



Statement of the U.S. Chamber of Commerce

ON: "NEW INNOVATIONS AND BEST PRACTICES UNDER
THE WORKFORCE INVESTMENT ACT"

TO: THE HOUSE COMMITTEE ON EDUCATION AND LABOR,
SUBCOMMITTEE ON HIGHER EDUCATION, LIFELONG
LEARNING, AND COMPETITIVENESS

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The Chamber's mission is to advance human progress through an economic,
political and social system based on individual freedom,
incentive, initiative, opportunity and responsibility.

The U.S. Chamber of Commerce is the world's largest business federation, representing more than three million businesses and organizations of every size, sector, and region.

More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. Yet, virtually all of the nation's largest companies are also active members. We are particularly cognizant of the problems of smaller businesses, as well as issues facing the business community at large.

Besides representing a cross-section of the American business community in terms of number of employees, the Chamber represents a wide management spectrum by type of business and location. Each major classification of American business—manufacturing, retailing, services, construction, wholesaling, and finance—is represented. Also, the Chamber has substantial membership in all 50 states.

The Chamber's international reach is substantial as well. It believes that global interdependence provides an opportunity, not a threat. In addition to the U.S. Chamber of Commerce's 105 American Chambers of Commerce abroad, an increasing number of members are engaged in the export and import of both goods and services and have ongoing investment activities. The Chamber favors strengthened international competitiveness and opposes artificial U.S. and foreign barriers to international business.

Positions on national issues are developed by a cross-section of Chamber members serving on committees, subcommittees, and task forces. More than 1,000 business people participate in this process.

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“New Innovations and Best Practices Under the Workforce Investment Act”
Before the
HOUSE COMMITTEE ON EDUCATION AND LABOR
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LEARNING, AND COMPETITIVENESS
By
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U.S. CHAMBER OF COMMERCE
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Introduction

Thank you Chairman Hinojosa, Ranking Member Guthrie, and members of the Subcommittee, for the opportunity to present this statement this afternoon on the important role of the business community in promoting new innovations and best practices under the Workforce Investment Act (WIA).

I commend the Subcommittee for bringing attention to this important topic. This discussion is particularly timely given the nation’s economic crisis; the proposed infusion of funds into the WIA system as part of the economic stimulus; as well as the anticipated reauthorization of WIA this Congress.

Indeed, it is not possible to have this discussion without noting the 11.6 million Americans unable to find work. In just the last three months alone, our nation has lost nearly 1.8 million jobs. Unfortunately, by most accounts, these numbers will likely become even more sobering in the months ahead.

The front line of this reality can be seen from coast-to-coast in the one-stop career centers established as part of WIA, which are seeing record increases in those seeking employment and job training services. A recent article in the *Ocala Star-Banner* highlights a story in Marion County, Florida where demand for services at the local workforce center for the last six months is nearly surpassing demand of the entire previous year.

The economic stimulus proposals in the House and Senate both include over \$4 billion of additional funding for programs under the federal employment system, including WIA, representing a doubling of current federal expenditures in this area. Clearly, these funds would provide much needed capacity to the system during this time. Given this infusion of funds, however, our challenge is clear: how to use this money to create good jobs that pay a good wage for jobs that exist in today’s economy? Perhaps the answer lies in our discussion here today about some of the best practices and innovations that are being implemented throughout the nation.

There are many in the business community who question the effectiveness of the current system. Unfortunately, we have heard from our Chamber members across the country that the WIA system has not always been able to meet the needs of many job seekers and employers. We believe that while the system has worked in some places, it is desperately in need of reform. With the new infusion of funding, and a renewed commitment to creating high-quality, high wage jobs—now is the time to reform the system.

In our view, reform starts in Washington. Poor local implementation of these programs often can be directly traced to the current patchwork of programs, rules, and regulations developed here in Washington. For example, despite several decades of attempts to streamline and coordinate multiple federal employment and training programs—the number of targeted programs continues to increase.

The one-stop system put into place last reauthorization was supposed to fix all that—and it has been somewhat of an improvement. Yet, oftentimes conflicting target populations, performance measures, and even governance structures make one-stops nothing more than a co-located maze of disconnected programs. This is particularly true in the area of job search assistance. While the Employment Service has the primary role of identifying job openings and providing this information to job seekers, federal law also assigns a similar role to the WIA system, welfare, and even food stamp programs in many cases. Such overlap confuses participants and employers alike.

Despite these challenges, we have also witnessed many local workforce investment systems that have tried to make the best of these challenges, and have achieved some success. While the Chamber has not yet undertaken a comprehensive review of the WIA system, it is evident that some of the nation's most successful local workforce investment systems have several traits in common:

- 1) **Strong business leadership:** Simply put, a local workforce investment system that doesn't have buy-in from the business community will not be successful; a strong business presence drives success. When businesses turn first to their local one-stop for their workforce needs, the participants going to these centers benefit. Businesses not only facilitate the information flow; they can help leverage other funding. While business leadership is envisioned under WIA by virtue of the business majority on each local board overseeing workforce investment areas—and that the chairs of these boards must represent the business community—in reality, these boards are often too large and unwieldy to be effective. As a result, many of the most active employers at the local level don't have the time or the patience to participate.
- 2) **Effective coordination:** Despite the challenges of overlapping federal programs discussed above, there are examples of how local systems have overcome these difficulties and have at least provided a public perception of coordination. In some cases this is helped through state efforts to streamline their own bureaucracies and assisting in branding of centers to make it easier for the business community to have a single point of contact.

For example, in Arlington, Texas, the chamber of commerce and Workforce Solutions for Tarrant County (the local Workforce Board) developed a single resource for employers, the Center for Continuing Education and Workforce Development. The center is a collaborative partnership housing an array of workforce service providers—including the office of the Arlington chamber’s workforce development staff—that now operate as a single unit focused on meeting employer and employee needs.

Built on the University of Texas-Arlington campus, the facility incorporates higher education, the publicly funded system, and employers into an integrated model. The chamber’s Education and Workforce Development Council employer members meet on a monthly basis to provide center administration with feedback and information related to the needs of the employer community. A valuable by-product of this approach is that by increasing awareness of workforce development issues and resources, council members have become effective advocates of the employer-driven workforce development system for the employer community.

- 3) **Relevant training:** While in theory all training under WIA should be relevant and tied to real jobs, this clearly is not always the case. Local systems that are effective are ones that reach out to businesses to assess the skills needed by new employees; are active in gathering local labor market information to help inform training; and are engaged with the local training providers to ensure they have programs which meet the needs of the local economy.

In some cases, local areas have taken this one step further and have implemented truly innovative solutions to ensuring the relevancy of training. One example of this innovation was recently highlighted in the *Omaha World Herald*. After reports that Omaha had one of the highest rates of poverty among African-Americans in the nation, Mutual of Omaha and Blue Cross Blue Shield, along with other partners including the Greater Omaha Chamber of Commerce and the local workforce investment board, set out to create a unique job training program. Under the initiative, jobs were identified for participants up front after which training was tailored for the participants to meet the skills requirements for the specific jobs. In addition, a job coach was assigned to each worker to help ensure ongoing success. Of the 19 initial participants, all but three landed jobs at area insurance companies. This concept of tailoring training for actual jobs is one in which the Chamber is likely to take an even greater interest as part of the reauthorization of the Workforce Investment Act.

Another innovative approach is occurring in Louisville, Kentucky where the community is striving to raise the educational attainment of its citizens. In 2008 Mayor Jerry Abramson and other leaders announced \$1 million in college funding (using WIA funding) that would be used to help Greater Louisville-area residents finish their associate’s degrees through the KentuckianaWorks Scholars Program. The KentuckianaWorks Scholars Program will over 400 people in the 2008-2009 academic year by giving them up to \$3,000 for tuition and up to \$600 for books and supplies.

This program is designed to help those who could, with some financial assistance, complete an associate's degree.

KentuckianaWorks, the local workforce investment board, benchmarks the educational attainment of its citizens with 15 other communities in which it competes for economic development projects. The data showed that Louisville ranked 9th out of the 15 communities for the number of associate's degrees being produced. By setting a goal of educating an additional 400 people to complete their Associate's degree, Louisville could increase its ranking to fifth. The local chamber, Greater Louisville Inc., is a partner in this initiative.

Mr. Chairman, while this is by no means an exhaustive list of best practices and innovation in the WIA system, the Chamber believes they represent the fundamental areas in which to build upon this system as part of the upcoming reauthorization of the Workforce Investment Act.

Finally, Mr. Chairman, let me conclude with this important point: Federal job training needs to focus more attention on training actual people for actual jobs. Now, you might say, that seems pretty self-evident, but let me bring the following statistics to your attention. Despite nearly 2.5 million individuals participating in WIA programs annually, very few actually receive training. In 2006, only 109,528 Adult Program Participants received training and only 77,160 Dislocated Worker Participants received training. (To put this into perspective, there are over 6 million students enrolled in the country's 1,045 community colleges). This reflects a significant decrease in the proportion of WIA funds that support training. Under WIA's predecessor, the Job Training Partnership Act, 75% of participants were enrolled in training. By 2000, only about half of participants were in training, and today just 20% of exiting participants were enrolled in training (not including those receiving self-services).

In short, the new system must focus more attention and funding on training and given the limited funding, this training must be maximized to ensure a far greater percentage of those who are being trained are being trained appropriately and for jobs that actually exist.

While it might be tempting to surmise that given the vast amount of job loss across our nation we need no longer place a priority on training for jobs "that don't exist." However, such conclusions are short-sighted and fail to consider the long-term trends of our economy and the fact that too many of our nation's adults not only lack basic skills necessary for jobs that are disappearing—they will be even further behind as our nation's economy continues to improve.

In fact, while most sectors of our economy are shrinking, others have continued to expand. Even during each of the last three months, as our economy has suffered some of the worst job loss ever, employment in health care and education continued to increase. We must not lose sight for the need of our workforce and training systems to meet this demand as well as the long-term demand in sectors including manufacturing, which despite its continued downturn, also faces a graying workforce—from engineers to welders—signaling trouble in years ahead.

Our nation is also on the verge of embarking on new sectors of employment from the bio-tech fields to health care to jobs that will help keep our nation more energy efficient. These emerging sectors will rely on a broad range of skilled employees—the employees that today's

workforce system should be preparing for tomorrow's economic recovery.

As the Committee moves forward with the reauthorization of WIA, the Chamber welcomes the opportunity to work with each of you toward addressing these challenges and ensuring this system is able to meet the needs of our nation's workforce.