

March 5, 2013

The Honorable John P. Kline, Chairman
House Education and the Workforce Committee
2181 Rayburn House Office Building
Washington, DC 20515

The Honorable George Miller, Ranking Minority Member
House Education and the Workforce Committee
2181 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Kline and Ranking Minority Member Miller:

The Education and Workforce Committee will soon hold a mark-up of the “Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act” (H.R. 803). The AFL-CIO and the undersigned labor organizations write to express our strong opposition to H.R. 803. This legislation will have major implications on the quality of services being delivered to WIA eligible participants, as well as the overall accountability of the system to disadvantaged persons, dislocated workers, young people, and other populations whose livelihoods have been severely impacted by the Great Recession and continued mass unemployment.

More than ever, securing the future for working families and rebuilding the middle class in our country depends on having access to training, education and skill upgrading, and then receiving the guidance necessary to obtain good jobs that pay well and have family-sustaining benefits and clear career pathways. It must be the primary task of our nation’s workforce development system to respond to the economic challenges faced by different groups of unemployed, low-wage and disadvantaged workers, and to do so in a manner that preserves the integrity of the system and provides a voice for workers in the WIA system of workforce investment boards and American Job Centers. To work effectively, the WIA system must deliver widely available services, be publicly administered, and ensure that particular populations receive services customized to their needs.

We call upon the U.S. Congress to maintain our nation’s commitment to a publicly-operated workforce development system that features balanced representation among all stakeholders who are currently involved in workforce investment boards. We support the “Workforce Investment Act of 2013” (H.R. 798), introduced by Rep. John Tierney, Rep. Ruben Hinojosa, and Ranking Minority Member Rep. George Miller. H.R. 798 would strengthen the existing system in a number of ways while maintaining the current programs and funding streams. It would modernize the federal workforce system by increasing its accountability, promoting innovation, and supporting strategic partnerships between employers and other

stakeholders in regional economies. The Tierney bill would help to ensure that more participants in the federal workforce system obtain access to the sort of training that will lead them into good jobs at family-sustaining wages. H.R. 798 would provide additional incentives to states to implement and expand sector partnerships in critical areas such as advanced manufacturing. The legislation would also make a number of changes that would benefit disadvantaged young people.

Significantly, H.R. 798 acknowledges the important contribution that local unions, as well as local and state labor federations, make in the workforce system. Although the undersigned labor organizations continue to believe that a tripartite board structure is the optimal way to promote the full participation of all stakeholders in the workforce system, H.R. 798 does improve the representation of labor on state and local workforce boards. In doing so, it stands in stark contrast to the SKILLS Act and its gratuitous elimination of the mandate that the voice of employees and working families be heard on the workforce boards.

SKILLS Act Consolidation would Undermine Accountability of WIA

The SKILLS Act would unwisely consolidate categorical programs and combine funding streams into a single Workforce Investment Fund that would give states wide discretion to pick and choose eligible groups of participants according to the ideological predispositions of their Governors. Such consolidation of WIA programs would eliminate the targeting of resources to workers and communities where the needs are greatest. In turn, a single fund of this type would make programs more vulnerable to funding cuts and pit one group of workers against another in competition for limited resources. In particular, it is essential that the funding stream for dislocated workers be separate and that rapid response continues to be a mandated state activity for which states have adequate resources. Dislocated workers, unemployed persons who have been displaced due to mass layoffs and plant closings, require customized services that build upon their extended work histories and provide the necessary skill training to lead them to comparable employment in their previous industries, or enables them to transfer their skills to new and emerging employment opportunities.

The extreme provisions of the SKILLS Act will inevitably lead to fewer services for dislocated workers and the degradation of services to Native Americans, migrant and seasonal farmworkers, ex-offenders, refugees, older Americans, disadvantaged youth in Job Corps centers, and other deserving groups. Such consolidation of funding streams will undermine the accountability of the entire WIA system, enabling states to manipulate their resources in a manner that will result in the neglect of populations with the greatest needs.

Organized Labor Brings the Voices of Workers to Board Deliberations

When considering legislation to modernize the federal workforce development system, the U.S. Congress should take action that respects and promotes the full participation of all stakeholders – labor, employers, educators, community groups, and youth organizations – in the planning, design and implementation of programs. Unions and joint labor-management training partnerships have long been beneficial partners in the makeup of skill training institutions, contributing more than \$1.5 billion to the nation’s economy each year. Substantial union involvement in the governance structures of the federal workforce development system is a long-established and widely accepted practice, stretching back to the composition of Private Industry Councils under the Job Training Partnership Act of 1982.

Organized labor brings a vitally important perspective to workforce and economic development programs at all levels of government and the private sector. Union members are experts in their industries and play a critical role in promoting economic success and career advancement among incumbent workers, job seekers and youth. And in industries such as construction, unions as referral agents or intermediaries in the labor market are often in a much better position than individual employers to know where current and emerging demand will lead workers to employment. As a result, in the construction industry, the best and by far the largest share of training and workforce development occurs in a joint labor-management environment where responsibility is shared equally between labor and management. Between 2002 and 2011, more than 429,000 apprentices received skill training from joint labor-management programs in this industry alone.

Organized labor must be fully represented on WIA boards so that the voices of workers are heard in the decisions that profoundly affect their careers. Such full representation is in accord with the policies of states such as California, where 15 percent of the local boards must be composed of representatives of labor organizations nominated by local labor councils. The wholesale elimination of the mandate for labor representation on state and local boards, as proposed in the SKILLS Act, is counterproductive given the strong track record of many of the unions in sponsoring and providing high quality job training. Such a move would undermine the accountability of the entire WIA system and damage its standing in the nation’s public policy discourse.

Maintain the Employment Services

We also oppose the elimination of the Wagner-Peyser Employment Services, as proposed in the SKILLS Act. Such proposals usually are justified on the grounds that there is duplication between its functions and those of WIA. However, this view ignores the fact that the Wagner-Peyser system is charged with other duties that are only tangentially related to WIA, such as the certification of the use of foreign labor by employers, and the strong financial and structural relationship between the Employment Service and the State unemployment insurance systems. Financed primarily by the Federal UI trust fund, the Employment Service enforces the UI work test, a key feature of determining ongoing eligibility for UI benefits and, in times of high

unemployment, states often reassign Employment Service workers to help with the legally complex function of processing UI claims.

The statewide and public structure of the Employment Service also provides a useful complement to the much more localized and privatized WIA structure. As a statewide entity, the employment service agency has flexibility to work more easily on a regional and interstate basis and to respond quickly to emergencies by shifting staff from one part of the state to another. Its statewide information system, which has become a central component of state, regional and local economic development strategies, avoids costly duplication of multiple local information systems and the hoarding of job orders by local areas. Accountability is facilitated by the fact that the staff located throughout a state is part of a single personnel system in which hiring is based on a uniform standard of competence and skill requirements in order to provide impartial and unbiased service delivery.

Place a Greater Emphasis on Skill Training

The future prosperity and well-being of our society depends upon creating good, family-sustaining jobs and maintaining a world-class workforce that is composed of healthy, highly skilled, and well-educated workers. To meet the challenges of a changing labor market in a globalized economy, our nation needs a cohesive national strategy that links substantial investment in job creation to an improved educational system and greater resources directed towards basic skills instruction, skill upgrading, on-the-job training, and joint labor-management and registered apprenticeship programs.

The wholesale devolution of power over the WIA system to the states, along with the extreme requirements in the SKILLS Act that would hand over control of state and local Workforce Investment Boards to the corporate sector, detracts from our nation's quest to attain competitive advantage in the international economy. Granting more power to the 1% to dictate the career opportunities of unemployed, low-income, and disadvantaged persons does not serve the public interest.

The system must place a greater emphasis on providing the sort of skill training that will place participants on the road to high-skill jobs with clear opportunities for future career advancement. That system would benefit greatly from the introduction of regional service strategies in which boards work with labor, business, community, the Employment Services, and labor-management sector partnerships to identify the growing, high-skill sectors of the regional economy and ensure that workers are prepared for those job opportunities. Boards should also devote greater resources to working with their labor, business and community partners to avert layoffs by advising firms about the options available to maintain employment.

America continues to search for national leadership and a way forward toward a better future. We must craft a comprehensive approach to workforce development and the bipartisan political support to back up that commitment.

Sincerely,

American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)

American Federation of State, County and Municipal Employees (AFSCME)

American Federation of Teachers (AFT)

Building and Construction Trades Department, AFL-CIO. (BCTD)

International Union of Operating Engineers (IUOE)

International Union of Painters and Allied Trades (IUPAT)

National Education Association (NEA)

United Autoworkers (UAW)

United Steelworkers (USW)