing curricula for training that could be used statewide for renewable energy.

I think there are a lot of things that we can do and, as Dr. Sherrill said, coming up with common measures. We have tried to do that in Texas, to the degree that we can.

Chairwoman FOXX. Thank you very much.

Mr. Royal, you said you want the programs to be more focused on the business community. Do you want to expand in the comments that you made, do you want to name other areas where there could be some improvements? I know your time was limited, so if you want to take a minute or two to expand on that.

Mr. ROYAL. The unique thing right now is that in the State of Florida, we have been able to develop that ATM where people can do that one-stop. Coming to the counter, in the services we are able to do, it has been great. But behind the scenes, if Wachovia or any

other bank, they would be in worse shape than they had, if they had to do through all of the silos that we have set up.

From a business standpoint, it is the same way. Outside of the employee, from the employer standpoint, there are so many programs out there and the regulations that we are having to deal with, that a small, particularly a small business owner, is not capable of going through that red tape and saying this is going to help my new small-solar manufacturer. We just had one in Green Cove Springs come in, and we talk to them about grants and their face glazes over. These are the kinds of things that if we can work on trying to get that aspect of employment training, look at the HUD requirements actually for low-income placement. They are really difficult to work through from a small business perspective.

Chairwoman FOXX. Thank you all very much.

Mr. Hinojosa, I recognize you now for questions.

Mr. HINOJOSA. Thank you, Chairwoman Foxx.

My first question is for Larry Temple, the Texas Workforce Commission. Mr. Temple, in Ms. Ganzglass' testimony, she points out that adult education services reach about 2.4 million students out of a pool of 93 million adults with low basic skills who may be eligible for and need these services to upgrade their skills. Those numbers are staggering to me.

In my own area, I know that there is a need for literacy services, as there is throughout the State of Texas. How do you ensure in a consolidated system that individuals like those in need of adult education receive the services they need?

Mr. TEMPLE. That is a great question, and a great challenge. The adult education program in the State of Texas is not administered by the Workforce Commission. Currently, it is administered between kind of a combination between the Texas Education Agency and the Higher Ed. Coordinating Board through the community colleges. And the funding is woefully inadequate to cover the number of people.

As chairman of the Literacy Council, Interagency Literacy Council, one of the things that we have been presented with is just the lack of knowledge of just exactly what is out there because there are a lot of programs that don't get federal funding or State funding; therefore, they don't report. So we really don't know what the gap is, but we certainly know there is a gap.

We work very closely with and through our workforce board, and on our State board we have adult ed. represented, and particularly through the nonprofits and community organizations at the local level, and referrals and working with the community colleges, and even put some of our dollars through WIA and the TANF in helping to pay for such things as not only the GED classes but even the travel.

Mr. HINOJOSA. My time is getting away from us, and I have three or four more questions. Let me add to the list of folks who take care of adult education that you mentioned, including the community colleges, our public schools, our libraries. Many others are trying to do something about this huge problem. And we discovered it was three or four times bigger than we thought it was in 2008 when we went into our recession and we had so many people losing their jobs. And in training them for new jobs, we found out

that many could not read or write. So we need your help. We need everybody's help to give adult education a high priority.

I would like to go to my next question for Mr. Temple.

Mr. Temple, when Texas consolidated the programs you discussed, can you tell me if State workers were laid off in that consolidation?

Mr. TEMPLE. The legislature provided some incentives. We have a rule of 80 for retirement. They were given an additional 5 years toward the rule of 80. So many of them were able to retire. Within the agency, we did internal postings. And I am just going from memory. It was a long time ago. It was back in 1995. But 94 or 95 percent either retired, went to work back within the agency, or went to work for the contractors. So just a very few people did not actually end up with a job in the system either through the contractor or through the local workforce board. A lot of these people actually work for the board or were retained. So during that RIF process, we held all of our hiring internal for those individuals.

Mr. HINOJOSA. My third question goes to Dr. Sherrill with GAO.

Mr. Sherrill to be clear, GAO did not find any actual duplication in its analysis of federal job training programs? If I am mistaken, please give me some clarification.

Mr. SHERRILL. That is right. We found overlap at a high level, as I explained. And then we drilled down to focus more deeply on three of the larger programs, the TANF, the Employment Service, and the WIA Adults. And we found that they serve some of the same low-income population and some of the similar services.

When we tried to get more data on the extent to which the same recipients might be receiving services from multiple programs, we weren't able to do that because of some data limitations. For example, Department of Labor told us that about 4½ percent of the WIA Adult people who had received training and exited the program were TANF recipients; but that is not all of the TANF recipients, because those are just the ones who self-reported, and they were not able to tell us and HHS were not able to tell us to what extent were those people also receiving TANF employment and training services.

So, no, as we tried to go deeper and to find more out for those programs, we weren't able to get a sense of were the same people receiving the same services from more than one program.

Mr. HINOJOSA. Thank you.

I yield back.

Chairwoman FOXX. Thank you, Mr. Hinojosa.

I now recognize Mr. Thompson for 5 minutes.

Mr. THOMPSON. Madam Chair, thank you for calling this hearing. It is an incredibly important topic. America's competitiveness is based upon having a qualified and trained workforce. Having served on a workforce investment board for many years, I think WIA is one of the important tools there.

Dr. Sherrill, within your written testimony you noted in fiscal year 2009 there were \$18 billion in costs to the programs. Maybe it is in there and you can point me to it. In terms of program evaluation, one of the major returns on investment for me is what is the dollar value of annual earned income of individuals who went through the programs, achieved the outcome we are looking for,

and returned to gainful employment. Is that data out there in terms of return on investment for 2009?

Mr. SHERRILL. There is data out there for some of the programs. For example, the WIA Adult and Dislocated Worker programs report out on certain measures. And so nationwide for 2009, the WIA Adult and Dislocated Worker programs generally did not meet their performance goals across the country. For entering employment, getting people jobs, they fell for both adult and dislocated workers pretty far short of the goals.

For employment retention, keeping people in jobs, they were closer, but still fell short.

But for average earnings, they did meet their performance goals.

And for the youth program, the WIA Youth program, the younger youth goals were met nationwide, but there was a more mixed picture with regard to the older youth goals. It is important to keep in mind that it was sort of a difficult economic environment at that time as well.

Mr. THOMPSON. Sure. Absolutely.

Given that, are there current performance indicators that the federal job training programs are required to—the ones that we have, are they enough to track the programs' effectiveness? And are there any additional indicators that Congress should explore to better gauge the programs' effectiveness?

Mr. SHERRILL. One of the recommendations we have made is that Labor, because Labor negotiates performance goals with the States on each of these measures, so one of the things that we have recommended is that Labor make adjustments for differences in economic conditions or demographic conditions to better reflect sort of the difficulty—level of difficulty that the States are facing. Labor hasn't really done that yet.

Mr. THOMPSON. Thank you.

Mr. Royal, thank you, or my sympathies for serving as the president on the Workforce Investment Board. No, thank you for doing that. It is a huge undertaking. It is so important to have employers, the business and industry, the employers involved in that process. My own experience has been that it has been a mix.

Even currently as a Member of Congress, I work very closely with my workforce investment boards, and I just see some models do better than others in terms of engaging. Some boards have members of the boards who are very frustrated, and others who are very engaged.

Given that, based on your experience, how can we improve the current set of performance standards to accurately measure business engagement and satisfaction with the workforce investment system?

Mr. ROYAL. We have all kinds of measurements as a workforce board as to how we take care of employment. The reality is, and it boils down to, is if someone gets employed, then there is an employer out there who has a job.

The biggest struggle we have now is while we work to train and educate the workforce, we have a difficult time in trying to help small businesses, for instance, through some of their programs which actually creates a job. Because no matter how well we train—and that is one of the frustrations we have had lately in the

last couple of years, higher education has done a great job of training, but if you don't have a job to put them in, all of the best-trained employees around are not going to make a difference.

When you look at the 2009 numbers, we could have trained 200,000 people more, and you wouldn't have had one more placement, because the jobs just weren't there. So making it easier from a business standpoint is probably the most frustrating.

Right now in the State of Florida, we have been able to put some silos together and really do a much better job of training employees. We have a good workforce. Making those readily accessible to employers, and if there are incentives to be given to employers, put them in such a way that small businesses—which you hear over and over again, 60 percent of the United States employment is small businesses—make it accessible to those people who have eight or ten, as opposed to you need an HR director, you have to go out and hire somebody to work your way through grant systems.

And there are HUD programs out there, for instance, where you have to hire somebody who doesn't have a high school education or can't make more than \$9, and you are trying to develop a business, and you are going, Really? By the time you run across a couple of those, as an employer you say, That's enough.

So we as the workforce board, the private sector is really concentrated on that employer standard and feedback and how easy it was to place a job, how quickly were we able to get analysis. And those we are improving. But that has been a slow process.

Getting them trained, there are a lot of programs and places to do that, and we have really worked to get that. But that feedback in the private sector, out in front of the counter from the employment sector has been, I think, the most difficult so far and the biggest challenge. Because there are dollars to be had; they just don't know how to get them.

Mr. THOMPSON. Thank you.

Chairwoman FOXX. Mr. Tierney, you are recognized for 5 minutes.

Mr. TIERNEY. Thank you, Madam Chair. I think some will note the irony that today's hearing on perceived "duplication" follows a full Committee hearing on the same subject.

Dr. Sherrill, while there are programs in the employment training area you found areas of overlap, but you have not made findings of duplication; is that correct?

Mr. SHERRILL. That is correct, in the employment training area, we have not made findings of duplication.

Mr. TIERNEY. It seems to me the example I used in the last hearing on that was the veterans programs where they seemed to overlap, they serve distinct populations, whether disabled veterans or homeless veterans, that have specific criteria that need to be served; is that a good example?

Mr. SHERRILL. That is a good example. I mean, we set out sort of stage setting at the high level, and in a few programs we went deeper. But we didn't look at veterans programs for this work, for example.

Mr. TIERNEY. Now a lot of times the recommendations talk about efficiencies that were achieved or not achieved in the delivery, but the fact of the matter is, is it not, that the States under current

law are oftentimes charged with the responsibility of delivering these programs. And you have made some recommendations to the Department of Labor and Health and Human Services on how they might collaborate and try to come up with incentives to get the States to implement those efficiencies.

Mr. SHERRILL. Right. The focus of our recommendation was basically there are a few areas where some of the States and localities have done more innovative things, but we don't know a lot about, so can these serve as models for other places? We need more information about the challenges, the strategies, and the results.

And so we saw the federal agencies, Labor and HHS, as being able to play a key role there in collecting and disseminating more information about those kind of State efforts, and whether more incentives might be needed to encourage other States to do those sort of things or not.

Mr. TIERNEY. Mr. Temple and Mr. Royal, can you tell me how the proposal under the initial continuing resolution that would cut \$3 billion to this program would have enhanced your ability to perform your functions and work with local workforce boards?

Mr. TEMPLE. The original HR, we would have closed an estimated 47 percent of our local offices. Luckily, we had a couple of other programs in there, because of our consolidation, that we would have had a presence, although certainly diminished. But, save that consolidation, we would have really been in trouble.

Mr. TIERNEY. Mr. Royal.

Mr. ROYAL. Right at the time when we are starting to come out of this economic malaise that we have been in, when employers are looking for job seekers, employment, that is when we cut these out? That is the time I would think we should hang in there in order to make sure that we have got a qualified workforce, and identifiable, and that the process is an easy one. Don't quit now. This is when we are starting to ramp back up. That is the toughest time, you would think.

Mr. TIERNEY. Let me ask you, Mr. Royal, you have done some good work, some creative things on the Board, and I think it is indicative—and a lot depends on who are the members on the board and what services your workforce investment people can find. You talked a little bit about an individual small business owner's inability to go through all of the programs and figure out what they qualify for. But, in fact, how our workforce investment board operates, and probably yours, that's what staff help out with. They find out the businesses, and they go through that work and make the necessary recommendations.

Mr. ROYAL. We are starting to. Where the partnership really is starting to have some synergy is with the economic development aspect of Chambers and things like that.

When a person becomes unemployed on Monday, and on Tuesday they walk in and we can take care of their benefits, we can get them into a new training, we can assess what their skills are. So and so just left, we can tell you what businesses are moving in. We can provide training. We can provide day care, we can provide transportation. We can do all of those things for them.

The reality is, though, that while we take care of that aspect, again the question and those incentives that are out there for the

employer in how to access them through SBA, for instance, SBA is one of those agencies that has started change, and it has made a difference. If all the agencies took a good look at that, I think it would make a huge difference.

But, yes, in the workforce boards is where that needs to take place because we have a great private industry part of that. And as employers, we know what the product needs to look like, what we are looking for, and they have reacted very well. We couldn't be any happier with it.

Chairwoman FOXX. I am going to ask a couple of second questions and give other members an opportunity to do that.

Dr. Sherrill, listening to you and talking about evaluation performance standards and that kind of thing, is it fair to say that the focus on whatever evaluation is being done is more on inputs and not results?

Mr. SHERRILL. Well, I think it has been more of a mixed bag because the programs do have various outcome measures. And so we found that almost all of these programs do track a range of outcome measures such as entered employment and average earnings and job retention and things like that. We found, though, that few programs have had impact studies that really try to address to what extent these outcomes are due to the program itself versus other factors. Those are tougher to do. But some of the programs have had those kind of studies.

The Department of Labor was mandated by statute to do a random assignment impact study of the WIA Adult Dislocated Worker programs, the gold standard study that kind of got delayed in getting a start. Part of the reason was they thought that WIA reauthorization might change the program in fundamental ways, and so now the study is underway but it won't be finished until 2015.

Chairwoman FOXX. Mr. Royal, you mentioned that a lot of work is done in getting people ready for jobs, but there are no jobs. Who is making the decisions as to what jobs people are being prepared for? Is it the small businesses that are coming to you and saying, this is what we need? Or is it the workforce board deciding amongst itself what the jobs are that are out there? Where are you getting the information to set up your programs?

Mr. ROYAL. The great thing about the WorkSource boards as they are set up in the local areas is that they are made up of a breadth of people in that, whether they be chamber representatives, small businesses, large businesses, large industries, higher education—and that input is probably one of the most important things that we do is help to guide where training—for instance in our area, the Port of Jacksonville is huge and our military is huge, so consequently having somebody from the military base and the port as it expands, and that on that board in training, whether it is logistics and that, makes an incredible difference.

So I would tell you that the board has a very high input on where training should be, because these represent the health care industry, they represent a wide variety of employers. And there is a gauge as well as economic chairpeople for chambers of commerce, you can train for nurses, but if you are closing a hospital, why?

That is why that private sector in the job growth industry of the chamber is so important to be a part of that and to talk with

schools, to talk with—what does it take to put on a culinary arts program?

We are expanding our tourism dollars in St. Augustine, how about a satellite office for FCCJ in St. Augustine? What effect will that have?

Those are the kinds of things I think will make a big difference and it is very, very valuable so we certainly have a great degree of input in that.

Chairwoman FOXX. Thank you very much. Mr. Hinojosa.

Mr. HINOJOSA. Thank you for giving us an opportunity to ask another round of questions. My question is to Mr. Royal and Mr. Temple.

I would like to ask for your, I guess, advice. Looking at the book that talks about establishing these workforce boards—and it doesn't give a number, it just simply says that there must be a majority representing the business community and that we also include these representatives of these listed in the book here.

In talking to executive directors of boards in Texas, I have found that oftentimes those who represent business—and I want to make clear, I came from the world of business, 34 years, and ran a company that had 300 employees, so I was pleased that we had an opportunity to answer the question that the chair asked, fill out some forms and say how many people we intended to hire or lay off in the next 6 months or even a year. And we gave that information to the executive director of our WIA board.

But the important thing is many of the business community are not showing up for the meetings. That is what is being reported to me. And I was chairman of this committee, so I went from West Coast to East Coast and meetings here, congressional hearings, and that was common.

And I see Mr. Royal sort of smiling. And being a businessman like I was, you will agree with me they have busy schedules and they don't show up for the boards. And unless you have a quorum of all of them, then oftentimes you can't get anything done.

So tell me, please, if you think—what would be the ideal size and how do we help the executive directors get the job done, so that if they don't show up, that we can still get the job done without them?

I am going to start with you, Mr. Temple.

Mr. TEMPLE. Yes, sir. I think the number, regardless of size, I think the biggest challenge that I see some of the executive directors and staff around—not just in Texas, around the nation, is making those meetings relevant to the employers and not wasting their time on who gets the janitorial RFP or not getting into the minutia of running it but being strategic.

Chairwoman Foxx asked about who picks what to be trained. Our local workforce boards identify their targeted demand occupations. You have demand occupations which is a list as long as this room, but then they look at where the targeted demand occupations—where is their best return for the investment? And that is where those local board members, those businesspeople, have the input—

Mr. HINOJOSA. Mr. Temple, I am going to interrupt you. In this last recession, the ones who lost their jobs were Hispanics and

blacks, big numbers that lost their jobs. Why? Because home construction and commercial construction went in the tank. Roads and repairs of roads and bridges stopped. All this to say that if you were to say that you are going to put the emphasis on the high-paying jobs, you are going to leave out a lot of people who are Americans and deserve to be given equal importance. So I have to disagree with you; that the way you answered the question would be leaving out many of those big percentages that lost the jobs.

Mr. TEMPLE. Actually, sir, those targeted demand occupations are defined by the local board in construction, in many of our boards is actually one of their demand occupations, and they spend money on the construction trades and developing infrastructure.

Mr. HINOJOSA. Okay, I misunderstood you. And I will ask Mr. Royal from Florida to tell me what are your impressions about the question I asked?

Mr. ROYAL. I resemble that remark, because I came from that particular industry in construction. But to answer your question, it needs to be 51 percent or higher, as far as I am concerned; and the reason specifically, if we—and one of the things that we have done in our board is—I hate to use the term “dummied” it down, but we have made it, as Mr. Temple said, relevant to the business owner that our continued success, and not the immediate, they may not be employing somebody in 6 months, but you are going to be employing somebody in the next 20 years, that is your business plan. You have got to have a program in here, so you have to have an investment in it.

And we have told each and every one of our private sector businessmen, when they come on the board, is that this is the time that is incredibly well spent, and it may not be particular to your industry right now, but sooner or later the growth of Jacksonville, how that tide rises all of our businesses, and if you don't get involved—and you hate to say it, because you have a bunch of bureaucrats—but the reality is that is it, and they are not out there with their feet on the ground. And so consequently we have had a couple of issues in our own State where we have had to have majorities of, I don't know, 65 or 75 percent votes because of certain requirements now by the State, and we have gotten them.

And the reality is that, as you said, it has got to be relevant. And they have got to know that this is hugely important. And if we can make a difference—we now not only have one-stops, but we take those mobilely now. We take those out with a bank of 20 computers, and we go to libraries and 15 sites a week or 16 sites—

Mr. HINOJOSA. Excuse me. My time has expired.

Chairwoman FOXX. Thank you.

Mr. HINOJOSA. Thank you for giving our colleagues an opportunity to ask questions.

Chairwoman FOXX. Thank you, Mr. Royal.

I would now like to recognize Mr. Thompson.

Mr. THOMPSON. Thank you, Madam Chair.

Mr. Temple, has Texas done anything to bring their focus or make those programs on the six industries clusters that represent the most return for your investment?

Mr. TEMPLE. Yes, sir. We worked with the Governor's Office of Economic Development and work groups from local economic devel-

opments on identifying for the State where we saw the best return—advanced technology, manufacturing, aerospace, defense, biotech, life sciences, information and computer technology, petroleum refining, chemical products, and energy.

That is not to say that every board area has possibly immediately that potential or those needs, but they may have logistics services that could support those.

But, for instance, in Galveston, the tourism trade is big, so that board has identified in that area the tourism and retail as some of their primary. Some of the areas in Houston have—in the Houston board, there are 14 county boards, gulf coast—identified construction trades and putting some of their money into that.

So that is where we are. And then we ask the boards to submit their local plans, how they are going to support that strategy, so that we are all working toward a common goal, but still given the autonomy at the local board for them to be able to actually address their particular needs.

I would like to point out, under the WIA program, there is a—almost prohibited to be able to use these funds for incumbent workers. So if there isn't training, there may certainly be the ability to enhance jobs or provide for growth within a company that would allow them to possibly generate revenue to hire more people.

And that is some of the flexibility that we had in mind; just kind of where the rubber meets the road, to be able to have a little more flexibility to work with incumbent workers for those businesses that are still in business. Maybe could enhance their workers' skills that may develop more income and more jobs and that sort of thing.

Mr. THOMPSON. One of the strengths of the current system seems to make up the WIA board and bring that industry in perspective. I know my own WIA boards, a number of years I served on them, we had many of those same areas. We also had marginal housing, energy, health care, but it was—we were able to adjust to the employment market and the needs. And those really speak to critical mass in terms of needs.

Is there sufficient flexibility in the program? A few years back, I know the ones within my web I will share the experience and add an individuals dislocated gull type—I don't remember if it was trade-related or what—lost their job and essentially they came to a web at that point. And specifically the subcommittee I served on was Education and Technology, and they were interested in pursuing training for gunsmithing, not on any of the demand lists. And the interesting part is they came in with a letter from an employer that said, if this gentleman gets training, and decent training, he is hired. I am surprised. It was a good paying job. But we couldn't work with him; we couldn't serve him at that point. Maybe things have changed since I left the web.

Mr. TEMPLE. A lot of that is flexibility as determined at the State level. Our boards do generally limit to what their demand occupation lists, but they also do have exceptions. And in this instance that certainly would be one.

The one thing we are trying not to do as a State, and the boards are as well, is someone does have marketable skills and they would just like to be a gunsmith because that is something they would

like to do, but we have identified that they do have transferable skills, then we are not probably going to invest WIA dollars in that individual because we have a lot of people who don't have transferable skills. So in that case there could be a problem in that respect. But someone may be living in Amarillo and wants to be an underwater welder because they are going to move to the coast, then that board could provide that training for them.

Mr. THOMPSON. Mr. Royal, you as chairman of the local Workforce Investment Board, what are some of the issues that take up an inordinate amount of your board's time, your staff's time, that you deem too time-consuming or distracting from strategic planning, and how can this be improved at the federal level? Any suggestions?

Mr. ROYAL. We spend an inordinate amount of time looking at particular individual RFPs, the requirements and that; not that they aren't certainly ones that are important, but that is the minutia that the staff can do if done well. The requirement now by some agencies and the State require particular votes in that.

We need to be able to focus on not policy, but direction of the big ship. And I would like to think that if there are certain amounts of regulations that the staff is having to duplicate behind the scenes of—again, that ATM. If the ATM works and it does work, if there is any cost savings, Representative Hinojosa mentioned earlier that if we do it more efficiently, that is more money in the system.

And that is exactly what it is all about is that some of this, it is not job cutting, it is not red tape cutting as much as it is how much more can we do if we had 20 percent more of our funds. And I think that is somewhat of the frustrating part of our board because we see some of that. We are invested in it. We watch it happen. And from time to time, even our executives have to bring it to us and show us that these are things that they are having to do. So a certain amount of the funding that we get goes to administration that probably didn't. But it is a hopeful group.

And again, I reiterate one more time, there is nothing more important that we do than educating and training this workforce and getting it back employed. And this is what you all do, so thank you.

Chairwoman FOXX. Thank you. Thank you, Mr. Royal. Mr. Tierney.

Mr. TIERNEY. Thank you very much.

Ms. Ganzglass, you indicated in your testimony that in 2008, 2009, was it two-thirds of adults and three-quarters of dislocated workers who participated in training programs actually found jobs? Is that accurate?

Ms. GANZGLASS. I believe so. Those are Department of Labor numbers.

Mr. TIERNEY. Okay. You have no reason to doubt them?

Ms. GANZGLASS. No.

Mr. TIERNEY. You also indicated that the summer youth program that was implemented rapidly in 2009 ultimately reached more than 355,000 disadvantaged youth.

Ms. GANZGLASS. Correct. That includes summer youth employment program.

Mr. TIERNEY. And 4.3 million found jobs, even in the difficult labor market?

Ms. GANZGLASS. Correct.

Mr. TIERNEY. I think that is some indication of the outcomes that things are moving along and progressing. We have—I understand Mr. Royal's point if there are no jobs out there, it is difficult and that becomes part of the challenge. But as we get more jobs, the challenge I think is going to be marrying them up.

So I was glad to hear about the diversity on the board both you and Mr. Temple have on that.

Have either you or Mr. Temple had your boards utilize periodic surveys of your business community in terms of identifying what industries may be growing in your area or anticipated to grow?

Mr. TEMPLE. All the time. About every 6 months. That is one of the most important things that we do.

And we share our labor market information data with the local boards, and those boards have planners that utilize that for them as well.

Ms. GANZGLASS. Could I add something just to the outcome discussion? It is interesting for the evaluation discussion as well as outcomes, that although the members are all interested in having the systems work better together, you are asking questions about the individual components. So from an evaluation point of view, it really is counterproductive at this point to look at one funding stream, because out in the field these programs really are working together.

So you really have to look at the contribution of all of them working together, and we haven't had those kinds of evaluations. And at least we have argued that we really also need to move to outcome performance measurement system that recognizes that people who have very low basic skills or English language deficiencies may start in adult education and move to WIA when they have overcome some of those deficiencies.

And so you really have to look at how the system together is achieving the desired goals. So we can't just look at one piece of it, because there really are multiple components.

Mr. TIERNEY. I think you noted also in terms of measurement, there are some instances where somebody may have got the training and education services and it pays off not immediately, but in a later generation on that, their children actually doing better in school and graduating and better literacy and things of that nature.

Ms. GANZGLASS. We have seen that outcomes are delayed and the sector-based evaluations that we have been pointing to really didn't have the real outcomes for a couple of years. And the regular reporting systems are really much shorter term for convenience, so you have to look at the longer term as well.

Mr. TIERNEY. Mr. Royal and Mr. Temple, do your programs use internships and apprenticeships to any great degree and, if so, have you found them to be valuable, or are there any problems with that?

Mr. ROYAL. We did, and it didn't work. And the problem was that we took what we thought a unique plan, we thought it was great; we took federal dollars and said, we will put you into a short-term

apprentice program in whatever industry that we find has the needs. And we put it out there and a lot of people signed up and said, I will be an apprentice, I will do anything in that, and the employers were afraid. The employers were afraid that for 6 months I am going to get used to having someone run around and I am not going to have time to train him in 6 months, and then the money is going to go away there. So there was a resistance. And I hate to say it, but that was a program that didn't work and we thought it was a good idea.

Mr. TIERNEY. Mr. Temple, your experience?

Mr. TEMPLE. We have used it in the arena of the STEM academies, particularly for high school students and college students working with companies like Johnson Controls, and it has worked very well. But with recent Department of Labor interpretations of how you have to treat interns, there is no such thing almost as an unpaid internship anymore, and like that, so a lot of individuals are willing to come in and do these things. They are not producing a product. They are not making a widget that is being sold. But that has really been a chilling effect on the internship for a lot of companies.

Mr. TIERNEY. Because they have to pay them?

Mr. TEMPLE. Well, they weren't paying them before. They were 30-day internships over-the-summer type deal. A lot of individuals have done that over the years, and a lot of companies do have paid internships as well. But I know that that has been something that we have heard. But we do work through our STEM academies, and they are paid internships and we have worked with them.

Mr. TIERNEY. With the Chairwoman's indulgence, the reason I raise that question, in our area we found internships in the energy and energy efficiency areas useful to companies. They actually came looking for them. They found they weren't sure about bringing somebody in or not—but they brought them in for 6 months, and most thought they were invaluable after that and managed to keep them on afterwards.

Mr. TEMPLE. We would probably call that an on-the-job training program which comes with a wage, a little different. Just our interpretation. But on OJT, a very successful program for us. A little too much red tape from the Department of Labor standpoint. We would like a little flexibility on that.

Mr. TIERNEY. I hear that loud and clear. Then you get accountability versus flexibility on that. That is something you can always help us with on that. Thank you.

Chairwoman FOXX. Thank you, Mr. Tierney.

Dr. Bucshon.

Mr. BUCSHON. Good morning. I have a couple comments and a few questions. I find it continues to strike me, being new to Congress, the resistance that we have in Washington, D.C. of trying to downsize and consolidate programs to make everything more efficient. I just want to make that comment, it is very striking. And this is potentially another indication of that.

A couple of questions, first of all, for Mr. Sherrill.

What are some of the things Congress can do immediately in the short term, based on what we are seeing with some of these re-

ports, to curtail the amount of duplication and waste that we have in federal job training programs?

Mr. SHERRILL. I think there is at least a couple of areas. One is to start with the administration's proposal for consolidating certain programs the administration has proposed for 2012, consolidating various vocational rehabilitation programs, nine programs into three; to consolidate some technical education programs. So that could be a starting point for consideration.

A second possible avenue is that the GPRA Modernization Act was recently passed that really provides more of a vehicle where OMB has more of a role to help identify some priority areas to be a more cross-cutting focus on what are the outcomes that ought to be focused on. Employment training could possibly be one of them for focus. And the idea is to identify certain priority areas, to find out who are the major players in agencies, and to really pay attention to monitoring that area over time is another avenue for Congress as well.

Mr. BUCSHON. Thank you.

Ms. Ganzglass, I am reading here that the GAO report reported that many of the programs did not have comprehensive evaluations. And it says that, but you argue that most of the programs are producing results. That is what I see here.

So the question I have here is that without comprehensive evaluations, what are we basing our results on? And secondly, where it says most of the programs are producing results, I would like to know which ones are not?

Ms. GANZGLASS. I guess two responses to that. The first is we are talking about outcomes as opposed to impacts, so many of the—all of the programs have reporting systems. Some of them focus on outcomes. In the TANF program, for example, the report is not on the results; it is that people have participated for X number of hours in a set of allowable activities. So it is not an accountability system that is focused on outcomes. It is very much of a process measure. And the difference is that evaluations try to sort out whether, in fact, that program has made a difference, would it have happened anyway, or is it the sole contribution of that program to have the results? And so it is a different level. And we know from many evaluations that outcomes are not the same as impacts. So something that really looks good in the long run may not have had that kind of a value added, if you will. So that is the difference between outcomes and impacts.

Which programs do not have reporting? I cannot tell you where, I don't know all of the outcome measures in all of the programs. The ones under WIA, under the Trade Act, under the Employment Service, under all of the major programs, adult education, Perkins, all of those, have solid systems for reporting results outcomes.

Mr. BUCSHON. I have a limited amount of time so what I am trying to get, then, is that we consider it a success if people participate in a program, but we don't get any results from it. See, I am a heart surgeon, so for me if you look at what the outcome is and what it does in the long run is what is important. You can participate as a patient in open-heart surgery, but if you don't survive the operation it doesn't really make a whole lot of difference.

Ms. GANZGLASS. I wholeheartedly agree with you, totally. We have argued that.

Mr. BUCSHON. I think it is great to have everybody participating in programs out there, and it makes us all feel great that we are spending our money on that. But the question is, which questions in my view give us results, bang for the taxpayers' dollar?

Ms. GANZGLASS. We totally agree. We have argued for many years that the TANF program should really shift from a process participation focus to an outcome focus, and that is still a work in progress. But we totally agree with you.

Mr. BUCSHON. Thank you. My time is expired.

Chairwoman FOXX. Thank you, Dr. Bucshon, for giving us such a great analogy.

I want to thank the witnesses again for taking the time to testify before the subcommittee today. Mr. Hinojosa, do you have any closing remarks?

Mr. HINOJOSA. I would like to say that I was here in 1998 when we had the last reauthorization of WIA. And I wish that we had been able to find some way of compromising between both sides of the aisle and getting it reauthorized earlier, especially in 2008, 2009, when we were in that recession that cost us a lot of jobs.

I would like to say that we are looking for ways in which we might be able to find grounds to compromise on both sides, and I look forward to being able to pick up the phone and call each one of you and discuss what your recommendations are; that we can do this because jobs is by far one of the most important issues that our country is facing. It isn't easy, as both the Republicans and the Democrats have found out, as we have been trying to create those jobs.

So I want to thank each and every one of you for participating today. I hope that we can continue some type of communication with you as the experts in the WIA work that we are doing. I thank you for coming.

Chairwoman FOXX. Thank you Mr. Hinojosa.

Again, I want to thank you all for coming. It seems to me that what you have pointed out today is what many Americans understand; and that is, it is extraordinarily difficult to have effective programs operating at the local level when you have bureaucrats in Washington trying to run those programs and make the decisions for 50 States and lots of other folks.

It seems to me that we would be so much better off in spending hardworking taxpayers' dollars if the federal government weren't taking those moneys to Washington and then dispensing some of them back to the States with the wisdom of Washington on how to spend them. I think we would be so much better off if that money were staying in the States, and the States could be making the decisions, and the localities could be making those decisions. That is where I would like to be, because it is just so difficult to make those changes, as other people have indicated. Once you get something set in stone, changing it—particularly demanding results—that seems to be the most difficult thing for people in Washington to be able to establish.

I have been in education. I know how difficult it is to set up evaluations. But I also know it can be done. And I know we can deter-

mine whether we are getting any results for the money that we are spending. And we should be doing more of that. So thank you all very much again for coming.

There being no further business, the subcommittee stands adjourned.

[Whereupon, at 11:35 a.m., the subcommittee was adjourned.]

