

**WORKFORCE INVESTMENT ACT:
RECOMMENDATIONS TO IMPROVE
THE EFFECTIVENESS OF JOB TRAINING**

HEARING

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION,
LIFELONG LEARNING, AND COMPETITIVENESS

COMMITTEE ON

EDUCATION AND LABOR

U.S. HOUSE OF REPRESENTATIVES

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**WORKFORCE INVESTMENT ACT:
RECOMMENDATIONS TO IMPROVE
THE EFFECTIVENESS OF JOB TRAINING**

**Thursday, June 28, 2007
U.S. House of Representatives
Subcommittee on Higher Education,
Lifelong Learning, and Competitiveness
Committee on Education and Labor
Washington, DC**

The subcommittee met, pursuant to call, at 1:30 p.m., in Room 2175, Rayburn House Office Building, Hon. Ruben Hinojosa [chairman of the subcommittee] presiding.

Present: Representatives Hinojosa, Tierney, Yarmuth, Scott, Keller, and McKeon.

Staff present: Aaron Albright, Press Secretary; Sarah Dyson, Administrative Assistant, Oversight; Lamont Ivey, Staff Assistant, Education; Brian Kennedy, General Counsel; Ricardo Martinez, Policy Advisor for Subcommittee on Higher Education, Lifelong Learning and Competitiveness; Joe Novotny, Chief Clerk; Lisette Partelow, Staff Assistant, Education; Michele Varnhagen, Labor Policy Director; James Bergeron, Deputy Director of Education and Human Services Policy; Kathryn Bruns, Legislative Assistant; Kirsten Duncan, Professional Staff Member; and Susan Ross, Director of Education and Human Resources Policy.

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

Good afternoon, and welcome to the first Subcommittee on Higher Education, Lifelong Learning and Competitiveness hearing on the reauthorization of the Workforce Investment Act.

The programs authorized under the WIA provide the key supports to economic self-sufficiency for many in our communities. They fund job training, adult education and family literacy services, and vocational and rehabilitative services.

Given that we know that nearly two-thirds of the workers who will make up the workforce of 2020 are already in jobs today, our future competitiveness, our productivity and prosperity largely rests on fully developing the skills of today's workers and creating opportunities for their career development and advancement.

It is my hope that we can work in a bipartisan manner to renew the Workforce Investment Act, avoiding the divisive issues of the

past and putting America's workers in a position to lead the way in a global marketplace.

In 1998, with the Workforce Investment Act, we took a bold step forward in trying to unify collection of discrete workforce development programs into a coherent system that would serve workers and employers alike. WIA envisioned one-stop services for locally developed solutions to workforce development needs. We have come a long way since 1998, but we can do more.

First, we need to reaffirm our commitment to funding these programs. I am pleased that one of the first things we did when the Democrats assumed the majority was to reverse the trend in funding cuts for the program by adding more than \$184 million for fiscal year 2007.

As we hear from today's distinguished panel of witnesses, it is my hope that we can focus on how to improve the system created by the Workforce Investment Act so that we can spark innovation and strong partnerships at the state and local levels without losing sight of our obligation to ensure that our programs reach those with greatest needs.

We need to make sure that our program structures and performance measures do not provide disincentives to reaching English language learners, adults with disabilities, migrant and seasonal farm workers, adults with low levels of education or low levels of literacy, or others who may need multiple supports to achieve their full potential in the workforce.

Yesterday the Education and Labor Committee approved the Green Jobs Act of 2007, which would create a new program in our workforce investment system focused on federal renewable energy and energy efficiency initiatives. This is one example of how we can use the workforce investment system to meet the demand for a skilled workforce while addressing a challenge of national and global importance; that is the energy independence.

As we move forward with the reauthorization process, I hope that we can identify other creative ways to harness the power of today's workforce to address national needs now and in the future.

I am also interested in exploring how we can ensure that we have the data evaluation measures in place to identify best practices and emerging areas for workforce development while ensuring that the programs are making a difference in the communities with greatest needs.

I would like to thank the witnesses, each and every one of you, for joining us today. I am looking forward to your testimony and recommendations.

I would like to yield now to the ranking member, my friend and colleague, Mr. Ric Keller of Florida, for his opening statement.

[The statement of Mr. Hinojosa follows:]

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

Good afternoon and welcome to the first Subcommittee on Higher Education, Lifelong Learning and Competitiveness hearing on the reauthorization of the Workforce Investment Act.

The programs authorized under the Workforce Investment Act provide the key supports to economic self-sufficiency for many in our communities. They fund job training, adult education and family literacy services, and vocational and rehabilitative services. Given that we know that nearly two-thirds of the workers who will

make up workforce of 2020 are already in jobs today, our future competitiveness, productivity, and prosperity largely rest on fully developing the skills of today's workers and creating opportunities for their career development and advancement.

It is my hope that we can work in a bipartisan manner to renew the Workforce Investment Act, avoiding the divisive issues of the past, and putting America's workers in a position to lead the way in a global marketplace.

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First, we need to reaffirm our commitment to funding these programs. I am pleased that one of the first things we did when the Democrats assumed the majority was to reverse the trend in funding cuts for the program by adding more than \$184 million for fiscal year 2007.

As we hear from today's distinguished panel of witnesses, it is my hope that we can focus on how to improve the system created by the Workforce Investment Act so that we can spark innovation and strong partnerships at the state and local levels without losing sight of our obligation to ensure that our programs reach those with the greatest needs. We need to make sure that our program structures and performance measures do not provide disincentives to reaching English language learners, adults with disabilities, migrant and seasonal farm workers, adults with low levels of education and low levels of literacy or others who may need multiple supports to achieve their full potential in the workplace.

Yesterday, the Education and Labor Committee approved the Green Jobs Act of 2007, which would create a new program in our workforce investment system focused on federal renewable energy and energy efficiency initiatives. This is one example of how we can use the Workforce investment system to meet the demand for a skilled workforce while addressing a challenge of national and global importance—energy independence.

As we move forward with the reauthorization process, I hope that we can identify other creative ways to harness the power of today's workforce to address national needs now and in the future. I am also interested in exploring how we can ensure that we have the data evaluation measures in place to identify best practices and emerging areas for workforce development while ensuring that the programs are making a difference in the communities with the greatest needs.

I would like to thank the witnesses for joining us today. I am looking forward to your testimony and recommendations.

I would now like to yield to the Ranking Member, Mr. Ric Keller of Florida for his opening statement.

Mr. KELLER. Thank you very much, Mr. Chair, for holding today's hearing on the Workforce Investment Act in an effort to help us prepare to reauthorize the law.

I look forward to working with you and my colleagues on both sides of the aisle in this effort. Judging from the conversations we have had, I feel confident that we will make good bipartisan progress on this bill.

The Workforce Investment Act coordinates the programs that provide the primary assistance for unemployed workers. Prior to Congress's 1998 WIA reforms, the nation's job training system was at times fragmented, duplicative and overlapping and did not always serve either jobseekers or employers as well as it should. As a result of the 1998 reforms, we now integrate employment and training services at the local level in a more unified workforce development system.

I have seen that firsthand in my area in Orlando, Florida. I have worked very closely with Mr. Gary Earl, who is the head of Workforce Central Florida in the greater Orlando area, and I have been very impressed with the one-stop centers that I have seen in our community.

In one location, you can get a resume prepared, have job training and even job placement. If that location isn't convenient to you, he even has an R.V. that he takes out to the rural communities and they provide all those services there. And I have been pleased to be a part of that and gone out into the communities with the R.V. to meet folks. And I can tell you how excited I have seen folks from rural areas to have that kind of attention. It has really made a positive difference.

Last Congress the senior Republican, Mr. McKeon, and Minority Leader Mr. Boehner crafted the Job Training Improvement Act, which was designed to build upon the significant changes made by the bipartisan WIA reforms in 1998.

The Job Training Improvement Act improved job training opportunities for Americans striving to get back to work by several measures, including streamlining unnecessary bureaucracy, increasing cooperation among workforce development partners, and creating personal reemployment accounts of up to \$3,000 to help unemployed Americans purchase job training and other key services.

These are just a few of the principles that I hope we can build upon in reauthorizing the Workforce Investment Act this year in a bipartisan manner.

I want to thank today's panel of witnesses for being here to discuss the law's successes and challenges, as well as their potential recommendations for improvement as we move forward to reauthorize the Workforce Investment Act. I know there is room for improvement, and I look forward to working with all of you during this process.

Thank you, Mr. Chairman, and I will yield back the balance of my time.

[The statement of Mr. Keller follows:]

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

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

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

Last Congress, the Senior Republican Mr. McKeon and Minority Leader Boehner crafted the Job Training Improvement Act, which was designed to build upon the significant changes made by the bipartisan WIA reforms of 1998. The Job Training Improvement Act improved job training opportunities for Americans striving to get back to work by streamlining unnecessary bureaucracy, increasing cooperation among workforce development partners, allowing faith-based service providers to participate in the job training system, and by creating personal reemployment accounts of up to \$3,000 to help unemployed Americans purchase job training and other key services. These are just some of the principles that I would like to build upon in reauthorizing the Workforce Investment Act.

I would like to thank today's panel of witnesses for being here to discuss the law's successes and challenges, as well as their potential recommendations for improvement as we move forward to reauthorize the Workforce Investment Act.

I know that there is room for improvement, and I look forward to working with all of you during this process. I yield back.

Chairman HINOJOSA. With that, I would like to introduce our very distinguished panel of witnesses here with us this afternoon.

And I will start with Dr. Sigurd Nilsen, who is the director of education, workforce and income security at the GAO, which is the General Accountability Office, located here in Washington, D.C. Sigurd's research has focused on public policy analysis and management related to workforce development, employment training, labor market issues and performance management. Before joining GAO, Dr. Nilsen was with the Economic Service at USDA. Mr. Nilsen has received numerous awards throughout his career and received his Ph.D. in economics as well as his undergraduate engineering degree from Cornell University.

Dr. Gragg is the second witness, and I see that Dr. Gragg is federal policy director for the Workforce Alliance, and she is based in Washington, D.C. Prior to her present position, she was at the Center for Community Change, coordinating national grassroots organizations in legislative advocacy. She has also served as a legislative assistant for Senator Wellstone. Rachel was awarded a Ph.D. from the University of Washington.

The third one will be Dr. Evelyn Ganzglass, who is director of workforce development at the Center for Law and Social Policy here in the nation's capital. She has devoted her 30-year career to strengthening connections among workforce development, education, economic development and social service policies to help low-income families advance out of poverty. She is a nationally renowned expert, and prior to CLASP she was at National Governor's Association and served in the Department of Labor's Employment and Training Administration.

The next one will be Dr. Sandra Baxter. Dr. Baxter joined the staff of National Institute for Literacy in 1999. Two years later she was designated interim director, and in 2005 she became the director of that center. She has been very active in managing the institute's literacy work in early childhood, adolescent and adult reading. Prior to joining the institute, Sandra was a senior evaluator at GAO, where her work focused on federal education policy and programs. She has an undergraduate degree from Howard University, a master's degree from Loyola College and a Ph.D. from Harvard University.

Mr. Wes Jurey has been the president and CEO of the Arlington, Texas, Chamber of Commerce for 6 years. And prior to his present position, he held a similar assignment in the city of El Paso, where I first met him. The Chamber was recently awarded a contract by the Tarrant County Workforce Development Board to serve as the board's employer outreach arm in a pilot project monitored by the Texas Workforce Commission. Wes was one of nine individuals appointed by Assistant Secretary Emily DeRocco to the Department of Labor Panel that developed the department's 5-year research plan. He has a long career in nonprofit management, the Methodist Church, the YMCA and the Chamber of Commerce.

At this time it gives me great pleasure to yield to Ric Keller of the 8th District from Florida to introduce a person from his district.

Mr. KELLER. Thank you, Mr. Chairman.

And I am very honored to be able to introduce a fellow Floridian, Mr. Ferguson. Bruce Ferguson serves as the president and CEO of WorkSource in Jacksonville, Florida. It is called WorkForce in our area but WorkSource in north Florida.

In this role, he leads a workforce system consisting of eight one-stop career centers and a business services center within a six-county region of northeast Florida. He has over 15 years of experience in workforce development. He is very involved with the Chambers of Commerce in northeast Florida and has been a strong catalyst in helping for relationships with these vital partners.

Mr. Ferguson has the very uncomfortable situation of being a University of Georgia graduate, knowing full well that the University of Florida is the reigning national champion in both football and basketball. [Laughter.]

It is something he has to live with every day. It is not where you start, it is where you end up, after all. And he also has an MBA from Jacksonville University.

And, Bruce, we appreciate you being here today.

Chairman HINOJOSA. Now we are going to get started with our first presenter, our first witness, and I call on Dr. Nilsen to please start.

STATEMENT OF SIGURD R. NILSEN, DIRECTOR, EDUCATION, WORKFORCE AND INCOME SECURITY ISSUES, GOVERNMENT ACCOUNTABILITY OFFICE

Mr. NILSEN. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittee, thank you for inviting me here today to present the findings from our work on the Workforce Investment Act.

My testimony today will discuss first the progress made in implementing key provisions in WIA and, second, challenges still facing the program to implement an integrated system.

Seven years after implementing WIA, the system and its infrastructure continue to evolve. The one-stop system under WIA is designed to serve both employers and jobseekers. We found that employers are aware of, use and are satisfied with the one-stops in their area, especially medium and large employers.

Yet regardless of size, employers hired a small percentage of new hires, about 9 percent, through the one-stops, and mainly lower-skilled workers. However, employers told us that they would hire more jobseekers from the one-stops if the one-stops had more workers with the skills they were looking for.

WIA provides the flexibility for local areas to develop ways to serve jobseekers and employers in ways that best meet their local needs. While about 40 percent of funds were used to provide training to over 400,000 jobseekers annually, the vast majority of those who use the one-stops get other types of assistance from the one-stops. However, those individuals are not reflected in the program performance data from the Department of Labor.

States reported increased availability of services at one-stop centers, but in the case of the employment service, they were not always onsite. And while Labor officials expressed concern that these standalone offices cause confusion and promote inefficient use of resources, they say they lack the authority to prohibit these standalone locations.

Yet optional partners are providing assistance through the one-stops as well. For example, 33 states reported that TANF services were generally available through the one-stops.

Despite the progress states and local areas have made in developing the system, key aspects of the program could be improved. Funding issues continue to plague the system, in part because WIA's statutorily determined dislocated worker formula causes wide fluctuations in funding levels that do not reflect actual changes in layoff activity.

Also, Labor's focus on using expenditure data rather than expenditures plus obligations fails to consider the roll of obligations in determining available funds. And Labor's estimates overstate the actual level of available funds.

Yet when we looked at this issue, we found that states spent two-thirds of their money in the first year they became available and virtually all of the money within 2 years, even though they had 3 years to spend the money.

Moreover, little is known about what the system is achieving. WIA performance data did not include information on all customers receiving services. In 2004, Labor first proposed an improved data system but underestimated the time and resources needed to implement it.

In response to concerns, Labor modified its design. Its current proposal, called Whisper, was set to be implemented on July 1, 2007, just a few days from now. But given that no guidance has been issued, it is unlikely that that will happen.

However, our preliminary look at this data system is positive. It appears that this new data system would likely address many of the issues we have raised as we looked at the problems with the data in WIA.

In addition, because local areas can decide who gets tracked—that is, who is tracked for performance—they often choose to register only those who can help them meet their performance levels. Thus, assistance is not driven by a client's needs but is driven to meet performance standards.

Moreover, no information exists on what works and for whom. WIA, when it was passed in 1998, required an impact evaluation by 2005, but Labor has not yet begun such a study.

In conclusion, in the 7 years since WIA was implemented, much progress has been made in developing and implementing an integrated system of universal access. States and local areas have used the flexibility under WIA to tailor services to meet local needs. As the Congress moves toward reauthorizing WIA, consideration should be given to maintaining state and local flexibility whereby innovation and system ownership can be fostered.

However, some aspects of WIA could be improved through legislative action.

First, improving the data on people who use the system. Requiring all jobseekers who receive WIA-funded services to be included in the performance measurement system would improve the understanding of who gets served and what happens to them.

Second, improving funding stability. If Congress chooses not to make formula changes, it can still reduce volatility in the dislocated worker allocation by requiring the use of hold-harmless or stop-gain provisions as there are in the adult allocation.

Furthermore, we have made a number of recommendations to Labor to improve aspects of the current system. While Labor has implemented many of them, several key concerns remain unaddressed. In the absence of action by Labor, Congress may wish to consider taking action in these areas as well: requiring the use of obligations, for example, as well as expenditures to determine available funds; requiring a systematic approach to adjusting performance goals for states and localities based on the populations they serve and the local economic conditions in their areas; and perhaps most importantly, mandating rigorous program evaluation.

Mr. Chairman, my final comment is that steps need to be taken to encourage further integration of programs through the one-stop system to create a true workforce development system out of the all-too-often-siloed programs that still pervade many local areas.

In 1998, WIA provided the framework. More still needs to be done to achieve the vision of WIA.

This completes my prepared statement. I would be happy to answer any questions at this time.

[An Internet link to Mr. Nilsen's prepared statement follows:]

<http://www.gao.gov/new.items/d071051t.pdf>

Mr. TIERNEY [presiding]. Thank you, Mr. Nilsen.

It is the two "now finally's" that got us a little over the line on that.

I appreciate your testimony.

And I understand from all the witnesses that 5 minutes is a tough constraint on that. We will try to be a little liberal, but if you are going to get to recommendations, we certainly want to hear them. So you may want to just give us a synopsis of your written testimony, which will be entered on the record, and then make sure that you try to wrap up as close to the 5 minutes as you can. We would appreciate it.

Dr. Gragg?

**STATEMENT OF RACHEL GRAGG, PH.D., DIRECTOR OF
FEDERAL POLICY, THE WORKFORCE ALLIANCE**

Ms. GRAGG. Thank you.

Chairman Hinojosa, Ranking Member Keller, members of the subcommittee, thank you for holding this hearing today and inviting me to participate.

I am Rachel Gragg, federal policy director for the Workforce Alliance, a national multi-stakeholder coalition of CBOs, community colleges, unions, business leaders, local officials and others from the workforce development field.

Creating a stable workforce to ensure America's economic competitiveness is an important and popular topic of conversation right now, and a properly targeted and resourced—

Mr. TIERNEY. Dr. Gragg, I don't mean to make you be a speed reader on that, and I understand that you would like to get everything that you have written down in, but if I could just ask you again, we would like to have a conversation with you and we are happy to have it at a more moderate tone so that we can really appreciate what you are saying.

Ms. GRAGG. I will slow down a little.

Mr. TIERNEY. I will be a little liberal with it, but as I say, just cut out those parts you think we can get from reading your report, and the others will be fine.

Ms. GRAGG. I will slow down a little bit.

Mr. TIERNEY. Thank you.

Ms. GRAGG. A properly targeted and resourced WIA system could go a great way toward helping more of today's workers gain the skills our economy needs. To that end, we have submitted written testimony with extensive recommendations to make WIA work better for both workers and employers.

However, for the sake of time I will focus my remarks today on what we see as the three most important elements of an effective workforce development system: training workers, an efficient and adequately resourced public infrastructure, and creating institutional capacity to organize sector partnership.

First, the WIA system must adapt to the needs of the current economy by providing more training for skilled jobs. The committee is well aware of the fact that, despite recent improvements by many local areas, WIA is still training fewer workers than did its predecessor program JTPA.

Of the \$2.4 billion in adult and dislocated worker funds spent locally during 2003, only about 40 percent went to training services. The larger portion of WIA dollars has gone to less expensive core or intensive services or toward infrastructure maintenance.

To improve access to training under WIA, Congress should first eliminate the sequence of services. Local WIA systems should be able to offer services in any order and in any combination and ensure that the WIA system invests more resources and training.

Congress should establish a required percentage consistent with current averages that must be spent on services with an emphasis on training. Congress should allow, with some limits, a portion of that percentage to be achieved by leverage in new public-or private-sector dollars.

Second, while we feel WIA should train more workers, we also support continued investment in the two public systems that comprise our nation's workforce development infrastructure, the Wagner-Peyser Employment Service and the WIA One-Stop Career Centers.

We know there are valid concerns about whether current levels of infrastructure spending are warranted, especially when it seems to come at the expense of worker training. Currently, WIA's design, particularly when coupled with significant federal funding cuts, pits infrastructure spending against training as states struggle to meet multiple mandates with limited funding.

Instead, Congress should decide how much money the system should be spending on infrastructure and then ensure adequate and consistent funding and evaluation.

To maintain and improve the public infrastructure under WIA, Congress should first reject efforts to block-grant E.S. and WIA Title I Programs. This has been a recurrent stumbling block that has prevented WIA's reauthorization in previous Congresses.

And Congress should also establish a separate budget line for WIA infrastructure. Establishing a WIA infrastructure line item comparable to the existing E.S. line item would establish a relatively predictable amount of funding available to state and local WIA planners and at the same time allow Congress to set some balance between what is being spent on training versus infrastructure operation.

Third, we encourage Congress to bring WIA current with the cutting edge of today's workforce development field. That is sector partnerships that bring together a wide range of stakeholders to develop long-term plans for worker advancement and job creation within specific local or regional industries.

Examples of these partnerships can be found throughout the country, including Project Quest in Texas, the Extended Care Career Ladder Initiative in Massachusetts, the Wisconsin Regional Training Partnership, Focus Hope and the State Regional Skills Alliances in Michigan, Washington State's Industry Skills Panel, and Pennsylvania's Industry Partnerships Initiative.

These partnerships work in industries ranging from long-term and acute health care to manufacturing to biotechnology to transport and logistics. And they look at labor needs at multiple levels in each of these industries. In many cases, these partnerships, once established, can effectively leverage and target a local area to WIA training dollars and infrastructure to better assist an industries growth.

However, WIA currently provides no funding to directly support the development of such partnerships. And as a result, their existence is uneven across the country, largely dependent on those areas where there are additional state or philanthropic funds.

Sector partnerships require a unique capacity different from that which is required to run a good training program or a good one-stop or E.S. labor exchange and require distinct funding and performance measures. They are even different from what is required to run a good WIB in that they organize specific segments of the business community.

Partnerships are organizing and planning endeavors regularly convening a range of key stakeholders connected to an industry to assess how that industry might be saved or expanded through new shared workforce pipelines, investments in new technologies or other means of production and new pathways for worker advancement.

To create designated capacity for sector partnerships, Congress should first establish a separately funded sector partnership subtitle under WIA. We urge the committee to work with the Judiciary Committee to legislate that the portion of H-1B visa fees currently being used by DOL without oversight be used instead to fund a new WIA sector partnership subtitle.

We also encourage Congress to ensure that sector partnership proposal reflects a set of key principles, such as promoting true multi-stakeholder consortia, including multiple firms, Labor, education and training providers, the public workforce system and other participants deemed necessary.

Such partnerships should also ensure that a wide range of workers, including low-income workers, benefit, by prioritizing programs that include career pathways and by paying attention to wage and benefit standards.

A partnership proposal should also recognize leadership already shown by some states and allow state flexibility, take into account current expertise and reward continued state investment.

That is the end of my prepared remarks, and I would be happy to answer any questions.

[The statement of Ms. Gragg follows:]

Prepared Statement of Rachel Gragg, Ph.D., Federal Policy Director, the Workforce Alliance

Chairman Hinojosa, Ranking Member Keller and members of the Subcommittee, thank you for inviting me to testify before you today regarding the Workforce Investment Act (WIA). I am Rachel Gragg, Federal Policy Director for The Workforce Alliance, a national, multi-stakeholder coalition that advocates for improvements in our federal workforce development system.

TWA is a coalition of community-based training organizations, community colleges, unions, business leaders, local officials, and leading technical assistance and research organizations from the field of workforce development. This alliance of stakeholders, who have not previously come together, ensures that our efforts are not in the self-interest of a particular group, but are instead in the broader public interest of the nation. Our mission is to advocate for public policies that invest in the skills of America's workers, so they can better support their families and help American businesses better compete in today's economy. Many of our member organizations will be directly tasked with implementing any changes Congress makes to WIA, and our reauthorization recommendations reflect their considerable experience and expertise.

Before I begin my remarks, I would like to thank the members of this committee for holding this hearing and demonstrating your commitment to WIA reauthorization. Globalization, shifting demographics, technology and variable market demands have indelibly affected the American labor market and resulted, appropriately, in an increased focus on maintaining and promoting our economic competitiveness. Although Congress has struggled for several years to complete WIA reauthorization, we believe that this legislation is an important part of wider efforts to build a U.S. workforce that has the skills needed to compete in a global economy, attract and retain good jobs, meet business demands, and ensure broadly shared prosperity. We look forward to continuing to work on these issues under the Committee's leadership.

Introduction

Creating a skilled workforce to ensure America's economic competitiveness is a popular topic of conversation both in Congress and in the national public dialogue—as it should be, given that our place in the global economy affects the quality of life of every American. It seems in these conversations, however, that talk about policy solutions often quickly turns toward high school and college students. We are concerned that these conversations increasingly exclude the vast majority of America's future workers—that is, adults already in the workforce.

The workforce of today is the workforce of tomorrow. Roughly 65 percent of the 2020 workforce and 43 percent of the 2030 workforce are already working. And employers are already facing a significant skills gap today, not in some distant future. In a 2005 study by the National Association of Manufacturers, 90 percent of respondents reported shortages of qualified skilled production workers across a range of occupations. To address the true needs of our nation's labor market, the adult workforce must be central, not peripheral, to the discussion about U.S. competitiveness.

Furthermore, the national conversation about skills attainment and competitiveness is increasingly focused on improving the number of workers with bachelor's or

advanced degrees, particularly in science, technology, engineering, and math (STEM) fields. Yet this focus alone will not prepare U.S. businesses and workers to compete because the major skills gap in our country is not just at the top of the labor market. The reality is that the most significant skills gap in this country is in occupations that require more than a high school degree, but less than a four-year degree. These middle-skills jobs represent over 40 percent of our labor market, they are crucial to our nation's infrastructure and economy, typically cannot be outsourced, and are experiencing some of the greatest growth and gaps.

Occupations experiencing skills gaps include construction workers, operating engineers, carpenters, iron workers, cement masons, bricklayers, truck drivers, plumbers, welders, auto mechanics, medical technicians, and some nursing fields. The total number of jobs requiring a post-secondary vocational award or associate's degree is projected to grow 21 percent between 2004 and 2014, faster than the overall increase in employment projected for that same period. Of the 55 million job openings between 2004 and 2014 filled by workers who are new to their occupation, 15 million (more than one-quarter) will be filled by workers who have some college education or an associate's degree but do not have a bachelor's degree.

Given this reality, it is vitally important that our federal workforce development system—of which WIA is an important piece—play a key role in a comprehensive national human capital investment strategy.

And, given this reality, we believe it is time for the United States to guarantee that our workforce has access to a new minimum standard of skill attainment: at least two years of postsecondary education or job training, the level required to obtain the jobs in greatest demand. A new 21st century skills guarantee—one that updates the minimum high school standard that our nation established a century ago—is the right thing for America's workers and industries. Ensuring that every U.S. worker has at least an industry certification, vocational degree or two years of college should be a national priority and Congress should use WIA reauthorization to begin to meet this priority.

Reauthorization priorities: Building a robust Federal workforce development system

When considering WIA reauthorization, we urge Congress to measure policies against such a skills guarantee and consider what it would take to provide every worker with 2 years of postsecondary education or training, ensuring a workforce with the skills to compete and providing business with the skilled labor force it demands. It is this kind of guarantee that will bring about the greatest returns for our nation.

To begin working toward such a goal, we believe a strong federal workforce development system should do three things well: train workers; maintain a well-resourced public infrastructure; and create designated, institutional capacity to organize industry or sector partnerships. Our recommendations for reauthorization reflect this belief.

Increasing Access to Training under WIA

The WIA system must adapt to the needs of the 21st century economy by providing more training for skilled jobs in local economies. Our labor market is experiencing significant skills shortages across occupations and many workers struggle to support themselves and their families in low-wage jobs yet the WIA system is providing less training than it did five years ago.

- A smaller percentage of participants are receiving training under WIA than under its predecessor program, the Job Training Partnership Act (JTPA), even though the number of individuals who exited the WIA program in 2004 (545,000) exceeded the 413,000 participants in the last year of JTPA (1999) by almost one-third. In 2004, 49 percent of adults who exited WIA received training, compared to 76 percent of adults who participated under JTPA in 1999.

- More WIA dollars are spent on infrastructure than on training. Of the \$2.4 billion in adult and dislocated worker funds spent locally during 2003, only about 40 percent was spent on training. The rest was spent on program costs (including job search assistance, case management, and supportive services) and administration.

- WIA's design overly restricts access to training. Because of the wide range of mandated activities that must be provided with WIA funding, local areas have had to use WIA funds—which, under JTPA, could have been devoted entirely to services—to develop the system's infrastructure (including WIBs, one-stop centers, and ITA systems). Infrastructure spending continues to be needed to support core and intensive services and sometimes leaves little left over for training.

Furthermore, WIA's "sequence of services" requires that participants must be unable to obtain or retain employment after core services before they can engage in intensive services and then they must be unable to obtain or retain employment

after intensive services before they can receive training. Although WIA does not mandate any minimum length of time that individuals must spend in core or intensive services before they can start training, many one-stops consider training as a last resort for clients. Centers have focused on the initial use of lower-cost core or intensive services to move clients into a lower-skilled job than what they might have achieved over time with additional training. This is too restrictive in both theory and practice.

To improve access to training under WIA, Congress should:

- Eliminate the sequence of services. Local WIA systems should be able to offer services (core, intensive, or training) in any order or in any combination, as needed by the individual job-seeker and by local market conditions.
- Ensure that the WIA system invests more resources in training. Congress should establish a required percentage (consistent with current averages) of allocated WIA formula dollars that must be spent by states and localities on worker services, with an emphasis on training. Congress should allow a portion of that base percentage to be achieved by leveraging new public or private-sector dollars for a portion of that service provision.

Maintaining and Improving the Public Infrastructure

While we feel WIA should be training more workers, we also fully support continued, well-resourced investment in and improvement of the two public systems that comprise our nation's workforce development infrastructure: the Wagner-Peyser Employment Service (ES), and the WIA One-Stop Career Centers and associated Workforce Investment Boards (WIBs). Together, these two systems provide a range of important core services related to eligibility assessment and referral, labor exchange, and labor market information. In addition, WIBs are attempting to bring a new level of coordination between the private-sector and federally funded public agencies with some connection to local workforce training and placement.

• Efforts to dismantle the public infrastructure are detrimental to the system. Rather than devoting attention and resources toward ensuring that we have a strong and efficient public infrastructure, some WIA reauthorization proposals have been more focused on essentially ending the federal government's commitment to the maintenance of either system. These proposals have included the block-granting and elimination of the Wagner-Peyser and WIA Title I programs; elimination of the merit staffing provisions that have contributed to the stability of the Employment Service dating back to the 1930s; Career Advancement Accounts (CAAs) intended to circumvent One-Stops in the distribution of WIA training funds; and various grant programs proposed as an alternative to the formula-funded WIA infrastructure. Such proposals, if adopted, could lead to the quick dismantling of ES or One-Stop infrastructures in many states. The resulting chaos, rather than achieving new efficiencies, would more likely lead to further frictions in the dispersal of training funds, unemployment insurance, or sound labor market information to workers in need.

• WIA's design—particularly when coupled with significant federal funding cuts—pits infrastructure spending against training. There are valid concerns about whether the current level of public infrastructure expenditures in some states or localities is warranted, particularly in those areas where such expenditures seem to have come at the expense of worker training. Congress is asking valid questions about how much is being spent by state and local systems on administration, governance and even basic core services relative to what is being invested in training that will bring workers to some level of industry certification or vocational credential. However, the current structure of WIA formula funding creates no incentive for states and localities to begin addressing these issues. Wholesale efforts by USDOL and others to just eliminate these systems has similarly prevented constructive discussions in Congress about how to create stable funding for both ES and One-Stop systems in a manner that will encourage better local coordination.

To maintain and improve the public infrastructure under WIA, Congress should:

- Reject efforts to block-grant ES and WIA Title I Programs. This has been a recurrent stumbling block that has prevented WIA's reauthorization in previous Congresses which we hope the 110th Congress will avoid.
- Establish a separate budget line for WIA infrastructure. Currently, as states try to meet federal WIA mandates, the public infrastructure is funded almost entirely out of limited Title I dollars that otherwise could go toward worker training, contributing to the perception that WIA infrastructure is taking scarce resources away from training. In fact, Congress has created a public infrastructure without designating what it feels is the proper level of funding to maintain it. Establishing a federal WIA Infrastructure line-item, comparable to the existing line item for the Employment Service, would both establish a relatively predictable amount of funding

available to state and local WIA planners for infrastructure activities from year to year, and at the same time allow Congress to set some balance between what is being spent on WIA training services versus infrastructure operation.

Creating Designated Capacity for Industry or Sector Partnerships

Our above recommendations will improve WIA's formula-funded services and infrastructure. However, by considering new investment strategies in Industry or Sector Partnerships, Congress could bring WIA current with the cutting edge of today's workforce development field.

Currently there are such Industry or Sector Partnerships in operation or being developed across the country. Examples include Project Quest in Texas, the Extended Care Career Ladder Initiative in the healthcare sector in Massachusetts, the Wisconsin Regional Training Partnership, Focus:Hope and the State's Regional Skills Alliances in Michigan, Washington State's Industry Skill Panels, and Pennsylvania's Industry Partnerships initiative. National evaluations, such as those conducted by the Aspen Institute, have documented significant results for both participating workers and businesses. Philanthropy, including the Charles Stewart Mott Foundation and the new National Fund for Workforce Solutions, has been a prime investor in these efforts, particularly in low-income communities. Several states have initiated their own state-funded sector initiatives, such that the National Governors Association recently established a Sector Academy to help states expand and replicate these efforts.

- Industry or Sector Partnerships create unique capacity to organize industries for business expansion and worker advancement, by bringing together various stakeholders connected to a local industry and helping them plan for long-term industry survival and growth through new shared investments in the people of that region. However, this requires creating a specialized, industry-specific capacity that can regularly convene multiple firms, unions, colleges, community-based organizations, economic developers and representatives of the local workforce system, to assess how that industry might be saved or expanded through new shared workforce pipelines, investments in new technologies or other means of production to better harness the local skilled workforce, and develop new pathways for advancement that ensure all local workers have a chance to share in an industry's future prosperity.

- Sector Partnerships involve different activities requiring distinct investments and performance measures. These partnerships focus on a single industry because the specific challenges that industry faces are likely to vary dramatically from those of other local industries—even as every industry in the region, once it determines its future direction, will eventually need access to a public workforce system that can fund training designed by these partnerships, refer workers trained to industry specifications, and provide access to other public resources or information that can help further an industry's goals. In other words, these partnerships comprise a new set of industry-specific activities and capacities that can complement and target the services and infrastructure already established under WIA. Different from overseeing a labor exchange infrastructure or running a training program, sector partnerships engage in activities that are currently not funded by WIA formula dollars (nor evaluated by WIA performance measures), including:

- Regularly convening industry players who have otherwise not collaborated in the past;
- Conducting research on market trends and innovations that could help the industry develop and retain a more productive workforce;
- Developing shared training capacity, overseen by all stakeholders in the industry, to begin implementing these new innovations;
- Developing new career pathways, either within firms or across firms in the industry, whereby local workers can advance into higher-skilled and higher-paying jobs; and
- Leveraging resources to implement those strategies, whether they be targeted services from local WIA systems or dollars from other public or private sources.

- Congress has failed to adequately invest in Sector Partnerships. WIA, authorized nearly ten years ago, provides no funding to directly support the development or maintenance of Sector Partnerships, even though they are responsible for catalyzing some of our most successful local WIA systems. (WIA's greatest indirect contribution is through its 15 percent state set-aside, which some states have used toward their sectoral efforts.) As a result the implementation of sector initiatives has been uneven across the country, largely dependent on those areas where there are additional state or philanthropic funds.

Given the appetite in the field for sector strategies, the U.S. Department of Labor, during both the Clinton and Bush Administrations, has supported industry-targeted

partnership development. However these programs have not been formally connected to the public workforce system, and have been episodic at best. Concerns have been raised by some Members of Congress about these grants (“Hi-Growth” and WIRED) under the current Administration, particularly about how the grants were awarded, their lack of evaluation, and their disconnect from the congressionally authorized WIA system. There has been some discussion of curtailing the funding source for these grants—that portion of H-1B visa fees that have been funding USDOL workforce programs since 1998—and redesignating those fees to another purpose. While we recognize the legitimate cause for concern, we would urge Congress to consider the continued use of these fees for a congressionally authorized sectoral grant program that could dramatically improve a reauthorized WIA.

To create designated capacity for Sector or Industry partnerships, Congress should:

- Establish a separately funded Sector or Industry Partnerships competitive grant sub-title under WIA. We urge the Committee to work with the Judiciary Committee to legislate that the portion of H-1B visa fees currently being used, without oversight, by USDOL grant programs instead be used to Sector Partnerships under a new WIA subtitle. Under the last Congress, the House WIA bill did include a small “Business Partnerships Grants” program, proposed by Rep. Andrews (D-NJ). The Senate WIA bill also included sectoral partnerships as an allowable formula-funded activity. We regarded both proposals as recognition of the importance of Sector Partnerships. However, to merely designate such partnerships as an allowable activity, without any substantial additional funding, would unfortunately create yet another demand on already overextended WIA formula resources.

Principles for a Sector Partnership grant program should include:

- True Multi-Stakeholder Consortia: Federally funded partnerships should be comprised of the full consortium of stakeholders who can impact a local industry’s success, including multiple firms (versus a single employer), unions or labor-management partnerships if an industry is organized, education and training providers (e.g., colleges, community-based organizations) that serve an industry, leaders from the public workforce system, and other participants deemed necessary by the local partnership.

- A Range of Workers Should Benefit: To ensure that partnerships are not focusing only on high-end occupations, there should be explicit expectations that funded partnerships focus on industry workforce needs at a variety of levels, so that immediate interests in developing highly skilled workers for particular occupations is complemented by plans to train and advance lower-skilled workers in that industry as well. In addition, attention should be paid to the types of jobs which served workers are accessing, including pay and benefit standards, and the types of jobs that are being created or retained through these partnerships.

- States as Co-Investors, with Strategic Flexibility and Basic Standards: Given the leadership already shown by some states in sectoral efforts, a federally authorized grant program should be structured in a way that allows state flexibility, takes into account current state expertise, and rewards (rather than supplants) continued state investment. At the same time, a congressionally authorized grant program should include basic standards that reflect already established best practices from the field, and ensure that a full range of workers and industries—including those otherwise excluded from mainstream industrial development efforts—are served by these investments.

- Congressional Evaluation, Based on Distinct Performance Measures: Such grants should be evaluated for how well they are benefiting different types of workers, particular industries, and otherwise improving local WIA systems. Therefore, WIA common measures would not be sufficient. Rather, longer-term evaluations should assess outcomes such as the number of local firms participating in these shared systems, the creation of sustainable skilled worker pipelines, the actualization of career pathways across firms, the leveraging of public and private resources from outside the WIA system, and the quality of jobs created / saved through these investments.

Other Reauthorization Issues

Although these reauthorization issues—increasing access to training, investing in the public infrastructure, and creating capacity for Sector or Industry Partnerships—are among the most important for TWA and our members, there are several other areas where we feel WIA could also be strengthened.

Improve the WIA Performance System

Few policy makers or advocates are satisfied with the data available for the WIA system, including the current required performance measures.

- The data are not comprehensive. Because states are not required to report on all participants, the data provide an incomplete picture of the system's outcomes. States are required to report only on WIA participants who receive intensive services or intensive and training services. Because most individuals participating in the system receive only core services, the performance system reports on only a small subset of individuals and only who receive the most intensive services.

- Performance goals are not adjusted for the type of participant being served or local economic conditions. The lack of adjustment for demographic characteristics (such as barriers to employment) or local economic conditions has encouraged "creaming" of participants, where caseworkers are more likely to enroll participants who would have done well without the program. This means that people who most need services may not be receiving them.

- No measure assesses overall one-stop performance. A significant amount of spending is invested in the one-stop delivery infrastructure, yet no performance measures attempt to quantify the outcomes or effectiveness of this spending.

To improve WIA's performance measurement system, Congress should:

- Require the adoption of sensible common measures across federally funded programs with a workforce development goal. Common measures should track placement, retention and earnings—but not in a way that encourages low-cost approaches (such as an efficiency measure) or discourages service to low-wage or participants with barriers to employment (such as average or median earnings).

- Require that WIA performance measurement take into account local market conditions and demographic characteristics of individuals being served. Local areas should have the flexibility to adjust negotiated performance levels according to changing local economic conditions and the types of clients they are serving. During recessions and in markets with significant dislocations or those experiencing a decrease in quality employment opportunities, for example, states and local areas have had difficulty achieving performance levels negotiated during WIA's implementation in the late 1990s. In addition, local areas and providers serving individuals with significant barriers to employment should be able to have their performance incentives adjusted or waived to relieve them of facing penalties for the lower outcomes or higher costs associated with such populations.

- Require WIA to track its contribution to workers earning a skilled credential that lands them a skilled job over time. The system should track over time the number of workers who have received, through WIA assistance (full or partial), a vocational degree, industry-certified credential, or other recognized set of skills equivalent to two years of training past high school. Setting national goals in this area will help assess how well WIA is preparing the U.S. workforce for the 21st century global economy.

Address the Issue of Eligible Providers under WIA

Rather than enhancing customer choice (one of WIA's goals), WIA has unintentionally narrowed the range of training providers available to participants in the system. In many areas, some training providers—which once ranged from large community colleges to unions, and from joint labor-management funds for specific industries to small community-based organizations serving specific neighborhoods or populations—have chosen not to participate.

- Small, community-based training programs that rely on a limited range of funding sources may not be able to assume the cash flow risks of WIA's vouchers (called Individual Training Accounts or ITAs), particularly if the start of a training class is contingent on the open enrollment of a certain number of ITA holders. This problem did not exist when training contracts guaranteed a certain number of paid slots.

- Community-based organizations (CBOs) may not be able to afford to run a program if ITA amounts do not cover their actual costs. As a result, some effective CBOs have chosen not to provide services under WIA. Their withdrawal has limited consumer and challenged local WIBs which, in some cities, have lost several of their best service providers.

- Larger institutions, such as community colleges—which typically receive multiple sources of funding for any one classroom of students—have found WIA's performance requirements to be at odds with their statutory mission. For example, an open admissions policy can result in significant drop-out rate and bring down WIA performance. Colleges have also found that WIA performance measures are too costly because they must report on the employment and earnings outcomes of all of a program's students, even if only a few were WIA-funded. Many colleges with strong workforce preparation records have opted out of WIA.

To expand provider participation in WIA, Congress should:

- Allow states to set their own standards for eligible training providers. Congress should give states the authority to establish their own criteria for determining who

is an eligible training provider without, however, abandoning the collection of outcome data to ensure individual participants in the system are being adequately served by individual programs.

- Reject efforts to enact a federal definition of preferred providers. Congress should reject efforts to designate a particular type of education and training provider as categorically better than another. States and localities should have the flexibility to choose their training providers based on performance, not federal designation.

Looking forward

While we suspect that the issue is simply too large to address as part of the current reauthorization (at least if we have any hope of getting it done in this Congress), it does seem that the current workforce investment system suffers from the problem of trying to be all things to all people, and often falls short on all measures as a result. We believe that in the long-term, Congress should attempt to resolve inherent conflicts among WIA's laudable goals—especially between universal access to core services and access to training services for participants.

On the one hand, a main principle of the system is universal access. As DOL states in the preamble to the WIA final rule:

“Universal access. Any individual will have access to the One-Stop system and to core employment-related services. Information about job vacancies, career options, student financial aid, relevant employment trends, and instruction on how to conduct a job search, write a resume, or interview with an employer is available to any job seeker in the U.S., or anyone who wants to advance his or her career.” (65 Federal Register 49294)

In addition, WIA regulations specify that:

“The system must include at least one comprehensive physical center in each local area that must provide the core services specified in WIA section 134(d)(2), and must provide access to other programs and activities carried out by the One-Stop partners.” (§662.100(c))

The cost of creating and maintaining the infrastructure necessary for this type of universal access system is significant and undoubtedly deters WIA's ability to fund other services as intensely. Yet, WIA is routinely criticized for not providing enough training, or at least not providing as much training as JTPA. However, such criticisms seem akin to judging public libraries solely by how many people actually check out books, rather than considering the much wider range of services libraries typically provide to patrons and local communities.

We must decide what we want WIA to do, and adequately fund it to achieve those goals. If WIA is to be more of a training program—particularly one focused on a hard-to-serve clientele—then its goals, responsibilities, and expectations need to be adjusted to reflect that.

Congress needs better information on WIA to support such decision making. It is not currently possible, from publicly available documents, to determine how many individuals are receiving WIA services, at what level, and at what cost.

We recommend that Congress commission two studies of WIA:

- A study of current WIA inputs and outputs that provides more thorough information about who is being served and through what types of services. Such a study should:

- Quantify WIA spending by states and local areas on one-stop infrastructure and contributions from each required partner for such infrastructure, including money spent on facilities, maintenance, rent, HVAC, supplies, etc.

- Quantify WIA spending by states and local areas and contributions from each required partner on services, including training, case management, and supportive services (such as transportation and child care).

- Quantify the number of individuals served at all WIA levels, including core, intensive, and training services.

- Quantify the spending per participant on services and the spending per participant on infrastructure.

- Quantify state and local spending by mechanism (ITA vs. contract) for training.

- Quantify how states are spending statewide funds (i.e., on what activities and services).

- A study of WIA reporting and performance requirements, including recommendations for the most appropriations reporting and performance requirements for future collection. Relying on the data collected in the first study, as well as data from the current WIA performance system and other studies of WIA (including GAO studies), such a study should make recommendations about:

- The appropriate data to collect to judge the performance of the WIA system overall.

- Whether data should be adjusted for the types of populations being served and local economic conditions and, if so, an empirically supportable method for doing so.
- The feasibility of evaluating return-on-investment or other cost-effectiveness measures for the WIA system.
- The funding necessary for states and local areas to adjust their data systems to conform to recommended changes.

Conclusion

In conclusion, I would return to the point where we started: if we have any hope of ensuring that the workforces of 2020 and 2030 will be able to compete in the global economy, then we must invest in training for today's workers—as they will become tomorrow's workforce. Furthermore, we must also recognize that many of the jobs that support our economy, jobs where we are facing significant skills shortage both in the short-and long-term, are not just at the top of the labor market but also in the middle—jobs that often require more than a high school degree, but less than a four-year degree.

In the 1920s, the U.S. promised every American a high school education, in part to meet the needs of an industrializing economy. In the 1950s and 60s, the U.S. gave millions of adults and young people access to college and twice as many again access to vocational education through the GI Bill as a way to fuel the post-war economy. In both cases, visionary leaders developed bold, new education and training policies that addressed new economic realities.

Today, America's leaders want to build a U.S. workforce that has the skills to compete in a global economy, attract and retain jobs, meet business demand, and ensure broadly shared prosperity. Given the economic and labor market realities that we face today, the Workforce Investment Act must be an engine for raising our nation's guaranteed education and training floor and ensuring our workforce and businesses have the skills to compete.

Mr. TIERNEY. Thank you very much, Doctor.

You know, I joke with you and I hope you realize I am just being funny. One, the stenographer doesn't have to take it all down by hand, so she is alive and well.

You have to be from New England to talk that fast and to hear somebody talk that fast, so I am fine with it. I don't know how some of my friends from the South might be doing with this.

And the last part is, I do that so much that I was trying a case one time and the stenographer came out with a bandage about this big on his hand, trying to get me to have sympathy and slow down on that.

Ms. GRAGG. That was actually slow for me.

Mr. TIERNEY. Ms. Ganzglass?

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

Ms. GANZGLASS. Well, I am from New York and I will try to slow down. We are supposed to be fast talkers.

First of all, thank you for inviting me to testify on this important topic.

The United States needs a strong federally-funded workforce development system to promote a high-skilled, high-productivity economy that provides greater opportunity for all workers.

The unfortunate reality is that one in four American workers is earning poverty-level wages, and most low-wage workers experience limited, if any, earnings growth over time.

Today's WIA system is stretched too thin to adequately support either employers' need for a skilled workforce or to help low-income jobseekers and workers build the skills necessary to succeed.

Currently, WIA mandates to provide universal access to services through a one-stop system and other requirements, combined with significant decline in funding since the law was enacted, has led many parts of the system to concentrate on the provision of low-intensity employment services aimed at rapid labor market attachment. These services are provided at the expense of skill development, which should be the central focus of the system.

CLASP recommends that the following changes be made in Title I Adult and Youth Programs and in Title II Adult Education to add greater value to the economy and to expand advancement opportunities for low-income populations.

First we recommend a focus on quality training. We suggest setting a floor, such as 50 percent of Title I expenditures, on training. Research tells us that, to be effective, workforce education and training must be targeted at good jobs available in the local economy, and it must be of a sufficient duration to result in employer recognized credentials that enable people to access jobs that provide family supporting wages and benefits.

We do not believe that primary reliance on vouchers by any name is the best way to deliver training services.

Adult education authorized under Title II should not be seen as an end in and of itself but as a beginning of an educational pathway. Research has shown that even those who initially have very low basic skills can substantially increase their earnings if they do not stop with adult education but if they go on to post-secondary education and job training.

We also suggest that Congress encourage stronger connections between workforce investment, the Title I programs, and adult education systems. In particular, the act should encourage the development of programs that blend occupational training with basic skills and English language instruction to accelerate learning and help students gain valuable skills and credentials.

Second, we urge Congress to place greater priority on helping low-income youth and adults and individuals with barriers to employment enter and succeed in the labor market. This includes reauthorizing the Youth Opportunity Grants aimed at high-poverty communities.

Our research has shown that under WIA there has been a substantial decline in the share of adults receiving training who are low-income or have barriers to employment. A reauthorized WIA system should strengthen priority of service requirements, mandate the adjustment of performance standards to encourage the provision of services to disadvantaged populations and require the system to connect individuals with barriers to employment to necessary support services.

Third, we recommend strengthening WIA's catalytic role in the labor market. It is in further needed changes in employment and educational practices and policies that workforce investment boards can expand economic opportunity for many youth and adults than can directly be served in the program. Research suggests that sectoral approaches are particularly promising.

Finally, Congress should require consistent national reporting on expenditures on core, intensive and training services, and should

also require the development and implementation of a strong research agenda to inform continuous improvement of the system.

In conclusion, we believe that the adoption of these recommendations will go a long way toward the creation of a more effective workforce development system. However, a system cannot be expected to meet the critical workforce challenges facing this country without additional funding. We urge Congress to invest in making the workforce system a more effective policy tool for building a stronger and fairer economy.

Thank you for providing me the opportunity to testify.

[The statement of Ms. Ganzglass follows:]

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

Thank you for inviting me to testify. I am the Director of Workforce Development at the Center for Law and Social Policy (CLASP). CLASP is a nonprofit organization engaged in research, analysis, technical assistance, and advocacy on a range of issues affecting low-income families. Since 1998, we have closely followed research and data relating to implementation of the Workforce Investment Act.

The United States economy is undergoing a major transformation that requires a “high-road” path to US global competitiveness, which is characterized by high skills, high productivity and greater opportunity for all workers. A key component of such a strategy is a strong federally funded workforce system. Congress has the opportunity to build such a system through the reauthorization of the Workforce Investment Act (WIA) and subsequent appropriations decisions. While education and training strategies are critical to helping workers succeed, they are a complement to and should not be a substitute for other labor market policies aimed at ensuring the safety and security of America’s workers, and a competitive advantage for America’s businesses.

CLASP recommends that the following changes be made in Titles I and II of WIA to better support employers and help low-income individuals and low-wage workers build the skills necessary to succeed and compete:

- WIA should focus on providing high-quality job training and education that results in employer-recognized credentials and lead to family-supporting wages and benefits.
- The act should place greater priority on helping low-income youth and adults, and individuals with barriers to employment enter and succeed in the labor market.
- A central part of WIA’s mission should be helping low-wage workers stay employed and advance to better jobs.
- Congress should strengthen WIA’s catalytic role in increasing regional productivity and competitiveness.
- Congress should require investment in research and improved data reporting.
- Congress should increase financial support for this severely underfunded system.

Why the U.S. needs a strong workforce development system

Today’s global, technologically oriented economy is creating new challenges for employers and for workers and their families.

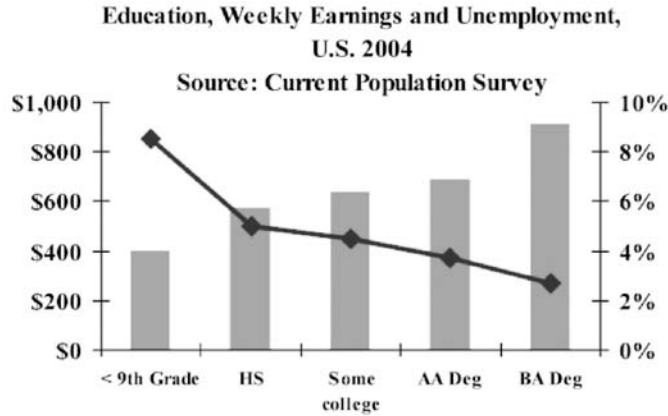
There is a widening skills gap between available workers and available jobs, a gap that threatens to put the brakes on those sectors of the economy that are most critical to economic growth. In many regions of the country, especially in the health care and manufacturing sectors, employers say they can’t find enough skilled workers to be able to compete in a global market. This is one reason that, as the Wall Street Journal reports, employers are now paying college-educated workers 75 percent more than those with only a high school diploma, compared to just 40 percent more back in the 1980s.

This gap between the skills many employers say they need and the skills workers have is likely to worsen in coming years. According to the Bureau of Labor Statistics, between 2004 and 2014, 24 of the 30 fastest-growing occupations are predicted to be filled by people with postsecondary education or training (either a vocational certificate or degree).

No Child Left Behind and other school reforms, even if effective, cannot fulfill employers’ current and future workforce needs. According to the Aspen Institute, about two-thirds (65 percent) of our 2020 workforce is already beyond the reach of our elementary and secondary schools. In fact, the number of people (50 million) aged 18

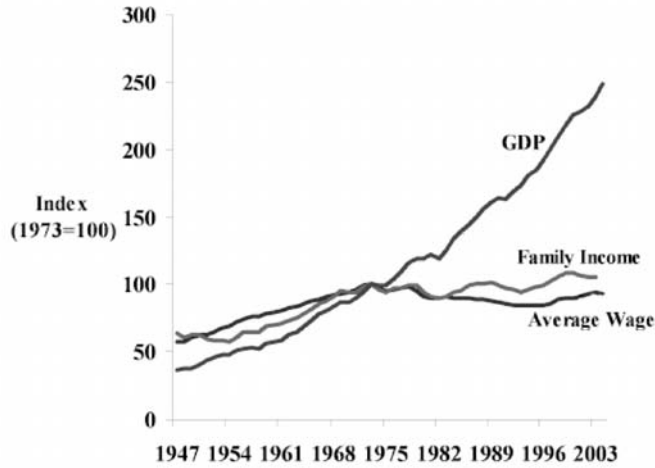
to 44 with a high school diploma or less is equal to the number of classes that will be graduating high school over the next seventeen years.¹ If we want a skilled workforce in the future, we must invest in the skills of those already working right now.

Along with addressing the looming skills gap, job training and education are essential for individual advancement. As the following figure illustrates, education pays off in the labor market in terms of employment and earnings.



But educational attainment is no longer synonymous with advancement or always sufficient to achieve it. The historic link between rising productivity and rising wages has been broken. Wages and income have stagnated as GDP has grown. In 2005, one in four American workers earned poverty-level wages that did not allow them to achieve economic self-sufficiency.²

Wages and Income Have Stagnated, as GDP has grown



Workers are frequently stuck in these low-wage jobs, and most low-wage workers experience little or no earnings growth overtime. In fact, for young, low-income hourly workers who were tracked during the boom years of the 1990s, the median growth in wages was just 0.2 percent a year.³

WIA today: Too many goals, too little funding

The Workforce Investment System is struggling to meet the law's various requirements. In 1998, when WIA replaced the Job Training Partnership Act (JTPA), Congress aimed to bring together a fragmented group of workforce development pro-

grams to create a one-stop system in which employers and job seekers could easily access a wide array of employment and training services. WIA mandated universal access to a set of core services, with sequential eligibility for intensive and training services (many localities initially interpreted this provision to mean that training was a last resort for individuals who had not found work through core or intensive services). Federal workforce development funds were no longer targeted exclusively toward serving low-income adults (as they were under JTPA). WIA also emphasized more private sector involvement in the public workforce system and a dual focus on employer and jobseeker needs. The law mandated a strong policy role for business-led state and local Workforce Investment Boards (WIBs) and stronger connections between workforce and economic development.

These mandates were not accompanied by a significant increase in funding. In fact, U.S. Department of Labor expenditures on training and employment assistance have suffered cuts that translate into a drop in expenditures per worker from \$63 in 1986 to \$35 in 2006, without an adjustment for inflation.⁴ The funding declines, increased mandates on the system to provide universal services, and tiered service delivery model have all led the system to a focus on lower-intensity core services—at the expense of skill development and systemic labor market change, which should be at the center of the nation's workforce development system.

The number of adults exiting the program who received training declined 26 percent* between 1998 (the last full year of operation under JTPA) and 2004.⁵ As the following table illustrates, there has also been a decline in the share of adults receiving training, who are low income or have barriers to employment.⁶ In 1998, 96 percent of trainees were low income.⁷ This fell to 82.4 percent in 2000, the first full year of WIA data was available, and has continued to decline each year, falling to 65.6 percent by 2004.⁸ Several factors may be contributing to the declining share of low-income exiters or exiters with employment barriers: program performance measures; sequential service requirements; and the lack of any strong, explicitly defined targeting requirement in current law.⁹ According to the Government Accountability Office (GAO), performance measures are driving local staff to be reluctant to provide WIA-funded services to job seekers who may be less likely to find employment or experience earnings increases when placed in a job.¹⁰

Adult Training Exiters with Barriers to Work						
	JTPA	WIA				
	1998	2000	2001	2002	2003	2004
Low Income	96.0%	82.4%	70.7%	69.3%	68.4%	65.5%
Public Assistance Recipients	30.7%	16.6%	13.3%	14.5%	13.7%	11.0%
Single Parents	43.7%	34.5%	28.3%	26.6%	24.6%	24.2%
Limited English-language Proficiency	6.5%	10.5%	5.8%	6.7%	5.3%	4.1%
No High School Diploma	22.3%	17.8%	16.5%	17.2%	15.0%	14.0%

The act also sought to address concerns about the weak performance of many training programs through the use of market mechanisms to ensure customer choice. Under WIA, training providers are required to meet performance-based eligibility criteria; and when providing access to training, local boards generally are required to provide eligible individuals with individual training accounts (ITAs) for use with eligible providers. Individuals are intended to select providers using performance and cost information generated through the new provider certification system. Implementation of these requirements has increased administrative complexity and diverted attention and resources from more effectively addressing critical skill development needs.¹¹

*The Government Accountability Office (GAO) and the Department of Labor (DOL) Office of Inspector General have both raised serious concerns about the completeness and accuracy of the WIASRD data, upon which this figure is based. Despite our concerns about the WIASRD data, it is the only available data on which to make comparisons between JTPA and WIA, and as such we have decided to include it. A GAO review of training in PY03 estimated that 184,767 individuals were trained during that year. According to WIASRD data, there were 102,415 exiters who received training in 2003. Although the GAO estimate includes participants who had not exited the program (unlike WIASRD data which just captures exiters) and may include duplications since it is based on reports from local boards of the number of individuals enrolled in each category of training as opposed to the total number of people receiving training, it is still substantially higher than the number of exiters as reported in the WIASRD.

The law's focus on training primarily through ITAs unnecessarily discourages the use of contract training, which in certain cases may be better suited to the needs of individuals with barriers to employment. A GAO report found that although the vast majority of local boards use ITAs, most have faced challenges in managing their use. Fifty-two percent of local boards responding to the GAO survey encountered challenges linking ITA systems to local economic and business strategies.¹² Nearly two-thirds of the local boards reported that the lack of performance data on providers was a challenge, since it hindered their ability to determine which providers served participants most effectively.¹³ Furthermore, anecdotal information suggests that experience in implementing these provisions has shown that training providers are reluctant to comply with the requirement to provide data on performance because not enough WIA funding is flowing to training provider to warrant this change in data systems.

Recommendations for Strengthening the WIA System

We believe that with some redirection, the WIA system can become a more effective policy tool for building a stronger and fairer economy. To this end, we recommend that Congress refocus WIA's service delivery and policy coordination functions in the following ways:

WIA should focus on providing high-quality job training and education that result in employer-recognized credentials and lead to family-supporting wages and benefits.

In Title I, this means shifting the focus of local WIA services from placing unskilled workers in low wage jobs to providing training that qualifies low income people for jobs with family supporting wages and benefits. This will require an increase in the amount of available resources that are spent on training as well as the design of training programs which lead to employment with family supporting wages.

Expenditures. Although administrative data on the percentage of adult and dislocated worker funds being spent on training is lacking, a GAO study found that local workforce boards nationwide used an estimated 40 percent of available WIA funds to serve adults and dislocated workers during PY 2003 on training for WIA participants.¹⁴ Anecdotal information suggests that local investment in training varies widely, with some localities spending less than 10 percent of WIA funds on training. We recommend setting a floor for how much of WIA funding must be devoted to training—such as 50 percent—with a reasonable phase-in period for reaching that floor. Florida implemented a policy through statute that requires that at least 50 percent of Title I funds be allocated to ITAs.¹⁵ As a result, in 2005, 64 percent of Florida's expenditures went to ITAs.¹⁶

Training design. Research suggests that training can help people advance beyond low-paying jobs, but that the length and design of training provided matter to the results that are achieved. After an extensive review of strategies to help low-income workers advance, Poppe, Strawn and

Martinson conclude that “degrees, certificates and credentials recognized by employers are key and for many will determine how far they can progress in their career pathway.”¹⁷ A study of adult students who enrolled in Washington State Community and Technical Colleges found evidence that attending college for at least one year and earning a credential provides a substantial boost in earnings for adults with a high school diploma or less who enter higher education through a community college.¹⁸

Emerging research on sectoral training programs, whose content is tailored to industry requirements, shows that two years after training, participants earned higher incomes, worked more consistently and had higher quality jobs. However, differences in wages and wage gains achieved corresponded to the length and intensity of provided and the quality of jobs in the targeted sectors.¹⁹

Shorter term training has led to mixed results for welfare recipients and low-income individuals. As the researcher LaLonde, who reviewed experimental and quasi experimental evaluations of federal job training programs including CETA and JTPA, points out, “Given that existing public sector sponsored employment and training programs usually are less intensive and expensive than an additional year of schooling, it would be surprising if they generated larger earnings increases. Instead, we should expect that most JTPA programs, which usually cost several hundred to a few thousand dollars per participant, would generate annual earnings gains of perhaps several hundred dollars.”²⁰

The National JTPA Study that was conducted from 1986 to 1993 and augmented with follow-up data showed positive impacts on earnings for adults, although they were typically modest. Adult women experienced a per enrollee impact over the entire seven year follow-up of \$3,206 (or 5 percent). The study found more positive impacts were concentrated among women in the OJT and Other category.²¹ The most

urable earnings impacts associated with JTPA and welfare-to-work programs emphasized a combination of training and work-based learning, including apprenticeship and customized training.²²

In Title II, a focus on quality education means updating the Adult Education and Family Literacy Act to increase hours of instruction, increase student persistence in adult education, increase transitions from adult education to postsecondary education and training programs, and help low-income adults attain employer-recognized credentials that can help them earn family-supporting wages.

We also suggest that Congress encourage stronger connections between the workforce investment and adult education systems, in order to better meet the needs of limited English proficient job seekers and those with basic skills deficiencies. In particular, the act should encourage the development of programs that blend occupational training with basic skills and English language instruction, to accelerate learning and help students gain the skills and credentials required for higher paying jobs. Recent research on the Integrated Basic Education and Skills Training (I-BEST) program in Washington State underscores the potential of this approach. I-BEST students earned five times more college credits than traditional ESL students and were 15 times more likely to complete job training.²³

Even those who initially have low basic skills can substantially increase their earnings if they do not stop with adult education but go on to postsecondary education and job training.²⁴ For example, welfare recipients who attended California community colleges and earned associate degrees found that by the second year out of school, their median annual earnings were four times higher (403 percent) than before they entered training. Earnings increases were highest for those in occupational programs.²⁵ Two independent evaluations of the San Antonio, Texas job training program Project Quest, which provides long-term training in hard-to-fill occupations for those who otherwise would not have the opportunity, found wage gains of between \$5,000 and \$7,500 a year for program participants.²⁶

A study of adult students who enrolled in Washington State Community and Technical Colleges with a high school diploma or less found that after five years there was a significant earnings advantage for students who took at least one year's worth of college-credit courses and earned a credential.²⁷ Compared with students who started in ESL and earned fewer than ten college credits, students who started in ESL and completed one year of college-credit courses and earned a credential earned \$7,000 more a year. Those who started in ABE or GED had an \$8,500 earnings advantage.²⁸

WIA should place greater priority on helping low-income youth and adults and individuals with barriers to employment enter and succeed in the labor market.

In many high-poverty communities, the broad economic trends I discussed earlier contribute to high levels of labor force detachment, and incarceration, low levels of educational attainment, and chronic unemployment in substantial segments of the working-age population.

A reauthorized WIA should strengthen priority of service requirements, mandate the adjustment of performance standards to encourage the provision of services to populations with barriers to employment, and require the system to connect individuals with barriers to employment to necessary support services such as mental health and substance abuse services. Transitional jobs programs are a useful model for helping populations with barriers to employment enter and succeed in the labor market by providing supportive services in combination with time-limited subsidized employment.²⁹

The act should make clear that training can be provided through contract training, as well as through ITAs. The current requirement that training be provided through ITAs (with certain exceptions for contract training, including on-the-job and customized training) unnecessarily discourages the use of contract training, which can be a vehicle for developing specialized training programs for individuals with barriers to employment.

In addition, youth funding should be directed at building an effective transition support system for out-of-school and extremely vulnerable youth, such as those who are homeless and transitioning from the foster care or the justice system. In particular, Congress should reauthorize Youth Opportunity Grants directed at communities of high poverty or low graduation rates, to allow these communities to build the capacity to address the dropout prevention and recovery problem at scale. The WIA youth title already requires infusion of youth development activities, provision of case management, and follow-up to ensure labor market success. With the ability to use funds flexibly in partnership with other systems, the youth title could serve as an effective tool for leveraging other resources to create a more comprehensive approach to connecting the most challenged youth to the education, training, and support needed for successful labor market transition.

A central part of WIA's mission should be helping low-wage workers stay employed and advance to better jobs.

The prevalence of low-wage work means that our nation's job training system must not only focus on making job placements but also make retention and advancement a central part of its mission. This will require the system to work on both the supply and demand sides of the labor market. On the supply side, the workforce system should focus on connecting workers and job seekers to good jobs, helping incumbent workers build skills to advance to better jobs, and facilitating the receipt of work supports for low-wage workers that promote attachment to the labor market. On the demand side, the workforce system should work with employers to improve job quality and to develop workplace practices that support retention and advancement.

The workforce system should collaborate with employers to provide skill upgrading opportunities for low-wage workers.³⁰ Using public dollars to upgrade the skills of low-wage workers is a necessary complement to private sector investment in training, which tends to be focused on higher-skilled, higher-wage workers. Researchers studying employer-provided training found that "workers with some college were twice as likely as workers with a high school degree or less to receive employer sponsored training in 1995, and this gap grew somewhat by 2001 as the percentage of workers with high school education or less who received training declined."³¹

Research also suggests that helping low-income adults obtain higher-quality jobs than they would find on their own can lead to better job retention and larger long-term wage growth.³² Thus it is critical that the nation's workforce investment system identify high-wage and high-quality jobs and connect job seekers and low-wage incumbent workers to these jobs. The workforce system should be encouraged to support employers who provide good jobs, and to work with others to improve job quality and to develop workplace practices that support retention and advancement. Several WIBs have designed creative ways of targeting good employers. For example, WIBs can require that businesses who benefit from WIA training investments provide employment opportunities that meet certain state or locally defined job quality standards. Such standards might include certain wage levels, availability of benefits (such as healthcare, paid leave, or retirement plans), reliable hours, workplace training, opportunities for advancement, and release time for training.

The system should also work with participants after job placement to promote retention—by providing ongoing career counseling, helping connect low-wage workers to work supports, and helping workers address barriers that may affect their ability to keep a job. Frequent turnover results in lower earnings, due to more frequent periods of unemployment, and in a lack of work experience and job tenure, which are associated with increased earnings over time.³³ Some workforce agencies have already recognized the importance of providing retention services to workers and employers. For example, the SF Works program provides one year of retention services (which include online skills upgrading, mentoring, support, brown bag seminars, and professional development planning) to individuals who are placed in jobs.³⁴

Congress should strengthen WIA's catalytic role in the labor market

Current coordination efforts around one-stops have eased access to a variety of community services, but they have not gone far enough to address the greater labor market challenges I just discussed. WIA discretionary funding should be used to provide incentives for state and local WIBs to be more proactive in carrying out their strategic policy coordination role, to foster better integration of services across funding streams, and to support economic development and effect changes in educational and employment policies and practices.

WIA can foster changes in the education system that can expand learning opportunities for many more students than can be directly trained through limited WIA funds. The system can help broker articulation agreements to facilitate transitions from secondary education and adult education and job training programs to postsecondary education; promote greater flexibility in scheduling and program design, so that working adults can more easily participate in educational programs; and promote sectoral strategies and other public-private partnerships to aid in the economic transformation and to connect low-income populations to the engines of regional economic growth.

The system should work with employers, preferably on a sectoral basis, to improve workplace practices, including creating internal career ladders, offering competitive wages and benefits, providing OJT and informal apprenticeships, linking training to advancement, cross-training employees, implementing a mentoring program, creating employee stock option plans, developing supervisory training, offer-

ing elder care and/or child care, providing assistance with transportation, offering an Employee Assistance Plan (EAP), providing flextime, and providing flexiplace.³⁵ These types of workplace practices help workers and benefit businesses by increasing retention, decreased absenteeism, and increasing productivity.

Congress should require investment in research and improved data reporting

Congress and the WIA system are hampered by a lack of sufficient information to support system improvement. Congress should require consistent national reporting on expenditures on core, intensive, and training services. Congress should require the development and implementation of a strong research agenda to support the goals of the reauthorized system and the release of completed research studies by the U.S. Department of Labor.

Congress should also consider requiring the creation of a national task force aimed at furthering system integration and aligning goals, performance measures, and accountability structures across federally funded workforce programs. Greater alignment among programs will make it easier to blend resources and provide relevant and holistic responses to the needs of employers, individuals and families in today's highly competitive economy. The 110th Congress has a unique opportunity to make progress in this regard, since in addition to WIA, it is considering changes to the Higher Education Act, No Child Left Behind, the Trade Adjustment Assistance Reform Act, unemployment insurance reform, and other related legislation.

Conclusion

The workforce system is critical to helping jobseekers and workers succeed in today's global economy and to ensure America's competitiveness. We believe that the adoption of these recommendations will go a long way toward the creation of a more effective workforce development system. However, the system cannot be expected to meet the critical workforce challenges facing this country without additional funding. We urge you to invest in making sure the system can meet these unprecedented challenges.

Thank you for providing me the opportunity to testify.

ENDNOTES

¹ Based on calculations by Julie Strawn using Western Interstate Commission for Higher Education projections of high school graduates, available at: <http://www.wiche.edu/policy/Knocking/1988-2018/> and March 2007 Current Population Survey (CPS) figures for the number of prime age adults (18-44) with a high school diploma or less.

² Lawrence Mishel, Jared Bernstein, and Sylvia Allegretto, *The State of Working America 2006-2007*, Economic Policy Institute, 2007. ³ Newman, Katherine S. *Chutes and Ladders: Navigating the Low-Wage Labor Market*. Russell Sage Foundation Books, 2006. ⁴ Joan Fitzgerald and Andrew Sum, "What Can Worker Training Do?" in *Ending Poverty in America: A Special Report for the Council on Foundations Annual Conference, Demos and The American Prospect*, 2007.

⁵ Government Accountability Office, *Substantial Funds Are Used for Training, but Little is Known Nationally about Training Outcomes*, 2005 and Abbey Frank and Elisa Minoff, *Declining Share of Adults Receiving Training under WIA are Low-Income or Disadvantaged*, Center for Law and Social Policy, 2005, <http://www.clasp.org/publications/decline-in-wia-training.pdf>.

⁶ Abbey Frank and Elisa Minoff, *Declining Share of Adults Receiving Training under WIA are Low-Income or Disadvantaged*, Center for Law and Social Policy, 2005, <http://www.clasp.org/publications/decline-in-wia-training.pdf>.

⁷ Data on JTPA participants are drawn from the SPIR database. This data can be found in the Social Policy Research Associates WIASRD Databook, PY 2002.

⁸ The definitions of "terminees" and "exiters" are comparable under the two programs. Frank and Minoff, *Declining Share of Adults*; Social Policy Research Associates, 2004 WIASRD Data Book, February 2, 2006.

⁹ Abbey Frank and Elisa Minoff, *Declining Share of Adults Receiving Training under WIA are Low-Income or Disadvantaged*, Center for Law and Social Policy, 2005, <http://www.clasp.org/publications/decline-in-wia-training.pdf>.

¹⁰ Government Accountability Office. (GAO-03-884T), *Workforce Investment Act: Exemplary One-Stops Devised Strategies to Strengthen Services, but Challenges Remain for Reauthorization*, June 18, 2003.

¹¹ In 2005, 203 requests for waiver of major reporting requirements or funding requirements were submitted by State WIA Directors to ETA.

¹² Government Accountability Office, *Substantial Funds Are Used for Training, but Little is Known Nationally about Training Outcomes*, 2005.

¹³ *Ibid.*

¹⁴ The GAO study defines available funds as the combined amount of program year 2003 funds and funds carried over from program year 2002. Government Accountability Office, *Substantial Funds Are Used for Training, but Little is Known Nationally about Training Outcomes*, 2005.

¹⁵ The 2000 Florida Statutes Chapter 445 Workforce Innovation 445.003 (3)(a)(1).

¹⁶ Workforce Investment Act (WIA) Annual Report for 2005-2006 Program Year, Workforce Florida, Inc., 2006.

¹⁷Nan Poppe, Julie Strawn, and Karin Martinson, "Whose Job is It? Creating Opportunities for Advancement," in *Workforce Intermediaries in the 21st Century*, ed. Robert P. Giloth, 2003.

¹⁸Washington State Board for Community and Technical Colleges. *Building Pathways to Success for Low-Skill Adult Students: Lessons for Community College Policy and Practice from a Longitudinal Student Tracking Study*. April 2005. Research Report No. 06-02.

¹⁹Lily Zandniapour and Maureen Conway, *Gaining Ground: The Labor Market Progress of Participants of Sectoral Employment Development Programs*, The Aspen Institute, and *Sectoral Strategies for Low-Income Workers: Lessons from the Field*, forthcoming from the Aspen Institute.

²⁰Chris King, "The Effectiveness of Publicly Financed Training in the United States," in *Job Training Policy in the United States*, ed. Christopher J. O'Leary, Robert A. Straits and Stephen A. Wadner, Upjohn Institute, 2004. p. 67.

²¹Chris King, "The Effectiveness of Publicly Financed Training in the United States," in *Job Training Policy in the United States*, ed. Christopher J. O'Leary, Robert A. Straits and Stephen A. Wadner, Upjohn Institute, 2004.

²²*Ibid.*

²³Washington State Board for Community and Technical Colleges, *I-BEST: A Program Integrating Adult Basic Education and Workforce Training*, December 2005, <http://www.sbctc.ctc.edu/docs/data/research-reports/resh-052-i-best.pdf>. The state has now refined the I-BEST model and taken it statewide.

²⁴G. Hamilton, *Moving People from Welfare to Work: Lessons from the National Evaluation of Welfare-to-Work Strategies*, U.S. Department of Health and Human Services, 2002, <http://aspe.hhs.gov/hsp/news/synthesis02/>; Johannes Bos, Susan Scrivener, Jason Snipes, and Gayle Hamilton, *Improving Basic Skills: The Effects of Adult Education in Welfare-to-Work Programs*, U.S. Department of Health and Human Services, Administration for Children and Families and Office of the Assistant Secretary for Planning and Evaluation, and U.S. Department of Education, 2001.

²⁵Anita Mathur with Judy Reichle, Julie Strawn, and Chuck Wiseley, *From Jobs to Careers: How California Community College Credentials Pay Off for Welfare Participants*, Center for Law and Social Policy, May 2004.

²⁶Paul Osterman, "Employment and Training Policies: New Directions for Low-Skilled Adults," in *Reshaping the American Workforce in a Changing Economy*, ed. Harry Holzer and Demetra Smith Nightingale, Urban Institute, 2007.

²⁷The study followed two cohorts of students educational attainment and earnings for five years. One cohort consisted of students age 25 or older with a high school education or less and one cohort was comprised of 18-24 year olds who lacked a high school diploma or GED. There were 34,956 students between the two cohorts.

²⁸Washington State Board for Community and Technical Colleges. *Building Pathways to Success for Low-Skill Adult Students: Lessons for Community College Policy and Practice from a Longitudinal Student Tracking Study*. April 2005. Research Report No. 06-02.

²⁹Allegra Baider and Abbey Frank, *Transitional Jobs: Helping TANF Recipients with Barriers to Employment Succeed in the Labor Market*, Center for Law and Social Policy, May 2006, <http://www.clasp.org/publications/transitional-jobs-06.pdf>.

³⁰Duke et al., *Wising Up*.

³¹Kelly Mikelson and Demetra Smith Nightingale, *Estimating Public and Private Expenditures on Occupational Training in the United States*, prepared for the U.S. Department of Labor, December 2004.

³²Nan Poppe, Julie Strawn, and Karin Martinson, "Whose Job is It? Creating Opportunities for Advancement," in *Workforce Intermediaries in the 21st Century*, ed. Robert P. Giloth, 2003.

³³Harry Holzer and Karin Martinson, *Can We Improve Job Retention and Advancement among Low-Income Working Parents?* Urban Institute, 2005.

³⁴Center for Workforce Preparation, *Completing the Workforce Puzzle: How Chambers Can Help Businesses Find, Keep and Advance Employees*, U.S. Chamber of Commerce, 2002.

³⁵*Jobs for the Future, Hiring, Retaining, and Advancing Front-Line Workers: A Guide to Successful Human Resource Practices*, 2003.

Mr. TIERNEY. Thank you very much.

Dr. Baxter?

Ms. GANZGLASS. With 21 seconds to go.

Mr. TIERNEY. You did well on that.

Dr. Baxter, please.

**STATEMENT OF SANDRA BAXTER, DIRECTOR, NATIONAL
INSTITUTE FOR LITERACY**

Ms. BAXTER. I would like to thank the subcommittee for inviting us to testify today. We are indeed privileged to be here.

The National Institute for Literacy was created by a bipartisan act of Congress in 1991 and reauthorized under the Workforce Investment Act of 1998. Under provisions of the act, the Institute is required to provide national leadership for literacy, to serve as a

national resource for adult education and literacy programs, and to promote closer coordination among federal agencies on issues concerning literacy.

In keeping with our authorizing legislation, the Institute views literacy broadly. We don't see it just as the ability to read. Rather, literacy represents the sum of many skills: reading, writing, speaking in English, computing and solving problems at levels of proficiency to function on your job, in your family and in your community.

In just 1 week, our nation will pause to mark the Fourth of July and to celebrate our independence. But for so many adults living in the United States and the children who are dependent upon them, there will be less to celebrate because they are not full partners in the American dream.

Many adults lack the basic literacy skills needed to obtain a good enough job to take care of themselves and their families as well as contribute to our national economy. They have not acquired the basic skills they need to understand how to maintain good health or to follow a doctor's instructions to get well when they are sick. And many of them, too many of them, lack the skills to read a book to their children at bedtime or help their children with homework.

The low levels of literacy attainment among a large portion of the nation's adult population are particularly threatening to America's future because the majority of workers who will be in the workforce 20 years from now are the workers who are in the workforce now.

Here are just a few facts that I would like to share with you from the latest national assessment of adult literacy.

Overall, 93 million adults have limited reading, writing and math skills. Nearly one-half of the nation's adults, 43 percent, have prose literacy skills at the below-basic or basic level. And 34 percent of the adults tested have below-basic or basic skills in document literacy skills. And slightly more than half, 55 percent of the nation's adults, had quantitative skills at the below-basic or basic level.

This is cause for concern. If the United States is to maintain a competitive place in the global economy, we must address the literacy needs of the adults who are either already in the workforce or who should be in the workforce but lack the skills to acquire work.

The Educational Testing Service recently published a report called "America's Perfect Storm: Three Forces Changing Our Nation's Future." It said, "There has been a profound restructuring of the U.S. workplace driven by technological innovation and globalization. Jobs associated with college-level education are expected to generate about 46 percent of all job growth in the next 10 years."

And according to the Bureau of Labor Statistics' Occupational Outlook Handbook, the number of jobs requiring an associate's degree or post-secondary vocational credential also will grow by a little more than 24 percent in the next decade.

There is a lot of work for us to do. Fortunately, the adult education system is prepared and is increasingly well-positioned to help the nation meet this challenge.

Through the U.S. Departments of Education, Labor, Health and Human Services and the National Institute for Literacy, the federal government is playing a significant role in supporting adults to achieve the literacy skills they need to find and hold jobs.

I would like to take just a few minutes to talk with you about our accomplishments and—

Mr. TIERNEY. Those are dangerous words, Dr. Baxter. Actually, you have about a half-minute left, so if you could wrap it up in a minute or so, we would appreciate it.

Ms. BAXTER. Okay, I can do that.

One of the most important things that we have done over the past decade has been to develop new resources on teaching adults to read. We conducted a systematic review of the research on how to teach adults to read, and, using that, we have created a teacher's manual and an online diagnostic tool for adult educators that they can use to diagnose adults who come to their programs to determine what skills they really need.

I would like to point out that what is important about this effort is that it really has been a wonderful example of coordination and cooperation between government agencies. Those tools are now being used by the United States Department of Education as the basis for a program that they are calling STAR, which is a multi-state effort to improve reading achievement.

So the investment made through the institute is being leveraged by a much larger department, better positioned for dissemination and technical assistance.

In conclusion, I would just like to say that literacy skills really are the building blocks for a successful life in this nation. And when we think about the numbers of adults who really lack those basic skills, this is an issue that we really must pay much more attention to and really have a strong emphasis on in the Workforce Investment Act.

My prepared testimony has more data that you can use, and I am happy to answer questions.

[The statement of Ms. Baxter follows:]

Prepared Statement of Sandra Baxter, Director, National Institute for Literacy

Good afternoon, and thank you for inviting me to present testimony at this hearing today. My name is Dr. Sandra L. Baxter, and I am the Director of the National Institute for Literacy (the Institute). The Institute serves as an important catalyst in the Federal government for improving opportunities for adults, youth, and children so that they may thrive in a progressively literate world.

The Institute was created by a bipartisan act of Congress in 1991 and reauthorized in the Workforce Investment Act (WIA) of 1998. It is tasked through WIA to provide national leadership for literacy, serve as a national resource for adult education and literacy programs, and promote closer coordination among federal agencies around issues of literacy. In keeping with its authorizing statute's definition of literacy, the Institute views literacy as more than just an individual's ability to read. Rather, literacy represents the sum of many skills—reading, writing, speaking in English, computing, and solving problems at levels of proficiency necessary to function on the job, in the family and in society.

My remarks today will focus on the state of adult literacy, provide an overview of adult literacy services, describe some of the challenges facing the field, and review the critical role the Institute has played and can play in meeting those challenges.

In just one week, our nation will pause to celebrate the 4th of July, a day that marks our independence to govern ourselves, protect ourselves, and establish com-

merce. It will be a day of celebration for the gifts that freedom has brought all of us.

But for far too many adults living in the United States and the children who are dependent upon them there will be less to celebrate because they are not full partners in the American dream. Many adults lack the skills to obtain a good job to support themselves and their families as well as contribute to the nation's economy. They have not acquired the basic skills they need to understand how to maintain good health or follow their doctor's orders to get better when they are sick. And many of them lack the skill to read a book to their children at bedtime or help their children with homework.

A Profile of Adults' Literacy Skills

We know about these adults' challenges from results of the 2003 National Assessment of Adult Literacy (NAAL), a survey conducted by the Institute of Education Sciences' National Center for Education Statistics. The NAAL measured the ability of the nation's adults ages 16 and older to find and use basic information and services they need to be healthy and to perform everyday literacy tasks. The NAAL uses a definition of literacy similar to the one found in WIA, describing literacy as "using printed and written information to function in society, to achieve one's goals, and to develop one's knowledge and potential." The NAAL is the most current and comprehensive data available to the field.

- Between 1992 and 2003, there was an increase in skill level for some racial groups. Most notably, average prose scores increased for Blacks and Asians/Pacific Islanders. Average document and quantitative literacy scores also increased for Black adults.

- Women's document and quantitative literacy increased between 1992 and 2003. Men still scored higher than women in quantitative literacy, but the increase in women's scores narrowed the gap.

- Nearly half the nation's adults—43 percent—had prose literacy skills at the Below Basic or Basic levels. Those performing at the Below Basic skill level were able to perform only the simplest and most straightforward literacy tasks, such as searching a short text to find out what a patient is allowed to drink before a medical test. Those at the Basic skill level were able to perform an everyday task, such as finding an explanation of how people are selected for a jury pool in a pamphlet developed for prospective jurors.

- Slightly more than half—55 percent—of the nation's adults had Below Basic or Basic quantitative literacy skills. Those adults performing at the Below Basic skill level were able to perform tasks such as adding the amounts on a bank deposit slip. Those with Basic level quantitative skills were able to perform tasks like comparing the ticket prices for two events.

- Between 1992 and 2003, there was a decrease in the percentage of the total population scoring Below Basic in quantitative literacy.

- While two-thirds of the nation's adults demonstrated document literacy skills at or above the Intermediate level, just 13 percent of those adults had Proficient—the highest skill level—document literacy skills. But 34 percent of the adults tested had Below Basic or Basic document literacy skills.

- In the adult prison population, 56 percent of inmates had prose literacy skills at the Below Basic or Basic level, 50 percent had document literacy skills at the Below Basic or Basic level, and 78 percent had quantitative literacy skills at the Basic or Below Basic level.

- Adults who spoke only English before starting school had higher average health literacy than adults who spoke other languages alone or other languages and English. In addition, some 49 percent of adults who had never attended or did not complete high school had Below Basic health literacy compared with 15 percent of adults who ended their education with a high school diploma and 3 percent with a bachelor's degree.

Low literacy levels among a large portion of the nation's adult population are particularly threatening to America's future because the majority of workers who will be in the workforce in 20 years are the same people who are in it now, according to *Tough Choices or Tough Times: The Report of the New Commission on the Skills of the American Workforce*. Changes in the educational attainment of the U.S. workforce compared with other nations intensify the threat. The New Commission on the Skills of the American Workforce reports that, "Whereas, for most of the 20th century the United States could take pride in having the best educated workforce in the world, that is no longer true. Over the past 30 years, one country after another has surpassed us in the proportion of their entering workforce with the equivalent of a high school diploma and many more are on the verge of doing so. Thirty years ago the United States could lay claim to having 30 percent of the world's pop-

ulation of college graduates. Today that proportion has fallen to 14 percent and is continuing to fall.”

Furthermore, too many youth in the nation’s schools drop out before they have mastered the fundamental skills, especially reading, they need to meet the responsibilities of adult life. “The dropout rate for African-American, Hispanic, and Native American students approaches 50 percent...,” said U.S. Secretary of Education Margaret Spellings in her May 9 speech to the National Summit on America’s Silent Epidemic in Washington, D.C. She also noted that every year nearly a million students fail to graduate from high school.

The low literacy skills and low educational attainment of today’s workforce hardly amount to adequate preparation for the challenges of a dramatically changing workplace. The Educational Testing Service (ETS), in America’s Perfect Storm: Three Forces Changing Our Nation’s Future, observes there has been “...a profound restructuring of the U.S. workplace driven by technological innovation and globalization.” Jobs associated with college level education are expected to generate about 46 percent of all job growth between 2004 and 2014, according to America’s Perfect Storm. The number of jobs requiring either an associate’s degree or a post-secondary vocational credential also will grow by a little more than 24 percent during this decade, according to the Bureau of Labor Statistic’s Occupational Outlook Handbook, 2002-2003.

If the United States is to maintain a competitive place in the global economy, it must address the literacy needs of adults who are either already in the workforce or who should be, but do not have the basic literacy skills. Adults must have the literacy skills to succeed in either postsecondary education or training in preparation for an adequately-paid job or struggle to raise their families on the meager wages of a high school dropout.

Adult education is an important means of directly responding to this terrible need for a more literate, better educated workforce. In her action plan for higher education, Secretary Spellings emphasized addressing adult literacy as “a barrier to national competitiveness and individual opportunity.” Fortunately, the adult education system is increasingly positioned to serve as a full partner in a national effort to prepare adults for postsecondary education and job training.

The Adult Education System: A Full Partner in Education and Training

In fact, the federally-funded adult education system primarily serves learners who are currently employed and who are in the prime of their working lives. According to Adult Education in America: A First Look at Results from the Adult Education Program and Learner Surveys, published by the Educational Testing Service in March 2007, 85 percent of students were most likely to have income from salaries or wages suggesting that they are employed rather than receiving public benefits. Forty-five percent of learners were between the ages of 25 and 44, and another 25 percent were between 19 and 24. Slightly more than half were women (55 percent), and slightly less than half (44 percent) were enrolled in English as a Second Language (ESL) classes. Almost 40 percent were enrolled in Adult Basic Education (ABE) level classes and the remainder (17 percent) in Adult Secondary Education.

The English Language Learners enrolled in federally-funded adult education come to programs with a wide range of educational backgrounds, including nearly a third with at least some education beyond the postsecondary level, according to the ETS report. Of the 34 percent of learners in the ETS survey who reported not having had any schooling in the United States, 4 percent had no education at all before they arrived here and 24 percent completed school up to the eighth grade. Almost 40 percent completed some secondary education, and 28 percent had continued past the secondary level, including 13 percent with bachelor’s degrees. Overall, 29 percent of participants in adult education learned Spanish as their first language, 7 percent learned an Asian language, and 2 percent learned a European language.

In Program Year 2004-2005, total enrollment in federally-funded adult education programs was 2.58 million, according to the U.S. Department of Education. More current data from a survey conducted in 2006 by the National Council of State Directors of Adult Education (NCSDAE) reports 917 programs in 40 states with waiting lists that total approximately 100,000 adults. The demand for additional services varies by state with waiting lists in some New York programs so long that lotteries for seats were established rather than keeping waiting lists. And according to the NCSDAE survey, 44 percent of local programs in Rhode Island have waiting lists. The highest need, 77 percent, is for adults at the lowest levels of adult basic education and English literacy. For 52 percent of adults in Rhode Island, the wait to access services was 12 months or more.

The Federally-funded programs that serve adult learners are typically not large or generously funded. Again, according to the ETS report, most programs are small

or mid-sized with a median enrollment of 318 learners, a median budget of \$199,000, and a median per-student expenditure of \$626. Slightly more than half of all adult education programs (54 percent) are run by local education agencies. The majority of programs offered classes more than 40 weeks per year with 4-6 hours per week of instruction the most common category of class time. Only 17 percent of adult education program staff are full-time employees who work more than 35 hours per week. Part-time staff account

Despite the federally-funded adult literacy system's modest profile, it achieves results that suggest it is already making a substantial contribution to the overall education and workforce development system. In 2006, the Federally-funded Adult Education State Grants program run by the U.S. Department of Education's Office of Vocational and Adult Education (OVAE) received the highest possible rating—effective—from the Office of Management and Budget using its Program Assessment Rating Tool or PART. The PART report identified the percent of adult education students who obtained a GED or high school diploma increased by 55 percent from 2001 to 2006, and the Federal cost per GED or diploma was \$3,081 compared to a range of \$12,000 to \$90,000 for other Federal job training programs. In addition, according to the ETS report, "Overall, a little more than one-third of learners completed an educational functioning level by the end of the program year" with the largest percentage of completers coming from the ASE level. On average learners participated in adult education for under 100 hours during the year.

Through the U.S. Departments of Education, Labor, and Health and Human Services and the National Institute for Literacy, the Federal government has played and continues to play a significant role in supporting adults to achieve the literacy skills and abilities they need to find and hold jobs, prepare for postsecondary education and training, and function effectively within their families and communities. Within the broad guidance of WIA and the NCLB, the Institute's defining responsibility has been to provide the information, resources, and support that would lead to stronger and more effective literacy programs.

The Institute works in collaboration with other Federal agencies and non-governmental organizations in order to convene leaders and innovators to advance a comprehensive literacy agenda that will protect the United States and its citizens into the future. The Institute also customarily consults with nationally recognized experts and stakeholders to identify gaps in knowledge and capacity that other organizations have not addressed and worked to close. Integrating knowledge, research, and practice is at the heart of our work to deepen public awareness and understanding of literacy as a critical national asset.

The National Institute for Literacy: Leadership and Impact

Since its inception, the Institute has chosen its projects and used its resources strategically to accomplish its goals. The Institute's annual appropriation under WIA has never exceeded \$6.6 million, so we strive to make only investments that leverage other agencies' work or develop an idea or approach that stands to advance the quality of adult literacy services. The Institute's Advisory Board—composed of 10 members appointed by the President—has provided advice that has helped keep the Institute focused on what's most important for its programmatic and operational activities.

I'd like to share with you just a few highlights of our recent and on-going work. In the past several years, the Institute, with funding from both its WIA and NCLB appropriations, has provided leadership in developing and disseminating resources that support improved reading instruction for adults based on the most rigorous and recent research available. The Institute convened and worked closely with a panel of nationally recognized adult reading researchers to produce the first systematic review of the literature on adult reading research and instruction. The resulting report, *Research-Based Principles for Adult Basic Education Reading Instruction* and an online reading diagnostic tool, *Match-a-Profile*, have become the basis of workshops, conference presentations, and a practitioner handbook that the Institute is making widely available in print. The Institute also plans to develop an online course using the handbook content to provide greater access to interested practitioners.

The Institute's work on adult reading also offers an excellent example of the way in which agencies can complement and advance each other's work without duplicating it. In this case, the Institute's *Research-Based Principles* report was adopted by the U.S. Department of Education's Office of Adult and Vocational Education (OVAE) and used as the underpinnings of the *Student Achievement in Reading (STAR)* project. The STAR project, a multi-state effort to promote effective reading instruction at the state and local levels through site-based reform, extends the reach of the research findings through comprehensive technical assistance. In addition,

the report's findings and the Institute's online reading diagnostic tool also inform a reading toolkit that OVAE has developed as part of STAR.

The Institute's collaborative efforts and support for research also have included joint efforts with the National Institute for Child Health and Human Development (NICHD). For the past five years, the Institute, OVAE, and NICHD have supported a joint national research program on adults' acquisition of reading skills. All three agencies have contributed funding to this effort, which is managed by NICHD to ensure the highest standards of research rigor. At the program's inception, the Institute worked with NICHD on a series of technical assistance workshops on research design and related issues to encourage the broadest possible participation in the program by educational researchers.

Building on the Institute's deep involvement in funding, translating, and disseminating reading research, the Institute is now leading an effort under the auspices of the Interagency Coordination Group for Adult Education to develop an adult literacy research agenda. This group is pursuing comprehensive and preventative approaches to addressing the findings of the NAAL and focusing resources across Federal agencies to ensure that all adults have the opportunity to gain literacy skills and to become successful in all areas of their lives. The Institute supported webcasts of the events and continues to offer the video on its website (www.nifl.gov).

Using information from six Federal agencies with a stake in improving adult literacy, including the U.S. Department of Labor, the Institute is developing a research agenda. Our intent is to finalize a document that represents an interagency consensus on federal research priorities in adult literacy to inform future investment decisions. Agencies could

As an initial step, the Departments of Labor and Education are considering jointly funding a secondary analysis of the NAAL data. This additional analysis could serve to further the understanding of correlations between literacy, education levels, employment in specific industries, language barriers and economic status. These important correlations are not addressed in the current report and would help inform how the public workforce system assists individuals with literacy challenges.

The Institute, its Federal partners, and adult literacy providers have learned the value of looking to the research to guide their activities. In fact, the Department of Education has an on-going rigorous evaluation to gauge the impact of an enhanced English as a Second Language (ESL) curriculum on the English reading, writing, and speaking skills for adult ESL students. This study will provide valuable information that strengthens the research base and will help improve program services. Experts advising the Institute on ESL literacy research and services note that more study of English Language Learners' acquisition of basic skills could deepen our understanding and lead to further improvements in practice.

Many questions remain unanswered concerning effective program models, curriculum, instructional approaches, and other service-delivery issues. For example, even today, research has yet to be conducted that compares the benefits of an instructional program for English language learners with reading and oral language components to instruction that concentrates on building reading skills alone. There is also great need for information about how best to integrate the teaching of vocational skills with basic literacy skills, including English language literacy, so learners can advance in their jobs more quickly. Research to inform English language learners' transitions from one level to the next—from English as a Second Language (ESL) classes to Adult Basic Education (ABE) classes, from ABE to GED; and from GED to post-secondary education and training—is lacking and yet essential.

Using the available research to inform practice has been a priority in the adult literacy field and continues to be. For example, the Institute has coordinated interagency efforts to review the literature on adolescent reading. The initiative has produced a guide for teachers on evidence-based instructional practices for improving adolescents' literacy skills as well as a publication for parents and another for school administrators. The Institute expects to publish all products by the end of this calendar year.

The Institute has made a sustained commitment to two projects that pioneered new approaches to adult literacy services when they were first introduced and now, though no longer new, improve the rigor of those services. In the late 1990s, the Institute began the Bridges to Practice project to train adult literacy practitioners to recognize adults with learning disabilities and teach them with appropriate methods. Bridges was one of the early efforts in adult literacy to translate the findings from rigorous research—funded by the Institute—for use in improving instructional practice.

Earlier in the 1990s, the Institute envisioned and developed a completely new use of technology to improve teaching and learning in adult education through a project called the Literacy Information and Communication System (LINCS). LINCS estab-

lished the first online portal to instructional resources, websites, reports and other information useful to adult literacy administrators, teachers, and tutors. The Institute also offered assistance on using technology and introduced the use of discussion lists. Now, using new, more stringent selection criteria, the Institute is emphasizing the quality of materials it provides through LINCS, maximizing the capacity of its regional centers as the Institute's dissemination arms, and focusing the discussion lists on serving as professional development tools.

Technology continues to present important opportunities to extend and improve adult literacy instruction. Because of the demands of work and family, adult learners constantly struggle to find time to attend classes. And yet the amount of time dedicated to learning is extremely important, especially for beginning English language learners. For this reason, greater use of technology as a tool to extend classroom learning and to develop anywhere/anytime-learning modules could improve both access to services and opportunities to learn. A few initiatives already have begun making workplace-related curriculum for English language learners available to students with iPods or MP3 players. Building on these efforts to exploit technology to make it easier for more adults—not just those enrolled in programs—to spend time learning language, literacy, and workplace skills would represent a great step forward for the field.

And finally, I would like to share with you information about our dissemination activities. Beginning with the passage of the Reading Excellence Act in 1998 and continuing with No Child Left Behind, the Institute has led an interagency effort called the Partnership for Reading to develop and publish a variety of resources on reading for a wide audience concerned with literacy across the lifespan. To date, the Institute has funded on behalf of the Partnership the distribution of more than 13 million copies of its publications on reading research, instruction and adult literacy to teachers, principals, administrators and families. Under the auspices of the Partnership, the Institute is also leading and funding the National Early Literacy Panel to synthesize the literature on how young children from birth through age five learn the skills that will prepare them to be successful readers. The report's findings will then become the basis of new materials for families, early childhood centers, business, and policymakers.

What I've discussed today suggests reason for optimism. We live in a great Nation. Our economic, scientific, and social success is built on a promise that all adults and children will have the opportunity to develop the literacy skills they need to function effectively in society, achieve their goals, and develop their knowledge and potential. This has been America's promise since it's founding and it remains so today. It is the legacy we leave our children and the hope we offer immigrants who come to this country to build a better life for themselves and their families.

But, there is sobering news. More than 10 years have passed since the first national survey of adult literacy, and our most recent assessment of adult literacy in 2003 tells us little has changed during that time. Approximately 93 million adults still cannot read above a basic level and even more cannot perform simple, everyday quantitative literacy tasks required in this society. They as individuals and we as a nation are not well prepared to face the dramatic changes already underway in the workforce.

It's not too late to change this picture. Adult education is increasingly positioned to serve as a full partner in a national effort to prepare adults for postsecondary education and job training. And the National Institute for Literacy, in collaboration with its federal and non-government partners, stands ready to continue its work to improve opportunities for adults, youth, and children to acquire the literacy skills they need to thrive in our increasingly complex and literate society. Literacy skills are the building blocks for success in our families, in our schools, in our communities, and in our economy. Let's make sure every individual in our Nation has those skills.

Thank you, Mr. Chairman, for giving the Institute this opportunity to address the committee.

Mr. TIERNEY. Thank you.

And as we said, that will be entered on the record. We don't mean to be rude to the witnesses, believe me. We want to hear what you have to say, but we also want to get a chance to ask some questions before they start calling for votes downstairs and everybody's day gets prolonged on that.

Mr. Jurey?

**STATEMENT OF WES JUREY, PRESIDENT AND CEO,
ARLINGTON, TEXAS, CHAMBER OF COMMERCE**

Mr. JUREY. Mr. Chairman, members of the subcommittee, thank you for inviting me to testify today.

I am Wes Jurey, president and CEO of the Arlington Chamber of Commerce, here to testify on behalf of the U.S. Chamber of Commerce, where I serve as chairman of the Institute for a Competitive Workforce, a 501(c)(3) affiliate.

I have provided you with my written testimony. It has very specific recommendations. But I thought I would focus the oral testimony on what I believe to be the real impact of those recommendations, where, as you say, the rubber meets the road, when the local workforce investment board is trying to deliver on the promise of WIA.

In preparing for these comments, I met with and talked to a number of people at the federal, state and local levels who I have worked with in the past. And I think we concurred on two things.

One, that this is an opportunity to make significant enhancements to WIA that will better serve the people we are trying to serve: workers wanting to get a better job or workers needing training to be employable, and the employer who needs that very smart, skilled workforce. Because we recognize, in an innovation economy, we really need highly trained and smart, innovative people.

My introduction to the Department of Labor occurred very rapidly. When I took on the role of the El Paso Chamber of Commerce, I was confronted with the loss of 29,000 jobs in the garment industry. They were going offshore, they were not coming back, and that represented 11 percent of all the jobs in our labor market.

I quickly became acquainted with the Department of Labor. The outcome was a \$45 million grant. The goal was to put these ladies back on the employment rolls, who were at the time picketing my office. They were mostly middle-aged, Spanish-speaking women with few transferable skills, and they were looking to us both as perhaps a cause and as an answer.

They were surprised when I invited them into the Chamber and asked them to join our team and think about how we would work with them. And we moved rapidly forward until 3 months prior to the end of the 3-year grant period, when the workforce board called me and said, "The good news is we have trained thousands of these displaced workers. The challenge is, we have only secured about 67 jobs for thousands of workers. Can you help?" And in 30 days we posted over 8,000 job openings for over 4,000 initial trainees.

My point in telling you that story is, under WIA's current regulations, what I have just described could not have been done. The processes, the procedures, the applications, the formulas, the ability to be that flexible and that focused on that significant of an occurrence simply would not have happened.

The second point I would like to make on that is that the employers were there in a very structured way from the beginning. They were a part of thinking about the challenge. They were a part of thinking about the solution. And they were bought into the need for the retraining and the eventual hiring of these individuals.

A related matter I would like to briefly about: one-stops. They are one of the critical parts of WIA, and yet many of them operate without true integrated partnerships that engage higher education, public education, the publicly funded system and employer-based organizations. And in a structured manner, when you bring those parties to the table, they work effectively.

We created a one-stop in El Paso that housed 47 separate tenants, including the community college and one-stop. We created a similar one in Arlington. But in both cases, again, private non-WIA dollars were brought to the table in significant ways to enable that to take place.

The third thing I would like to briefly mention is funding: how do we simplify funding so that when, for example, we are confronted with trying to introduce new curriculums to allow RFID technologies to be used on a General Motors assembly line, it can impact 2,400 jobs; it doesn't take 3 months and many lawyers to accomplish that feat and that task.

We have really moved rapidly from the shade tree mechanic, if you think about skills needed, who did physically tighten the bolts on the engine to the computer engineer who operates the automated robotically driven assembly line at General Motors today.

From a board perspective, I would like you to think about how we engage employers, how easy it really is to bring them onto the board. There is far more structure for everyone who is a member of that board except the employer.

And yet when the grant we talked about or the contract we talked about was struck between the Workforce Commission, the local board, our chamber and the Ft. Worth Chamber, it took attorneys 3 months to be able to do it within the current system, even though the outcome was that we doubled the number of employers in less than a year using Work in Texas.

Lastly, in summary—I know I am down to those last minutes—you saved the Southern states for last; we do talk a little slower—I would like to make four points.

As you frame these issues going forward, think about how these funds can be somewhat simplified and made a little more flexible. How can we ensure that local boards address the true needs they are encountering?

How do we, secondly, spend more of the dollars on training or re-training or incumbent worker training?

Third, how do we actually incentivize innovation and employer engagement?

And fourth, how do we really focus performance measures on things that matter?

And I will use as my final example a workforce board I know that was highly successful in moving workers from the welfare and unemployment rolls to becoming employed. And then on the audit, the thing that mattered was the procedural issues rather than the fact that the true outcome of moving many, many people out of unemployment and welfare and onto employment rolls was overlooked in that process.

I would be happy to offer to work with the committee on behalf of both the Arlington and U.S. Chambers as you process through these opportunities to really think about how we structure a na-

tional system truly needed to ensure that we have the workforce of the future.

Thank you.

[An Internet link to Mr. Jurey's prepared statement follows:]

<http://www.uschamber.com/NR/rdonlyres/esckw76mozy3656dukd7mdg3q7spy3zdgfxajcrb5zxcm4p3jmf6ylim5hgicocwd2gmnqw457u4x62spm.xoctlha/070628-wia-testimony.pdf>

Mr. TIERNEY. Thank you, sir.

Mr. Ferguson?

**STATEMENT OF BRUCE FERGUSON, JR., PRESIDENT AND CEO,
WORKSOURCE**

Mr. FERGUSON. Mr. Chairman and other distinguished members of the subcommittee, I am Bruce Ferguson, Jr., president and CEO of WorkSource. We are the regional workforce board serving northeast Florida and the Jacksonville region.

This afternoon I want to take some time and speak to some issues that are of utmost importance to us as you work toward reauthorization of WIA.

Businesses and jobseekers are operating and working within the reality of a global economy. It is critical that WIA be reauthorized so that we can help our businesses and our workers compete on a global scale.

It is imperative that we keep the private-sector leadership of our system intact. In fact, we would recommend that based on our experience that you consider local boards having a super-majority of private-sector members make up the bulk of the board.

With the business in charge of our local system, we have transformed our organization. We have shifted our priorities and asked, how can we operate differently to better use the funding that we have and leverage resources from our partners?

Those partnerships that are encouraged by WIA have been another driving force in our success. One partner that is invaluable to our system is economic development. Working with Cornerstone, our regional economic development organization, provides us insight into the targeted industries and their skill needs in our region.

That insight in local labor market conditions led us to major policy changes. In the Jacksonville region and through Florida, unemployment is at record lows. We have changed our entire training strategy to reflect the businesses' need for just-in-time training. Businesses cannot wait for 2 to 4 years for skilled workers. They need them now.

Last year we trained over 2,800 training graduates; 85 percent of those trainees were through skills upgrades. And 15 percent were funded through the traditional ITA methodology.

But even more importantly, 90 percent of our training investment in trainees were in those regional targeted industries, and that is good for business and that is good for workers. We are trying to encourage workers to go into the types of occupations that are in growth in our region, and that is why that partnership with economic development is so critical.

This is by design that that 90 percent went to those targeted industries. It is win-win for both those businesses and for the workers for opportunity, for advancement, as well as job security.

With greater flexibility in funding, we also need and can begin to design an effective workforce pipeline for all young people. We believe in career academies that work, where students can graduate with valuable skills and industry-recognized credentials that lead to real employment right away or to advanced education.

An example of that that is working right now in our region is the Aviation and Aerospace Academy in St. John's County, Florida. Aviation and aerospace is a targeted industry, and this academy prepares students by connecting learning directly to earning.

Students that complete the program not only have great job opportunities and the ability to further their education, that education will be furthered with one of the higher education partners Embry-Riddle Aeronautical University. Those students are earning industry certification and college credit while they are in high school.

We must also provide a flexible workforce system that engages workers at every stage of their career, offering skill advancement either in the classroom or on the job. The focus of a successful career development system, one that supports businesses and business growth and global competitiveness, is not focused solely on job placement. It centers on the skill sets required by local industry and how workers can obtain those skills through education, training and job succession.

WIA funding of the workforce system is still based on a concept of equity rather than competitiveness. While we certainly recognize it is important to help everyone engage in meaningful work, a funding formula based primarily on unemployment doesn't address the needs of our businesses or workforce in the current state. It doesn't help us compete in the global economy.

Our economic development partners today are not just competing against typical regional rivals. We are facing increasing competition from countries such as Malaysia, India and China. Our workforce and education systems need to reflect the current reality of global competition.

Currently, funding is delivered in silos based on categories of workers. We need funding that is flexible and allows us to react to local labor market conditions. We realize there is no one-size-fits-all formula. But based on measures solely on unemployment penalizes states that have put people to work but now need help building workforce skills to expand business.

Our great state of Florida had the foresight to design a system that takes the best of what WIA had designed and build an even more integrated system involving WIA, Wagner-Peyser Welfare Transition and other funds under one local umbrella to be decided as to how to spend those dollars best to meet our regional needs.

Reauthorization needs to expand that flexibility, eliminate meaningless silos, and create a funding formula that recognizes 21st-century workforce challenges.

Mr. Chairman, that concludes my remarks, and I welcome any questions. Thank you.

[The statement of Mr. Ferguson follows:]

Prepared Statement of Bruce Ferguson, Jr., President, WorkSource

Introduction

Chairman Ruben E. Hinojosa, Mr. Keller, and the other distinguished members of this Subcommittee: my name is Bruce Ferguson, Jr., President and CEO of First Coast Workforce Development, Inc., known locally as WorkSource. We are the Regional Workforce Board of Northeast Florida, the Jacksonville area, serving Baker, Clay, Duval, Nassau, Putman and St. Johns counties in Northeast Florida.

In my testimony today, I would like to briefly speak to the areas of governance, training, life long career services, performance outcomes and funding, and why I believe these issues are of utmost importance as you work toward reauthorization of the Workforce Investment Act (WIA).

For perhaps the first time in our history, local workforce boards are challenged to provide services within the reality of a global economy. Prosperity in the New Economy requires a highly skilled and productive workforce. Throughout the United States, worker skills and the preparation of workers have been identified as two of the greatest competitive challenges facing the nation's communities today.

The Workforce Investment Act, the foundational legislation by which workforce investment boards are authorized to offer labor exchange and training services, is under consideration for reauthorization. I am pleased to be here today to let you know what we think is working—and what needs more work.

What the WIA Legislation Got Right

WIA created 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 WIA 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 was finally delivered in response to the local labor market. 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.

Training Strategies Mandated by Global Competition

In the Jacksonville region, we have changed our entire training strategy to reflect business' need for just in time training. Business can no longer wait 2—4 years for skilled workers—they need them now. We have dramatically changed the way we deliver training—93% of our training budget last year was used to fund skills upgrades for employed workers. The traditional method of funding training through Individual Training Accounts (ITAs) costs us an average of \$4,000 per trainee and may take from six months to two years to complete. Our Employed Worker Training program cost averages less than \$500 per trainee and is delivered in a few short weeks or months, at the business partners' discretion. Training in the workplace does not incur any additional supportive services costs such as childcare or transportation. We also have a partner in case management; the company's HR department helps us track career advancement and completion points.

Last year, we had 2,835 training graduates, 2,427 of which were trained and certified at the job site as part of the workday. Only 408 trainees, or 15%, were funded

through traditional ITAs. As you can see in the chart on page 5, over 90% of our training investment went to regional targeted industries as defined by our economic development partnership. I want to stress that this is by design. Since our region has determined that these industries are the ones we want to grow and recruit, we need to ensure that we invest our limited workforce funds in these industries. This is a win-win for businesses and for workers. Businesses get the skilled workforce that they need in order to be competitive, and workers attain skills in industries that are growing and expanding in the region leading to advancement opportunity and better job security.

Industry	Number	%
Transportation/Logistics*	123	4.3
Health & Bio Medical*	279	9.8
Manufacturing*	1448	51.1
Information Technology*	178	6.3
Financial Services*	74	2.6
Business Services*	463	16.3
Government	13	.5
Construction	74	2.6
Automotive	0	0.0
Service Industry	118	4.2
Legal Services	5	0.2
Other	60	2.1
TOTALS	2,835	100.0

* Cornerstone Targeted Industry – Over 90% of trainees in these targeted industries

In our new training model, business is more than a partner; it becomes an investor in the system. Federal law mandates that business contribute at least 51% of the cost of customized training; in our experience locally, business is contributing about 65% of the cost. To us, this indicates that if you design the right system, business is willing to invest in it.

Atlantic Marine, a shipbuilder in Jacksonville, FL, was experiencing challenges with its workforce. The company employed about 600 workers in two categories: welders and shipfitters. Welders came on board and assembled plates and decks in the first part of a ship's construction. After the welding was completed, the company laid off many welders and hired shipfitters, whose job it was to assemble the components of the hull. This hiring and layoff cycle was creating both morale and quality problems. Workers were less productive at the end of the project, anticipating layoffs. The shipfitters' productivity was impacted during their phase of the project by having to correct mistakes left behind by welders. Turnover was high due to the unstable nature of the work.

WorkSource developed a customized training program for Atlantic Marine's workers. Approximately 230 employees were cross-trained, building shipfitting skills among welders and turning shipfitters into certified welders. The cross-training was developed by senior WorkSource staff with Atlantic Marine's HR Director, and delivered through instructors from the Hobart Institute of Welding Technology. The welding curriculum included flux core, fabric

Atlantic Marine's workforce morale improved dramatically. Stable employment helped workers focus and be more productive on the job. The workers' salaries increased an average of 25% to 30%, based on their increased value to the company. Quality on the job increased, as well. The welders were more attentive to quality issues, since they would be employed as shipfitters on the second phase of construction, and would have to correct any quality problems themselves.

While business is the target of this strategy, workers receive the greatest benefit from getting certified training in the workplace. Many of our education partners are having trouble finding the capacity to train students. Classrooms are full; students have to wait months, even years, to get traditional classroom training. They also have to try to balance family, job and transportation issues to attend traditional classes.

Many lower-skilled workers have struggled in a traditional classroom setting. They are more likely to succeed when the training is in the context of the work they do every day. Taking learning out of the classroom and into the workplace has reinforced the relevancy of education, allowing workers to see the direct application of obtained skills. This “pull” system helps workers advance up the career ladder, creating opportunities for entry level workers to obtain employment. In an era of low unemployment, where retention of workers is critical to the company’s success, investment in training builds worker loyalty and earning power. Companies don’t learn skills, workers do, and when workers have the skills that are in demand in the marketplace, they will always be able to find jobs that provide economic self-sufficiency.

In 2006, WorkSource provided more than 2,400 individuals with training in the workplace. This effort was supported by our community college partners who trained over 80% of our customers, and the training was accomplished as part of their normal workday. Eighty-three percent of these graduates were in medical occupations, the vast majority of them graduating to become nurses, an occupation that is experiencing a critical shortage in Florida. Through one of WorkSource’s job training programs, the Career Advancement and Retention Challenge (CARC), employees who are patient care technicians or health aides may move up to Certified Nursing Assistant positions, and eventually acquire nursing degrees.

Jacksonville resident Larissa Karolides was able to advance her career through the CARC program. She moved to the U.S. in 2000 from Russia, and spoke very little English when she arrived. Larissa soon began a job at the River Garden Hebrew Home, a senior care facility, where she constantly worked to improve her English skills. River Garden helped her enroll in the CARC program for Certified Nursing Assistant training, and supported her through the licensing process.

Larissa completed her Licensed Practical Nurse (LPN) training through Florida Community College at Jacksonville (FCCJ) at River Garden Hebrew Home as part of her work day. When she graduated in August 2006, Larissa’s salary nearly doubled—going from \$10 per hour to \$20 per hour as an LPN. In 2008, Larissa plans to enroll in Florida Community College’s Registered Nurse program to obtain her certification.

Building a Workforce Pipeline that starts with our K-12 Educational System

Each year WorkSource serves about 1,000 at-risk in-school and out-of-school youth. These are young people who come from foster care and the juvenile justice system, youth with disabilities, and children of incarcerated parents. We are very pleased with the results we have witnessed while assisting these youth. We are deeply committed to helping the most in need, recognizing that they are an important part of our future success. We would also like to point out, however, that they represent only a fraction of the workforce of tomorrow that is so vital to our future.

With greater flexibility in funding, we can begin to design an effective workforce pipeline for all young people. The pipeline starts with a partnership between the workforce and education community, bringing them together to create contextual learning experiences. We believe in creating Career Academies that really work—where students graduate with valuable skills and industry recognized credentials that lead to real employment right away.

A Career Academy Model that Works—St. Johns County, Florida

An example of a system that works is the Aviation and Aerospace Career Academy, located in St. Johns County, FL. The Florida Choices model helped the local school district develop an aerospace / aviation curriculum for middle school students. The program showcases this regional targeted industry and prepares students to enter the Aviation and Aerospace Academy (AAA.) The curriculum emphasizes science, math, aviation and aerospace engineering. Students completing the AAA program of study not only have job opportunities, but the ability to further their education at one of the country’s top aeronautical universities, Embry Riddle Aeronautical University (ERAU.)

Articulation agreements lead students to several bachelor level degrees at ERAU: Aeronautical Science, Aviation Maintenance Science, Aeronautics, Aerospace Electronics, Aerospace Engineering, Aerospace Studies, Air Traffic Management, Applied Meteorology, Aviation Business Administration, Aviation Management, Civil Global Security and Intelligence Studies, Human Factors Psychology, Human Factors and Systems BS/MS, Safety Science, Science, Technology & Globalization, and Space Physics.

Students may graduate from the Aviation-Aerospace Academy with up to 24 college credits in Aviation Maintenance Technology. Graduating students have a real choice; they may enter the workforce immediately with an industry certification

-Aviation Maintenance Technician with an FAA Power Plant Rating -or they may enroll at the university level to further their education. Students in the Aviation or Aerospace Engineering program of study may also graduate with 24 credits and continue on to a post-secondary institution to complete their bachelor's degree in only 2 years—saving them about \$20,000 in tuition costs.

This is the real purpose of a workforce development system—to create a talent pipeline that engages students at an early age in thinking about work and the relationship between learning and earning. We have always been committed to serving students at risk; to be competitive in the global economy, we must also be sure to include the entire workforce of tomorrow. We believe that the workforce system should be funded to support the education system by providing meaningful career advice to young people while they are making critical life and education choices. We need to reach them while they are still in school, instead of waiting until they have left the classroom.

Life Long Career Services

After school, 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.

WIA promised a new system where “placement” no longer needed to be followed immediately by “termination.” The vision was that this change would result in a shift from short-term “episodic” fixes to a system where individuals could access information and services continuously throughout their lifetime. The focus was on opportunities for low-wage workers to benefit from the workforce investment system. This was truly a step in the right direction. Now, after 10 years of experience, we know where improvements can be made to the system.

WIA mandates that services are delivered through a Core/Intensive/Training matrix. We have found a high degree of customer dissatisfaction with this methodology. Job-seekers, especially at the entry level, don't understand the dynamics of the local labor market, nor how to pursue their career options within the reality of the marketplace.

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 entity), and our community college and training partners have come together on an innovative project that has established Northeast Florida as an undisputed leader in workforce preparation. Named “R3 Formula for the New Workforce”, this strategy encompasses 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

WIA 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 doesn't address the needs of our businesses or our workforce. It doesn't help 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 years ago. Today, our economic development partners are not just competing against typical regional rivals in Georgia, North 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.

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 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 recognize that our economy may be completely different than that of a Detroit, Michigan or an Albuquerque, New Mexico. A onsize-fits-all approach to funding, based on measures like unemployment, will penalize states that have put people to work and now need help to build workforce skills and expand business.

We've spent ten 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.

We believe that, with a flexible system, we can really make a difference. The State of Florida had the foresight to design a 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 WIA, Wagner-Peyser, Welfare Transition, Food Stamp Employment and Training, and Veterans funds and funneling the integrated funding through the regional workforce boards, we have been able to shape our policies and training to meet our local business needs. Florida's (seasonally adjusted) unemployment rate for May 2007 was 3.4%. Florida has

consistently had the lowest unemployment rate of the ten most populous states and continued to be below the national average.

Since 2002, Florida has recorded 57 consecutive months of job growth, more than any of the populous states. Today, unemployment rates in our region hover around 3%, and we have reduced the dependence on public assistance from 12,000 families to a caseload of around 600. [Source: Workforce Florida, Inc.] These milestones have been reached through leveraging of resources and partners. 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.

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 real credentials for High School graduates. Funding streams must be merged 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 issues 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 on unemployment and poverty rates won't lead to our workers obtaining the skills to compete in the global economy.

Chairman Hinojosa, 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.

Mr. TIERNEY. Thank you, Mr. Ferguson.

Thank all of the witnesses for their testimony today, both written and oral.

Mr. Scott, would you care to start us with a question, please? You are recognized for 5 minutes.

Mr. SCOTT. Thank you, Mr. Chairman.

I want to thank all of our witnesses.

And I noticed that Mr. Ferguson and Ms. Ganzglass both mentioned certification of workers. I assume this would mean that a person could go into a jobsite and say I have been certified as a waiter or even a housekeeper or an events housekeeper or anything, so the employer wouldn't even have to interview the person; they know they are qualified and can get right on to hiring.

Do I understand that right?

Ms. GANZGLASS. I think that is part of it.

There are two parts to the certification issue. One is that employers recognize the certificate, and it has value in the labor market.

The second is also to make sure that they aren't dead-ends in training, so people can continue their education and training and perhaps move on over time. And too many of our programs really don't have the certification or the credit, in education terms, that goes with the training, so they become dead-end training.

Mr. SCOTT. How do you decide what credentials are needed? Is that decided on a local basis or a national basis?

Ms. GANZGLASS. On a local basis, but I will turn to—

Mr. FERGUSON. For us, we certainly have local targeted industries and so forth. The state of Florida also determines statewide targeted industries. Some of those overlap.

The best example that I can give of the certification is in using that skills upgrade training for workers, particularly at the entry level, is something we have done with our medical industry. We have a Career Advancement and Retention Challenge, where we have gone into some of our hospitals and nursing homes and engaging those individuals that may be employed as a patient care technician that employers have identified could be certified as either a certified nursing assistant or an LPN.

We have a whole group of people that we have been able to take from that certified nursing assistant kind of first job at an \$8-or \$10-an-hour wage that are now LPNs making \$20 an hour. We have some that have gone on to graduate as RNs.

So this is a long-term process. It is not a, "Get one certification, and then we will see you." It is really an income growth strategy.

Mr. SCOTT. And I assume you do labor surveys to figure out what people need to be trained for, what jobs are available.

Mr. FERGUSON. Absolutely. We specifically and only target those in-demand occupations.

Mr. SCOTT. Now, some of the proprietary schools have taken people's money for training and provided no training. Others have in 6 months converted a low-skilled worker to a high-skilled worker in just a few months.

Do you use appropriate use of the proprietary schools?

Mr. FERGUSON. We have a process in the state of Florida where any of our training providers must apply through our Department of Education to be certified and so forth. And we do use private providers as well as community colleges. Because of the community college value, probably 80 percent of our training is done through our community college partners.

Mr. SCOTT. Now, some of this training would be on the employer's dime if you weren't doing it. Is the fact that we are doing this, some of what the employer would traditionally do, does that help us attract jobs and keep jobs?

Mr. FERGUSON. Certainly one of the things that we have behind this, this is a partnership with the employer, and the employer becomes an investor in this. We typically can fund with those WIA dollars only 50 percent of the funding for the training. The employer must contribute at least half of the funding as well.

We have found over time that the employers are actually contributing in the neighborhood of 60 to 65 percent of the training costs, and that really helps us leverage those dollars. The employers are invested in this, and they want higher-skilled, more productive workers, and they are willing to invest in that.

Mr. SCOTT. When a plant closes, do you get extra money?

Mr. FERGUSON. I am sorry?

Mr. SCOTT. If a plant in your area closes, do you get extra money to deal with the influx of people that need training?

Mr. FERGUSON. We certainly have the dislocated worker funding silo that comes to us. If it is an extraordinarily large layoff, we can certainly apply to the Department of Labor for additional funds or to the state for additional funds.

Mr. SCOTT. What do you have for summer jobs for youth? Have you studied the summer jobs program?

In my other committee, I am the chairman of the Crime Subcommittee, and I was wondering if the summer jobs program has been studied to ascertain whether it reduces juvenile crime.

Mr. FERGUSON. We engage really in a year-round youth program strategy, and we specifically work through our Chamber of Commerce for those summer jobs and internships that provide the kids that are involved with that directly into the workplace so that they get a feel for real life.

And we work with Juvenile Justice and so forth to address those certain situations.

Mr. SCOTT. Any question in your mind as to whether it reduces crime?

Mr. FERGUSON. I would say that, if they are actively engaged in a work relationship. But I cannot provide you any statistics right now. I would be glad to do so.

Mr. SCOTT. Thank you, Mr. Chairman.

Mr. TIERNEY. The gentleman yields back.

Mr. Keller, you are recognized for 5 minutes.

Mr. KELLER. Well, thank you very much.

The biggest things that I hear when I talk to folks back in central Florida about what is important to them are two: Number one, they want local control and flexibility; and, number two, you want to send people into areas where they can actually get a job.

Mr. Ferguson, is that a fair summary of what you are hearing back home?

Mr. FERGUSON. That is certainly it. Certainly skilled labor availability is a major concern of our business community. And if you can't get all the people that you need, then we certainly need more productivity out of those we have got. Which is why we are investing in that skills upgrade and then allowing folks to earn higher wages, because they have greater skills sets.

Mr. KELLER. Now, I want to talk about the big issue of making sure they get a job here in a second, but let's take the local control and flexibility. It is fair to say that there are probably some industries in Jacksonville, Florida, that they have a great demand for workers that may be different than what industries in Vermont need. Is that correct?

Mr. FERGUSON. Absolutely. And even within our own state, our northeast Florida economy is much different than that of Miami and Orlando, with such a huge tourism base and so forth.

Mr. KELLER. Right.

Mr. FERGUSON. We have a very diverse economy, and we need the flexibility to respond to our own individual labor markets.

Mr. KELLER. Mr. Jurey, one of the things you talked about was the need to engage business. And I wrote down your comments. You gave an example of there were thousands of people who were trained but only 67 jobs, and you guys stepped in and helped with that.

There seems to be a couple different ways to make sure people get placed, and I want to get your thoughts on it. One is to very much engage businesses and go to your major employers, "What specific skills do you need? Do you need a photocopier? What machine? And we will get them trained on that," for example.

Or you can also say to a vendor, "Hey, we are going to hire you to provide this specific training and pay you \$4,000, but you are only going to get \$2,000 for the training and the other \$2,000 is going to come after they have worked there for a certain period of time."

What do you think about those two approaches? Do we need one or both? What are your thoughts?

Mr. JUREY. I think they both work. Your bottom line is, how do we ensure that the skills the people going through the training will receive really do match the skills needed to get a job?

And it isn't so much training to the job anymore. I will go back to the General Motors example. There was a day when you trained an autoworker to mechanically put in an engine in a car. That same autoworker today almost needs to be a computer engineer.

Mr. KELLER. Right.

Mr. JUREY. Because he is operating a computer that operates a robotic arm, puts a computer chip driven window assembly in the auto body as it comes down the row.

And so, if we don't think from the skills perspective rather than a job perspective, I think that is where you start framing the issue.

The second thing is, how do you engage employers in really defining that? Too often we let a training provider define, without a significant amount of employer input, what those skills are. And sometimes that becomes the skills that the developed curriculum already existing provides.

Mr. KELLER. Let me stop you there.

Mr. Ferguson, to overcome that, do you ever have any situation where there are literally financial incentives for the vendors providing the training to also engage in placement, to make sure that they get their people jobs? How do you make sure that that happens?

Mr. FERGUSON. When the state looks at certifying a training provider, they are looking at graduation rates, they are looking at placement rates for whatever type of training they are doing. So there are those safeguards there, and we want them to be involved in that.

Mr. KELLER. And by having local control, you can make sure that the people who are certified to be on your individual training account list are people who are working in areas where there is a need for jobs.

Mr. FERGUSON. That is correct. And—

Mr. KELLER. Let me just give you an example. For example, if I was right out of college and I thought, what kind of job would I like? I think it would be pretty cool to be a whitewater rafting

guide. That would probably be my first choice. Or maybe be a racquetball coach for my second choice. But there are probably not going to be jobs in that area. Like, in Orlando, we need welders and nurses.

Well, you would then be in a position locally to say, "Hey, we know you think that is a real cool job, but let me focus on some of these targeted areas, because we can get you placed and you can make \$20 an hour."

Mr. FERGUSON. Absolutely. Having the flexibility to say, "That is an admirable career goal, but that is not where we need to invest." We have limited dollars, so we have to ensure that those limited dollars go toward areas of greatest success, and that is our targeted industries. That is where our region has determined our job growth has the greatest opportunity, and we want to ensure that those businesses have the skill sets to grow. And that is good for the workers, because that opportunity for them to advance is going to be there.

Mr. KELLER. I don't know how much time I have left. Let me just ask one—I will wrap up pretty soon.

Let me ask you this, Mr. Ferguson. In my area, we have around 3 percent unemployment. Sometimes it goes down to 2.6 percent. Sometimes it goes up a little. It may be similar in your area. Pretty low for low unemployment.

Tell us, who are those 3 percent? Who are these people that are struggling in such a robust economy? And what do you do to help get those folks into the workforce in your area?

Mr. FERGUSON. That is truly one of the biggest challenges that we have. Some of those 3 percent are the individuals that are moving from one job to another and are out for a period of time, but there are others that are very difficult to serve and find that job.

The beauty of low unemployment is that employers tend to relax their hiring standards. So if we can go in and help them get that initial job and help ensure that they are successful and then work with that company to increase their skill set and show the value of that worker—many of these individuals have not done well in traditional education. But when you get them in the job and training in things that are directly related to what they are doing, the success rate goes up tremendously.

They don't really want to go back to school. They don't have good memories of that. So that whole income growth strategy of engaging the individual in the workplace with the business as a partner has been tremendous for us.

Mr. KELLER. Thank you very much.

And I will yield back the balance of my time.

Mr. TIERNEY. Thank you, Mr. Keller.

Mr. Yarmuth?

Mr. YARMUTH. Thank you, Mr. Chairman.

And thanks to all the witnesses.

I am going to follow up on something Mr. Jurey talked about.

And I am not picking on you.

Mr. JUREY. That is quite all right.

Mr. YARMUTH. I am actually impressed with what you said.

We had, back in April, in my office, put together a workforce development forum, which was based around our WIB office. We also

had religious leaders, we had union leaders, we had business leaders, higher education representatives.

So your comment that the process—I took this to be your meaning—needs to be expanded to a certain extent was something that was very salient for me, because what became clear in discussing this whole issue was that there were some areas of pretty serious disconnect here.

And everybody has mentioned nurses, and that is almost a universal need throughout the country, and that is pretty easy. We know that our schools can train nurses and they can find jobs.

In many other cases, what we found was businesses talking about needs for certain employees, the training being done and then there not being any opportunities for them. We found another disconnect in which labor union people said, “Well, we have got phenomenal training facilities here.” The building trades built a multimillion-dollar, state-of-the-art training facility. Nobody will use them because the business community doesn’t want to get involved with union employees.

So I guess my question is, to the extent that we are dealing with this particular program and piece of legislation, is there anything in the act or anything we should add to the act in the reauthorization that will help expand the input that we get?

And also are there any structural impediments to, for instance, making use of a union-based training facility that may be able to train people not necessarily for a specific job but, in the case of building trades, for a multitude of jobs?

I will kind of leave that open to anyone.

Mr. JUREY. Well, I think there are several things you can think about there.

One, if you look at the structure of the board itself, it is more structure than defined in selecting board members who are not employer reps than employer reps. There is very little true structure defining how you go about doing that.

And so it is almost a hit or miss when you come to employers who serve on the board. There is really not as clearly defined a role for the organizations that represent employers, and yet almost everyone else at the table engages them or attempts to. The colleges want to engage employers, universities want to, local workforce boards want to, and they tend to do it one at a time.

And a very different way for you to think about a Chamber of Commerce or an employer-based association is, we have already organized the employer community. That is what we do for a living. We have organized several thousand employers.

And if you think about using that organized framework as a way to reach out to employers, they are essentially paying us to represent them. They don’t have the time—the General Motors plant manager in my community has had to go from turning out an auto every 2 minutes off the assembly line to one every 55 seconds. And his supplier network of over 600 suppliers and assemblers have to reduce their cost to General Motors 2 percent a year in that plant so they can stay competitive. And he has 2,400 union jobs.

He doesn’t have time to stop and try to work his way through the acronym-laden alphabet soup to understand what is out there that he can work with. But if I call the General Motors plant man-

ager and say, "This is a really critical meeting, you need to be there. Here are the players that will be at the table and here is why you ought to care," he will take time out from that plant job and he will come to the meeting.

And so, you need to think, as you go through this reauthorization, about how you truly structure it to engage the employer community in those salient, meaningful ways.

The third thing that I would look at is the whole procurement process.

Here is a true, real-life story. In trying to make sure that we retain those 2,400 union jobs, that plant said, "We have done about everything we can. We are running the front-end loaders at race-track speeds. We need to look at RFID technologies. And to do that, we are going to need new curriculum developed," and so on and so on.

Well, in an effort to make sure that the dollars spent didn't get lost in admin costs, we are structuring an approach where the commission is going to finally fund the local board, who will fund our 501(c)(3) foundation, who will finally fund the university to develop that curriculum, so that the majority of the dollars are spent on real curriculum development for how to assimilate RFID technology on that highly automated robotics assembly line.

But we shouldn't have to go through four or five layers of passing the dollars through to be able to do something that simple on the procurement side of things. So, again, there are processes and procedures that seem to take precedence over getting people off welfare and into an employable job, getting an incumbent worker trained so they can move up the ladder, making way for an entry-level worker.

And if you can find ways to more effectively structure the employer role and make the procurement system a little less challenging to work through, without losing the accountability, then I think that you would see employers more actively engaged. And they would see that the programs that are offered are meaningful to them. And you might find if you somewhat formalize it, that bringing all of those strategic partners to the table, it leverages all of their dollars.

And we are in an era of scant dollars. Resources are tight. You have heard many of the speakers today talk about how to leverage employer dollars with WIA dollars. But then if you leverage community college dollars and university dollars and other dollars as well, then we begin to put the resources on the table that, as these strategic partners collaborate, can make a difference in our workforce.

Mr. TIERNEY. Thank you, Mr. Yarmuth.

I yield to myself for 5 minutes to ask a couple of questions here. Dr. Gragg and Ms. Ganzglass and Dr. Baxter, I just want to hear from you a little bit.

Do you think the current membership makeup, where the chairperson is from the business sector and at least half the board is from the business sector, strikes the right balance? Is there not enough business people on the board or too many people on your local WIB?

Ms. GANZGLASS. It is really not an area that we focus on as much as some other people perhaps, but what I was going to respond to the previous discussion I think is very relevant here as well.

The programs that seem to really be working in engaging employers and working with multiple employers and helping solve employer problems, industry problems, not just a one-time fix but actually dealing with the issues of turnover in the industry, and health care is one of those, and restructuring the job so that they are desirable jobs for people, and people don't just turn in and out, is how to engage employers.

And I have always thought that the WIA system and perhaps the WIB structure itself should much more recognize the sectoral composition of a community. Because at the moment, it is really individual employers who are appointed for whatever reason in the community that end up on a WIB. And you really need to think about it more systematically and how to interact with the sector and build into those kinds of programs as well as pathways for low-income people to enter, but then also allow low-wage workers to move up.

And so it is a much more systemic approach than sending someone to training or even an on-the-job training contract, which is fine, but the others, I think, have broader and more lasting impact in the economy.

Mr. TIERNEY. Just generally whoever might want to respond: Are we having difficulty getting the right kinds of employers on the boards?

Right now, if you have your local municipal chief executive making appointments, does that, by and large, cover a wide range of jobs and industries in that sector? Or are we finding that it narrows to far down to being a replay of the Chamber of Commerce or the Rotary but not necessarily bringing in some of the new industries, some of the technologies, things like that? Is this a common issue or one that we need to be concerned with?

Mr. JUREY. I think the structure is hit or miss. For example, right now, a local workforce investment board can choose to call the Chamber for a nominee or they can choose not to. They can choose to propose nominees from a variety of places.

And so, again, there is really not quite the focus on saying, "Have we looked within that regional economy at the drivers, and have we ensured that, as we bring those employers on the board, they do represent the emerging in-demand occupations, that they are people prepped and willing and ready and able to provide the kind of direct input needed to shape that system so that it is meaningful?"

Mr. TIERNEY. I guess the difficult part for us would be whether or not that is something you legislate or whether that is your local municipal chief executive having the vision to actually go out and make those appointments.

Is there a recommendation that that type of thing be legislated?

Mr. JUREY. Well, if you look at how most local workforce boards' language reads, it is pretty definitive on local representatives from organized labor. That is not a great, broad decision the local workforce executive director makes. It is pretty clear about cities and

municipalities and universities and education reps, but then it just said employer reps.

Mr. TIERNEY. Which I guess would be an indication. I was here and I don't exactly remember the conversation on that, but I would guess that the indication was thinking that the local person would know better what industries in their area would have these needs and be able to change from time to time and move around.

I am not sure it is working that way in my district, which is why I posed the question.

Mr. JUREY. Well, it could be something as simple as saying local representatives that would be inclusive of and representative of the general driving industry clusters in the region. I mean, there might be ways to create a little more structure in the language so that there is a little more focus so that you weren't entirely dependent on whether the man to my left is visionary or not.

Mr. TIERNEY. Thank you.

Mr. Nilsen, I just want to ask you one question before my time expires. What do we need to do to get better data here so we can really track what is working and what is not working?

Mr. NILSEN. Two things need to be done, Congressman Tierney.

One is you need information on everybody who comes through the system. Right now we don't have that. And a lot of local areas are already doing it, so if you mandate it, I don't think it is going to be a big burden on local communities.

So that we know who is getting what services, who is getting training, who is getting job search assistance, so that we know—because, right now, there are incentives to only register those people who we think are going to be a success. And locals have told us that numerous times across the country, “We want to be successful so we register those people for intensive services for training if we are going to be successful, and then we serve the others based on, you know, what is left, in a sense.”

Secondly, you need to do rigorous impact evaluations—that is, look at what is going to happen, what happens to people in the absence of a program, so that we know what works for particular population groups. That was mandated in WIA 1998, that Labor do such an evaluation and complete it by 2005. That was not done. I don't know what else you can do to get that done, but you need the rigorous impact evaluations in addition.

Mr. TIERNEY. Thank you.

I just want to close out my commentary with looking at the composition of the boards. And the section on that, the language we have now is, “Representatives of the business and local areas should be people who are owners of businesses, chief executives or operating officers of businesses and other business executives or employers with optimum policymaking or hiring authority who represent businesses with employment opportunities that reflect the employment opportunities for the local area and are appointed from among individuals nominated by local business organizations and business trade associations.”

Do we think we need to work on that language?

Mr. JUREY. I would.

Mr. TIERNEY. Would you be good enough to give us some suggestions on what you think and send that in to us? I don't mean to give you a homework assignment—

Mr. JUREY. Absolutely.

Mr. TIERNEY [continuing]. But anybody on the board that has a recommendation on that, we would be happy to hear.

Mr. Scott, you have a question? Mr. Scott?

Mr. SCOTT. Thank you, Mr. Chairman.

I would like to ask Mr. Ferguson, when we are getting our groups together to help out, are the high schools involved in what contribution they could make to making sure the young people are fully qualified and ready to work? Are they part of that team?

Mr. FERGUSON. Absolutely. They are a critical part. And our Chamber of Commerce has really taken a lead role in helping to drive those career academies and help transform those high schools. And the high schools, in particular in our St. John's County School District, is onboard and going gangbusters with that. But they are important partners.

Mr. SCOTT. And you mentioned summer jobs. Is there a waiting list for the summer jobs in most areas?

Mr. FERGUSON. There is a waiting list because the funds are very limited. We cannot possibly serve all of those who would like to participate.

Mr. SCOTT. And what do you have for people who have previously been incarcerated, in prison?

Mr. FERGUSON. We have direct relationships with our Departments of Juvenile Justice, as well as the Department of Corrections. As individuals are coming out, we have some good partnerships with some faith-based partners that provide specific counseling and assistance for those individuals as well.

Mr. SCOTT. Are those people receiving the services that they need, or do we need to do more?

Mr. FERGUSON. We could certainly always do more.

One of the things we are pulling together, many of the different faith-based—there are a lot of small organizations that are reaching various populations of those that are coming out of our prison systems. And we are in the process right now, from a board level, of pulling kind of a task force together to look at that and see how can we increase the capacity of our region to serve those. Because we have a large number coming out of our system.

Mr. SCOTT. And one last question, if I could, Mr. Chairman.

Ms. Baxter, in welfare reform we have work fairs where people have to do things, a certain number of hours of work. Should getting an education and training count toward that goal? Or should they be forced to just get whatever job is available, dead-end or otherwise?

Ms. BAXTER. In my experience, the training and the education is very important. And I think that one of the issues we have to be concerned about is that it goes just beyond getting a job but having the capacity to move along or have a career ladder for a job as well. So my answer would be that education and training is very important.

I think the existence of an organization or an entity in federal government, like the National Institute for Literacy, really spoke

to congressional concern about just the issue you are raising, and that the education and the literacy needs would not be forgotten as we were thinking about workforce development or as we were thinking about other issues that literacy plays a role in.

So from my perspective and from where I sit, it is a very important piece, yes, and should be included.

Mr. TIERNEY. Thank you very much.

All members, by unanimous consent, have 14 days to submit any remarks that they care to have entered on the record.

All of you folks, your comments will be entered on the record. We thank you very much for your testimony today.

Unless somebody has something they absolutely cannot leave without saying—and I see that nobody does—I want to thank you very, very much for your help and your assistance.

The meeting is adjourned.

[The statement of Mr. Altmire follows:]

**Prepared Statement of Hon. Jason Altmire, a Representative in Congress
From the State of Pennsylvania**

Thank you, Mr. Chairman, for holding this hearing on the reauthorization of the Workforce Investment Act.

When the Workforce Investment Act was passed in 1998 it represented a departure from the way the federal government provided services to the unemployed and underemployed. Prior to the Workforce Investment Act these services were provided by a variety of different programs that had little connection to each other. The Workforce Investment Act attempted to unify these varying programs by creating one system that could serve all individuals who were unemployed or underemployed.

In many ways the Workforce Investment Act has been successful. A recent report by the General Accounting Office on the Workforce Investment Act indicates that federal services for unemployed and underemployed workers have become more accessible under the Workforce Investment Act. Furthermore, 70 percent of employers report having hired at least some of their employees using the one-stop system created by the Workforce Investment Act, and these employers generally reported that they were satisfied with the services provided by the one-stops.

Despite the general improvements to federal job-training programs made by the Workforce Investment Act, additional changes can and should be made to further increase the effectiveness of this legislation. In particular, I would like to examine how the Workforce Investment Act can be altered to better serve the needs of the underemployed. As this committee begins the reauthorization of the Workforce Investment Act, I look forward to working with my colleagues on this and other issues, so that we can improve this critical legislation.

Thank you again, Mr. Chairman, for holding this hearing. I yield back the balance of my time.

[Additional submissions from Mr. Hinojosa follow:]

[The prepared statement of the National Youth Employment Coalition follows:]

Prepared Statement of the National Youth Employment Coalition

Chairman Hinojosa, Ranking Member Keller, and Members of the Committee:

Thank you for the opportunity to submit this testimony on the importance of federally funded youth workforce development programs, per the June 28, 2007, subcommittee hearing entitled, Workforce Investment Act: Recommendations to Improve the Effectiveness of Job Training. The Workforce Investment Act of 1998, administered by the U.S. Department of Labor, needs your continued support to have a long-term impact on the lives of America's young people.

Established in 1979, the National Youth Employment Coalition (NYEC) is a national membership network of over 250 member organizations in 40 states dedicated to improving the effectiveness of organizations that seek to help youth become productive citizens. NYEC promotes policies and practices that help young people, particularly disadvantaged youth, connect to employment and education opportunities.

NYEC strives to achieve its mission by tracking, crafting and influencing policy; setting and promoting quality standards; promoting professional development; and building organizational capacity of youth serving organizations. NYEC works at the nexus of the three fields of practice: youth development, workforce development, and education. To learn more about NYEC, visit www.nyec.org.

NYEC's membership includes a broad range of direct service providers, local and state workforce agencies, research and policy organizations, national organizations, and technical assistance providers. While NYEC members work with out-of-school and in school youth, the common denominator for the majority of the membership is their focus on improving policies and practices for youth, ages 14-25, who have been poorly served by traditional youth serving-systems and are the least likely to make a successful transition to adulthood.

The Workforce Investment Act (WIA) of 1998 represented a dramatic shift in the delivery of employment and training services to young people, adults and dislocated workers. For the youth component of WIA, this meant a greater focus on all aspects of a young person's development, not just their employment and training needs. Researchers have identified the following elements as essential in a successful youth development approach: 1) focus on strengths; 2) leadership opportunities; 3) sense of personal identity; 4) broadening of perspective; 5) safe surroundings; 6) civic involvement and community service; 7) connections with caring adults in a mentoring relationship; and 8) positive peer interactions.

While the Job Training Partnership Act (JTPA) which preceded WIA, was focused on a narrow set of short-term, stand-alone services, WIA sought to create a more comprehensive workforce investment system that focused on long-term intervention in the lives of young people. In order for long-term interventions to be successful, the system had to provide program participants with more intensive services like job training, counseling, mentoring, follow-up activities and others. Additionally, creative ways of reaching young people who were not in the public school system had greater importance because of the WIA requirement that 30% of youth funds be spent on out-of-school youth. This stimulated many localities to think outside of the box because traditional means of locating eligible young people, i.e. the public school rolls, were not applicable in this instance. WIA also targets resources on the hardest to serve including young offenders, foster care youth, pregnant and parenting youth, and runaway and homeless youth.

According to the Department of Labor's Fiscal Year 2005 Performance and Accountability Report, WIA is successful. In Program Year 2004 (July 2004-June 2005), WIA programs exceeded the Department's targets for Diploma Attainment among youth 14-18 (65% v. 53%), entry to employment for youth 19-21 (72% v. 68%), and employment retention for youth 19-21 (82% v. 79%). The Report concluded that "Results for PY 2004 continue an upward trend that began with WIA implementation in 1998. All three outcome indicators have increased from PY 2003 and exceeded performance targets. Most important is the continued increase in high school diploma attainment, given the strong statistical correlation between educational attainment and success in the labor market."

The Workforce Investment Act is not perfect. But, at its core, it does provide the basic structure upon which we can build a workforce which is competitive. Perhaps most important to our continued economic competitiveness, WIA recognizes that it is the very neediest disconnected youth, who, if reconnected to education and the workforce, can provide the greatest overall benefit to our economy. There are enough examples of successful programs to state categorically that with the necessary funding and support, the workforce investment system successfully addresses the needs of youth who are either struggling, on the verge of dropping out of school, or who have left the school system and are still in need of work related skill and academic skill development.

Unfortunately, rather than increasing support for successful WIA youth programs, funding has been cut by one-third since 2001. The current federal investment in youth employment and training only reaches a fraction of the eligible youth. About 3.8 million 16-24 year-olds lack a high school diploma or GED. According to the most recent data from the Department of Labor Federal Research and Evaluation Database, the Workforce Investment Act provides approximately 150,000 disadvantaged young people opportunities to turn their lives around—less than 5 percent of the 3.8 million low income youth who are at-risk, out-of-school and out-of-work. This is simply inadequate if we are to compete in the 21st century.

The average investment in youth in the WIA system is very small compared to the cost of juvenile incarceration, lost future productivity, and the cost of future on-the-job training. With increased competition from abroad, the high dropout rate in our public school system, and persistent youth unemployment, the need for such programs has never been greater. If we do not adequately invest in WIA, these

youth will remain on the margins, drain the economy of needed resources and not become the viable participants in the workforce that we need them to be.

Therefore, we propose the following recommendations:

Increase support and investment in the Workforce Investment Act Youth Funding Stream. Current proposals in both the House and Senate appropriate FY2007 levels (\$940,500,000) for Youth Job Training activities. This continues to be extraordinarily inadequate to meet the needs of youth job training and education programs across the country, forcing service providers to cut back heavily on the numbers of eligible youth they are able to serve. WIA Youth Activities funds should be, at a minimum, authorized at levels matching or greater than funding levels in FY 2001, \$1.4 billion.

Maintain the Youth Opportunity Program. Both the Center for Law and Social Policy (CLASP) and GAO evaluations of the original Youth Opportunity (YO) grants have shown them to be a very effective means of targeting disconnected rural and urban youth populations and to result in increased youth employment and enrollment in post-secondary education. Funding for YO should be separate and in addition to WIA Youth Activities formula funds at a minimum of \$250 million and consideration should be given to expanding eligibility for the grants.

Retain Local Flexibility and Promote Cross-Sector Collaboration. Significant pluralities of disconnected youth populate public care systems. Yet, communication and cooperation between systems is often piecemeal and inefficient. Therefore, it is in the individual and collective interest of these systems to work together to reduce the number of disconnected youth.

In addition, NYEC supports the continuation of local flexibility provided by WIA, yet recognizes that states are key to enabling local workforce development systems that are effective and accountable. Specifically, the state role in 1) coordination; 2) cross program integration; and 3) delivery of technical assistance, is critical.

States and communities should be encouraged and provided incentives to promote greater coordination and linkages between the various systems and programs that target and serve disconnected youth. In particular, states and communities should promote linkages between youth workforce development and education systems, juvenile justice/youth correction and child welfare systems, and programs that target pregnant and parenting teens and runaway and homeless youth.

Allow youth ages 14-24 to be eligible for WIA youth programs.

For disconnected youth, there currently exist very few systems which focus specifically on the difficulties of transitioning to independent adulthood. This transition period, where the goal is self-sufficiency and workforce productivity, is a unique period, and therefore needs a unique commitment. School and child welfare programs end their services at age 18. Post-secondary education and adult basic education programs focus on providing education skills, but do not teach how to live as an independent and self-sufficient adult. It is estimated that by the age of 25, five percent of youth remain disconnected.¹ For those five percent, it is crucial that programs exist to provide the services they need to become connected. In general, as WIA services are provided to in-school and out-of-school youth and seek to connect youth to employment, an expanded age range would provide more flexibility, continuity, and additional options across systems for youth.

Streamline and Expand Eligibility. According to a 2002 GAO survey of state and local workforce boards, documenting eligibility has been "difficult to accomplish and resource-intensive." State and local officials have asserted that, "many at-risk youth were unable or unwilling to provide pertinent documentation of their income eligibility, such as their parents' paycheck stub or tax return."² In addition, obtaining all of the necessary documentation is time consuming and diverts financial and staff resources away from direct service delivery. Older youth, in particular, who may not live with their families, and may be homeless and transitory, find it very difficult to produce the documents required to determine their eligibility. As a result, countless eligible youth, discouraged by the cumbersome process, never complete the registration process.

Because WIA eligibility requirements have proven to be so burdensome to service providers and so lacking in the flexibility needed to promote cross-system collaboration, we recommend that the following changes be made to streamline the eligibility process and expand income and group eligibility requirements:

¹"Connected by 25: Improving the Life Chances of the Country's Most Vulnerable 14-24 Year Olds" Michael Wald and Tia Martinez, Stanford University, p. 3.

²GAO Report to Congressional Requesters, "Workforce Investment Act: Youth Provisions Promote New Service Strategies, but Additional Guidance Would Enhance Development", April 2002, p. 29.

- Allow cross program 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. At minimum, restore the Job Training Partnership Act (JTPA) provision that allowed students who are determined eligible for free or reduced lunch under the National School Lunch Program to be automatically determined income eligible.
- Include foster youth in the out-of-school category, and allow court-involved youth or youth court-ordered to attend alternative schools in the out-of-school category.
- Amend other federal program statutes to enable federally-funded programs to share select case information with other human/youth service agencies when authorized in writing by a parent or youth age 18 or above.
- Clarify that self-certification methods, such as sampling and other methods that reduce the documentation burden, are acceptable alternatives to individual documentation.
- Increase the WIA youth program poverty guidelines to 200 percent of the lower living standard.
- Allow for school-wide eligibility (school-wide projects) for students enrolled in schools in which 40 percent of the students are Title-I eligible for free or reduced lunch.

Support a Performance Measurement System that takes into account the challenges associated with serving the hardest to serve populations. Such a performance system should be designed to capture gains over time and include progress measures based on the youth population served and type of services offered. In addition, we are concerned that excluding Literacy and Numeracy Gains measures for in-school youth may serve to push youth service providers to only provide services to out-of-school youth. Though many providers are focused on out-of-school youth, providers must have the flexibility of serving eligible in-school youth in their programs. Many of the programs funded by WIA which integrate reading, writing, and math with career and life-skills training simply are not available in the traditional educational setting. Our members report that these integrated youth services, in many areas offered exclusively by WIA funded programs, can reach the at-risk and disconnected students who are not succeeding in traditional educational settings.³

Reduce barriers to serving hard-to-serve youth populations. We believe that the common performance measures for eligible youth should include clarifying language that urges the negotiation of performance goals that reflect the challenges inherent in serving hard-to-serve youth populations, such as youth who are subject to the justice system, dropouts, youth with disabilities, pregnant or parenting, homeless and runaway youth, foster children, or former foster children. Without language that explicitly communicates that programs serving hard-to-serve youth populations cannot be expected to achieve the same outcomes as programs serving other easier-to-serve youth populations, these youth will continue to be denied access to services.

Base the formula for allocating WIA Youth Activities funds to states on youth joblessness, rather than unemployed individuals. Currently, the formula allocates one-third of funds on the basis of local workforce area relative numbers of unemployed individuals (adults & youth), one-third on the basis of the relative numbers of unemployed individuals (adults & youth) in excess of 4.5 percent of the civilian labor force in each local workforce area, and one-third on the basis of relative numbers of disadvantaged youth in each local workforce area. Employment statistics illustrate that youth unemployment is currently almost four times the rate of adult unemployment (averaging between 14 and 15 percent). Traditional unemployment numbers do not include unemployed individuals who have stopped looking for work and dropped off the unemployment rolls, and thus are not reflective of total unemployment. We are concerned that the present formula does not direct funds to the areas most in need. We propose replacing the "relative excess number of unemployed individuals" with some measure of youth joblessness, in order to reallocate the youth funding towards a focus on the areas most in need of youth workforce development funds. As the Bureau of Labor Statistics (BLS) does not currently measure youth joblessness, we recommend investment in research to enable BLS to conduct a study on how best to collect this data and integrate it into the formula.

Maintain Youth Councils or, as an alternative, require representatives with experience serving youth facing barriers to employment to serve on workforce investment boards. Youth Councils are often strong and influential in cases when Workforce Investment Boards (WIBs) and staff have empowered the Youth Council with

³Guidance regarding the measurement of interim and progress measures can be found in "PEPNet Guide to Quality Standards for Youth Programs" and "From Data to Results," National Youth Employment Coalition, 2005.

full authority and accountability for youth program development and oversight. In many of the local workforce areas, Youth Council chairs are members of their WIBs and/or their WIB's Executive Committee, and therefore, are well-positioned to make recommendations on behalf of their Youth Councils. These WIBs often ratify most of the Youth Councils' work and direction. These WIBs have strong committee structures and work with most of their committees in this manner. However, some Youth Councils experience difficulty developing beyond being advisory bodies to their WIBs. If Youth Councils are not maintained, then it is imperative to require representatives with experience serving youth facing barriers to employment to serve on Workforce Investment Boards. Representation from the youth community can help to foster and promote cross-system collaboration.

Conclusion

Federal investment, and support of effective programs such as those supported by WIA youth formula funds, is crucial if more youth are to have the opportunity to successfully reconnect to society. The long-overdue reauthorization of the Workforce Investment Act youth is the time to provide young people with meaningful pathways to employment and education opportunities in order to ensure that we remain competitive in the 21st century.

We firmly believe that the economic health of our nation depends on investments we make in youth workforce development, education, and youth development programs and that our economy will suffer if we do not increase our national investment in our emerging young workforce.

NYEC thanks the Subcommittee for its commitment to the Workforce Investment Act and to young people. We would appreciate the opportunity to work with you and serve as a resource as you move forward with the Workforce Investment Act.

[An Internet link to the prepared statement of the National Network for Women's Employment follows:]

<http://www.womenwork.org/pdfresources/Women%20Work!%20Recommendations%20for%20WIA%20Reauthorization—FINAL.pdf>

[Additional submission from Mr. Keller follows:]
[The prepared statement of Gary J. Earl follows:]

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

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

As Background, I would like to share some of Florida's WIA history with you. Florida's response to the challenges and opportunities offered by the Workforce Investment Act, the amendments to the Wagner-Peyser Act, and the enactment of the Temporary Assistance for Needy Families Act were unique. Florida was an early implementation state in the initial phases of WIA, having anticipated much of what was working its way through Congress at the time as the new Workforce Investment Act. After a long process of public hearings, stakeholder focus groups, and so forth, in Florida's landmark Workforce Innovations Act of 2000, the State Legisla-

ture established the State Workforce Board as the policy and oversight body for all workforce development activity in Florida, the Agency for Workforce Innovation as its administrative arm, and the Regional Workforce Development Boards as the local planning and oversight entity responsible for programs operated at the local level. This followed several years of discussion and reorganization at the state and local levels, as we adapted to the changes in federal workforce legislation, the movement of welfare transition programs away from a social service design to one of re-employment.

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

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

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

The genius and the key to the success of Florida's system design over the years in hitting performance goals, successfully navigating welfare reform, responding to disasters, and tackling special charges such as Florida Rebuilds (hurricane response) has been in the systems recognition of the private sector leadership at the local level as the "nexus" of workforce development activity. Who better to establish and maintain policy on labor market exchange than the local business leaders who make up the consumer base of the services provided by the system? The state law clearly established the state level responsibilities as policy and enablement, and anticipated all consolidated activities to be overseen at the local level by the several regional Workforce Investment Boards.

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

- Assisted over 38,676 employers recruit and hire,
- Assisted over 38,676 employers recruit and hire,
- Helped nearly 900,000 residents looking for work,
- Provided over \$14M in training scholarships to upgrade the skills of Central Florida residents,
- Awarded 44 college scholarships to youth,
- Helped to reduce welfare roles by 80%, saving approximately \$35M/year in welfare expenditures,
- Partnered with other agencies to help bring another \$8.5M in grants to our local area,
- Reduced infrastructure from over 1 dozen offices to 5 one-stop career centers; redirecting funds saved into other services,

- Placed over 320,000 job seekers into jobs,
- Helped over 9000 at risk youth stay in school,
- Received over 55 local, state and national awards of excellence,
- Hosted over 1000 HR professionals and CEOs at our 3 workforce summits,
- Provided outplacement services to area employers for over 32,000 individuals they had to lay off,
- Partnered with school districts to provide ESOL to hundreds of individuals who do not speak English, and
- Directed over \$100,000,000 to area organizations through contracts for services.

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

1996: New board seated in newly-configured 5 county region

1997: WAGES (welfare reform) launched

Service delivery in One-Stop began

1998: Teen pregnancy prevention kicked off

1st web site unveiled

1999: Local WAGES Board and CFJEP merged; WCF is new name

1st regional labor market study conducted

2000: Search for unrestricted resources becomes a priority of Board

One-Stop served over 65,000

2001: Workforce Watch e-newsletter began

Partnered with chambers to train businesses regarding services

President Bush visited our one-stop center after 9-1-1.

2002: Launch of Employed Worker Training as priority of Board

Board adopted policy that the employer is our customer

2003: 1st regional workforce summit held—275 attend

Board designated targeted industries, directing resources to those industries in the area compatible with area's economic development strategies

2004: Inaugural State of Workforce survey released

Mobile Express begins service

NEG response is implemented after hurricanes

2005: State and national recognition received for business and healthcare models

Katrina came ashore; staff was sent to Mississippi

Won high performing region designation

Orange County Mayor's Job Fair held for Katrina victims in area

I relate these historical facts to make a central point. Workforce Central Florida is a success story because the policies followed over that time period were generated by an overwhelmingly private sector led Board of Directors at the local level. I say overwhelmingly because we have maintained a super majority across that period, not just the required simple majority. Furthermore, we have maintained within our own bylaws a definitional requirement for a quorum that requires not just a majority of active Board members to be present to conduct business, but an additional requirement that a majority of those present must be private sector representatives. That is our corporate culture. If we are to truly ensure that the "investment" in workforce investment is to be an investment in our communities' comprehensive economic development strategies, then all expenditures and practices at the local region level must be overseen and managed by the local regional Boards. In my view, this would necessarily extend even to expenditures made under any form of Individual Training Accounts, or any of the other several labels that have been suggested for the same kind of activity. Without such local oversight, such expenditures have no more accountability than FEMA credit cards and can hardly be called "investments". I would recommend to you without reservation, that as you deliberate on improving our nation's workforce development system, that you consider similar requirements regarding the private sector leadership at both the local and state levels.

I would also like to take this opportunity to suggest a number of other recommendations which I would, on behalf of my Board and colleagues ask that you consider. As we look for ways to improve services to our primary customers the employers we need to continue to be able to identify and design program and service mixes that best fit the needs of the local Workforce Boards business community. We must go beyond "continue" to "triage and blend" the traditional State managed workforce programs with and accompanying traditional local workforce programs. One size rarely fits all therefore we recommend exploring ways to customize, mix and blend services for the local business communities. Therefore, we would ask that you: Allow Local Regional Workforce Boards the authority to operate Incumbent Worker Training (IWT). Include IWT as another arrow in the local workforce quiver of services, continue to explore eliminating the 50% match requirement for cus-

tomized training, provide that services for business should include targeted skill development for customized skill needs, allow local Workforce Boards the authority to add performance criteria for local training provider's eligibility, continue the prohibition of listing On-the-Job Training providers (OJT) and customized training providers from State Training Providers List, and we request that scarce Youth formula dollars not be used to fund new youth programs like the National Youth Challenge Grant and other future youth programs. In fact, in recent years, the Department (USDOL) has engaged in a good bit of discretionary grant-making in areas other than youth, as well. Efforts to engage Faith-Based and Community-Based Organizations are noteworthy; however, these activities have been largely conducted with little or no notice to or coordination with designated authorities at the state and local level. In the case of some of the WIRED grantees, entities (which did not exist prior to the grant) were formed specifically for that purpose without any consultation and agreement by local elected officials; creating questionable and unclear situations regarding accountability. Some large national grants were given to companies offering wages so low that such companies would not be considered for funding assistance by local authorities at the local level. Discretionary activities of the Department should be coordinated with local and state authorities, in order to ensure that such activities enhance the economic strategies of local areas.

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

Regarding accountability, we would note that in our private sector businesses, we expect to be held accountable for employee, customer service, and bottom line performance. The public workforce development system and its' local programs must also be held accountable, both fiscally and programmatically. We support evaluation measures that make sense for legislative purposes, as well as managerially meaningful for local Boards. "Accrued expenditures" must be included in any meaningful measurement system, as has been recommended by the GAO, for several years now. We support efforts to target performance standards under WIA that will help build a comprehensive, outcome oriented national public workforce system, and we would hope that there is to be room for locally developed measures, as well. We would recommend caution with implementation of any measures that may cause unintended consequences, such as a tendency to serve individuals who are most job-ready.

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

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

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

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

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

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

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

[Additional submissions from Mr. Jurey follow:]

[The statement of the Business Coalition for Student Achievement follows:]

BUSINESS COALITION
FOR
STUDENT ACHIEVEMENT

**Framework for Reauthorizing the No Child Left Behind (NCLB) Act:
Recommendations to Improve and Strengthen the Law**

The Business Coalition for Student Achievement—representing business leaders from every sector of the economy—believes that improving the performance of the K-12 education system in the United States is necessary to provide a strong foundation for both U.S. competitiveness and for individuals to succeed in our rapidly changing world. We are committed to working with all stakeholders on this essential task.

The coalition views the No Child Left Behind Act as one of the critical tools needed to transform U.S. education so that all students graduate academically prepared for college, citizenship and the 21st century workplace. NCLB and related federal, state and local policies and resources must be aligned to ensure that all students are challenged by a rigorous, well-rounded core curriculum in safe and engaging learning environments. It also must be supported by policies that bolster U.S. scientific and technological leadership.

We call on Congress to strengthen and improve NCLB provisions and funding, while respecting the fundamental features of this historic education law that are designed to raise student achievement and close achievement gaps:

- All students proficient in reading and math by 2014;
- Accountability for all groups of students reaching proficiency on annual assessments;
- Public report cards that include data on the performance of each student group;
- Highly qualified teachers in every classroom;
- Options for students in persistently low-performing schools; and
- Identification and intervention in schools that need improvement.

FOCUS ON COLLEGE AND WORKPLACE READINESS.

- Provide incentives for states to raise academic standards and improve assessments to align them with college and workplace expectations. These incentives should enable states to:
 - Improve state standards and assessments regularly, with input from business and higher education, so that students graduate from high school having demonstrated proficiency on assessments of the core knowledge, advanced problem-solving skills and critical thinking capacities needed to succeed in both postsecondary education and the workplace.
 - Develop state consortia to collaborate on the development of standards and assessments benchmarked to the best in the world.
 - Reform secondary schools and hold them accountable for increasing the graduation rate, using the common definition adopted by the nation's governors, and graduating students who are ready for college and work.
- Increase opportunities for high school students to participate in Advanced Placement, International Baccalaureate, honors and appropriate industry-recognized certification courses.

EMPHASIZE SCIENCE, TECHNOLOGY, ENGINEERING AND MATH (STEM).

- Increase and align STEM funding with the goals of NCLB and require rigorous program evaluation.
- Focus funding on scaling up programs to improve teaching and learning, such as Math Now and Math and Science Partnerships.
- Add science to the adequate yearly progress (AYP) accountability system and support state participation in National Assessment of Educational Progress (NAEP) science assessments.

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ENHANCE DATA-DRIVEN DECISION MAKING.

- Based on commitments from states, provide resources to develop statewide data systems that offer timely and accurate collection, analysis and use of high quality longitudinal data that align to district systems to inform decision making and ultimately to improve teacher effectiveness and student achievement.
- Provide educator training on the use of data to differentiate instruction for students, especially for those who are not yet proficient and those who are more advanced.

INCREASE TEACHER AND PRINCIPAL EFFECTIVENESS.

- Shift current definition of "highly qualified teachers" to a focus on "highly effective teachers."
- Focus resources on supporting and rewarding both teacher and principal effectiveness at improving student achievement by funding programs that:
 - Align preparation, recruitment, induction, retention and professional development with the knowledge and skills needed to improve student performance and to enable all students to graduate from high school ready for postsecondary education and the workplace.
 - Require the institutions and other entities that receive funding for these purposes to evaluate their impact on increased educator effectiveness.
 - Institute performance- and market-based pay programs that: reward educators whose performance contributes to substantial growth in student achievement, attract and retain effective math and science teachers and adjunct faculty, and draw effective teachers and leaders to high-need schools.
 - Develop evaluation systems based principally on improved student performance.
 - Implement policies and practices to quickly and fairly remove ineffective educators.

STRENGTHEN AND REFINE ACCOUNTABILITY.

- Amend the NCLB accountability system to:
 - Provide guidance on ways that States can differentiate among districts and schools that are close to or far from making adequate yearly progress, and ensure that resources for improvement focus on those with the highest concentrations of underperforming students.
 - Permit states to use rigorous measures of year-to-year growth in student academic achievement and other methods verified by the Secretary that are consistent with the goal of all students reaching proficiency in reading, math and science.
 - Close loopholes that allow states to use statistical means to "game" the accountability system and undermine the intent of school restructuring.
 - Require districts to provide parents with timely and easily understood information on their options and allow them to choose either supplemental education services or moving to a higher performing public school.
- Fund development of better assessments for special education students and English language learners.

INVEST IN SCHOOL IMPROVEMENT AND ENCOURAGE INNOVATION.

- Increase capacity of states and other entities to better assist schools that need help making AYP and that are facing corrective action and/or restructuring.
- Target funding, assistance and distribution of effective educators to high-need schools.
- Continue support for innovation, such as charter schools, diverse provider models and techniques that effectively integrate technology into appropriate aspects of teaching, learning and management.
- Fund R&D on promising ways to improve school and student performance.

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[The statement of Mr. Rothkopf, submitted at the March 13, 2007, Committee on Education and Labor joint Senate hearing, "Elementary and Secondary Act Reauthorization: Improving NCLB to Close the Achievement Gap" follows:]

Prepared Statement of Arthur J. Rothkopf, Business Coalition for Student Achievement

Chairman Kennedy and Chairman Miller: I am pleased and honored to be here today. Thank you for your kind invitation.

By way of introduction, I am Arthur Rothkopf and I serve as Senior Vice-President and Counselor to the President of the U.S. Chamber of Commerce.

I am also testifying today on behalf of the Business Coalition for Student Achievement (BCSA). BCSA is a coalition spearheaded by the U.S. Chamber of Commerce and the Business Roundtable. The coalition represents over sixty business leaders from sectors across our economy. BCSA is led by Co-Chairs Craig Barrett, Chairman of the Board of Intel; Arthur F. Ryan, Chairman and Chief Executive Officer of Prudential Financial, Inc; and Edward B. Rust Jr., Chairman and CEO, State Farm Insurance Companies.

Together, we are committed to achieving the goals of No Child Left Behind (NCLB). We strongly urge Congress to act swiftly this year to reauthorize this law and strengthen its core principle of accountability to ensure that all high school students graduate academically prepared for college, citizenship and the 21st century workplace.

The United States in the 21st century faces unprecedented economic and social challenges: global competition, the retirement of 77 million baby boomers, and the fact that 90% of the fastest-growing jobs will require some postsecondary education. It is for these very reasons that a recent survey of our affiliated chambers from around the country rated workforce and education reform as their number one priority. The business community is very much in tune with what is happening—or not happening—in our school systems. That's because it is business that hires the graduates and must rely on the end product of those schools. No one is more in touch with both the successes and the failures.

Last week the U.S. Chamber issued a report providing further confirmation of the need for the business community to be deeply concerned about the state of education in this nation. The research for this report entitled, "Leaders and Laggards: A State-by-State Report Card on Educational Effectiveness," was carried out on behalf of the Chamber by the Center for American Progress and Frederick M. Hess of the American Enterprise Institute. The report analyzed existing state-by-state data related to academic as well as key business metrics such as innovation, flexibility, and fiscal prudence. Building upon the research in Leaders and Laggards, the U.S. Chamber and the Center for American Progress released A Joint Platform for Education Reform, which echoes the U.S. Chamber's proposals for a stronger education system. These proposals include: better teaching, more innovation, better data, and better management.

The study found that K-12 public education has been an abysmal failure. This poor performance threatens the future of our children and America's competitive position in the world. This is made clear when looking at the academic achievement of fourth and eighth grade students based upon the National Assessment of Educational Progress (NAEP).

Even in Massachusetts, which has the highest percentage of 4th and 8th graders scoring at or above the proficient level on NAEP reading and math—less than half of all students meet this target. Overall, only about one-third of all 4th and 8th graders in the country are proficient in reading and math.

The data is even more disheartening for the academic achievement of low-income and minority students. In our report, we graded states on a curve from A to F. Of the nine states which were awarded an "A"—not one had an average percentage of 4th and 8th grade African Americans above 22 percent in math and reading. The results for Hispanic students were nearly identical.

Our report highlighted what has also been a fixture of our current education system—an unacceptable level of student dropouts. Only about two-thirds of all 9th graders graduate from high school within four years and only about half of minority students.

Even among those students who do manage to graduate and move on to college, at least 40% have to take at least one remedial course when they get there, indicating that high schools are not adequately preparing students for the rigor of a postsecondary education curriculum. Businesses report the same dismal results for young people that they hire.

This is directly related to another significant finding of our report—the lack of rigor in state academic standards. States were graded on the quality, rigor, and specificity of their academic standards. Only four states were given an A for their standards. Furthermore, only eight states have aligned their academic standards and graduation requirements with college and workplace expectations.

In light of these statistics, “is NCLB really paying off?” The answer is “yes.”

As abysmal as this data is, it represents improvement for elementary and middle school students from where this nation was prior to enactment of NCLB. Specifically, according to the US Department of Education, the July 2005 long-term Nation’s Report Card (NAEP) results showed national student achievement in reading and math at all-time highs and the achievement gap closing.

- For America’s nine-year-olds in reading, more progress was made in five years than in the previous 28 combined.
- America’s nine-year-olds posted the best scores in reading (since 1971) and math (since 1973) in the history of the report. America’s 13-year-olds earned the highest math scores the test ever recorded.
- Reading and math scores for African American and Hispanic nine-year-olds reached an all-time high.
- Math scores for African American and Hispanic 13-year-olds reached an all-time high.
- Achievement gaps in reading and math between white and African American nine-year-olds and between white and Hispanic nine-year-olds are at an all-time low.

The 2005 Nation’s Report Card on state-level data included similar glimmers of hope. For example, in the State of Georgia, in 2004-05, more than 70 percent of the state’s limited English proficient (LEP) students scored proficient or better in reading, up 23 percent from 2002. Among third-graders with disabilities in Georgia, 81 percent scored proficient or better in reading, up 26 percentage points.

But to be clear, our nation has a long way to go, particularly for our high school students—an area which receives little attention under NCLB. The 12th grade NAEP results released last month demonstrates just how far we must travel.

The report found that—

- Only 23% of 12th graders are proficient in mathematics.
- 27% of 12th-grade students lack even basic high school reading skills, up from 20 percent in 1992.
- Only 35% of students are proficient in reading, a drop from 40 percent in 1992.

What is the solution to address these issues? Some have suggested it’s time to turn back the clock and go back to a time before NCLB when schools, districts and states were not held accountable for reducing education achievement gaps.

NCLB opponents point to a vast array of rationalizations for their claims.

- Some groups have argued that NCLB takes away local control. They fail to highlight that under NCLB each state determines its own system of accountability, its own standards and assessments, as well as what it means for students in the state to be “proficient.” Similarly, they fail to point out that each state determines how schools in the state will use the federal dollars to improve education—indeed a vast majority of funds are used solely to hire teachers. Only when schools are identified for improvement do they begin to have increased restrictions on the expenditure of a portion of their federal funding.

- Some groups claim that NCLB is overly punitive to school systems in which students are not reaching achievement expectations. Let’s not lose sight of the focus of this Act. NCLB’s focus is on helping students succeed—it is not about supporting a bureaucracy at the expense of helping students learn. NCLB requires states and districts to support underperforming schools—that is, schools where students have been struggling oftentimes for generations—by requiring schools to develop plans on how to help struggling students and by providing tutoring and public school choice options to students in struggling schools.

- Some groups demand that NCLB accountability requirements be suspended in anticipation of “full funding” To focus only on funding misses the point. The U.S. has the highest spending per student of any nation in the world. The reason NCLB is working to increase student achievement is that the Act focuses on transparency, accountability and results.

- The question should be not how much more funding we need to improve student achievement, but how well is the money currently available being currently spent. In the Chamber’s Report Card, our data showed that money alone does not guarantee academic success, but rather how wisely those dollars are spent.

There has been a disconcerting lack of attention to ensuring that education dollars are delivering real value. Some states are spending less money and achieving real results. Despite steps to increase per pupil spending, decrease student-teacher ratios, and recruit a better-prepared teaching force, student test scores have remained stubbornly flat over the past 35 years. By international standards, the U.S. spends far more than other nations on education—and has smaller class sizes—yet receives far less value in terms of educational outcomes.

The bottom line is that these and other excuses should be fully examined. The burden of any of the NCLB requirements must be weighed against the alternative—that is, turning our back on the millions of students who are benefiting from its provisions.

The Business Coalition for Student Achievement remains committed to the tenets of the No Child Left Behind Act. As your Committees move forward with reauthorization, the Coalition strongly urges you to build upon the successes of NCLB, particularly in the following areas:

1. FOCUS ON COLLEGE AND WORKPLACE READINESS.—We know that educators are finding it difficult to help students reach today’s standards. However, all of the analyses of current State standards and tests conclude that they are not aligned with the expectations of college and the workplace. The law needs to include incentives for States to raise their standards and avoid lowering them.

2. EMPHASIZE SCIENCE, TECHNOLOGY, ENGINEERING AND MATH.—NCLB includes a major focus on reading, which is appropriate. As we move forward, the law needs to continue to make early reading a priority while also adding an emphasis on science, technology, engineering and math.

3. ENHANCE DATA-DRIVEN DECISION MAKING.—Perhaps the most difficult thing that business leaders have encountered in our efforts to help improve education has been the absence of good, reliable data. It’s impossible to imagine running a company without the use of valid data to inform decisions. The quality of the data has improved over the past five years, but the data systems in many States and districts are antiquated and need to be overhauled.

4. INCREASE TEACHER AND PRINCIPAL EFFECTIVENESS.—One of the areas where the current law did not accomplish its objectives has been in making sure that all students are taught by highly qualified teachers. The Coalition believes that the law needs to expand its focus to effectiveness rather than just compliance to ensure that our teachers are not only “highly qualified” but also “highly effective.”

5. STRENGTHEN AND REFINE ACCOUNTABILITY.—The law should provide guidance on ways that States can differentiate among districts and schools that are close to or far from making AYP, and ensure that resources for improvement focus on those with the highest concentrations of underperforming students. We also support provisions that would permit States to use rigorous measures of year-to-year growth in student academic achievement and other methods verified by the Secretary that are consistent with the goal of all students reaching proficiency in reading, math and science.

6. INVEST IN SCHOOL IMPROVEMENT AND ENCOURAGE INNOVATION.—Our last point brings us full circle to the rationale for the law. It is not to punish schools. It is not to make educators look bad. It is about improving schools. It is about improving student achievement. It is about investing in what research has proven works while also discovering new models and innovations. We want to increase the capacity of States and other entities to better assist schools that need help making AYP; target funding, assistance and distribution of effective educators to high-need schools; and continue support for innovative models, such as charter schools, diverse providers and techniques that effectively integrate technology into appropriate aspects of teaching, learning and management.

For too long the business community has been willing to leave education to the politicians and the educators—standing aside and contenting itself with offers of money, support, and goodwill.

Not anymore. This is a matter of critical national urgency. What’s at stake is nothing less than the continued success and competitiveness of the American economy—and the continued viability of the American Dream.

America needs a world-class education system. Students deserve it, parents demand it, and businesses require it to compete and win in the global economy.

This concludes my prepared written testimony. I look forward to discussing my comments in more detail during the question and answer period, but before that, I would again like to thank the two Committees for inviting me here today.

[Whereupon, at 2:50 p.m., the subcommittee was adjourned.]

