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Subcommittee on Higher Education and Workforce Investment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Reforming the Workforce Development System to Benefit Workers and Employers

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Conclusion

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

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

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

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

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

I look forward to your questions.