

**Statement of:
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**Before the:
SUBCOMMITTEE ON LABOR, HEALTH & HUMAN SERVICES, EDUCATION,
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES**

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Chairman Rehberg, Ranking Member DeLauro, and members of the Subcommittee, thank you for the invitation to testify today. I appreciate the opportunity to discuss the U.S. Department of Labor's job training programs and reforms that can be implemented to improve economic opportunities for our country's workers and families. My testimony is not intended to be an indictment in any way on the many hard-working individuals who are providing services through the state and local workforce investment system; rather, my goal in providing this testimony is to provide a forthright assessment of our success in delivering job training services and to offer ideas for comprehensive reforms that can be implemented to improve U.S. economic competitiveness and employment opportunities.

My testimony is based on a 15-year career in workforce development and higher education at both the national and local levels. During the 1990s, I helped author Utah's approach at workforce services and welfare reform and recently finished a three-year stint as a Vice President at Salt Lake Community College. From 2001-2007, I was the principal Deputy Assistant Secretary at the Employment and Training Administration, U.S. Department of Labor, and provided management oversight for the portfolio of workforce investment programs and unemployment insurance. I have experienced how national policy is implemented "on the ground" and have seen how services are delivered from both the workforce system perspective and the higher education perspective. As a result, I am convinced that we have a national imperative to examine: (1) what the national policy goal is regarding employment and training programs; (2) whether the workforce investment system is adequately designed to meet that national policy goal; and (3) if the system is not designed adequately, what are the reform principles and infrastructure changes that must occur in order to best serve workforce investment customers.

NATIONAL POLICY GOAL

Ample evidence exists that our economy has changed dramatically over the two decades as a result of new technologies, up-to-the-minute global communications and the expansion and growth of international markets. This change has manifested itself in numerous forms, and has significantly altered the types of jobs and the skills needed by workers to successfully enter and retain employment in many labor market sectors and industries. As a

result, one truth has become abundantly clear and has universal agreement: workers in the United States need to continually gain new skills and competencies in order to compete and thrive in the labor market. Those skills and competencies are gained, in large part, through access to post-secondary education and requisite credentials, namely industry-recognized certificates and licenses, associate's degrees and bachelor's degrees.

This past October, President Obama called on businesses, community colleges and other job training providers to increase the number of individuals receiving post-secondary credentials by 5 million by 2020. Just two weeks ago, Vice President Biden issued a "call to action" to boost dramatically college completion rates and credentials attainment. Businesses, industry associations, foundations and other community-based organizations are all supporting initiatives and focusing resources on the reskilling and retooling of the American workforce.

The evidence supporting the importance of this issue is staggering. First, occupational projections data show that by the year 2018, two-thirds of all jobs in the United States will require post-secondary education and training beyond high school, and a majority of the fastest growing jobs require such education and training. In addition, Bureau of Labor Statistics data show that occupational and lifetime earnings increase with additional post-secondary education and training and credentials attainment, and those most impacted by unemployment typically have a high school education or less. Communities and regional economies that face the greatest prospect of economic growth are those that make post-secondary education and skills attainment a core goal and feature of their economic development strategic planning.

In light of the overwhelming evidence that access to, and completion of, post-secondary education and training is vital to our economic competitiveness, ***it is incumbent that the public policy objective for federally-funded post-secondary education and job training programs should be to assist individuals with entering and completing a course of study that leads to a post-secondary credential, i.e., an industry-recognized certificate or license, an associate's degree, or a bachelor's degree.*** In order to meet this public policy objective, it is important to note the convergence of what used to be seen as separate activities—post-secondary education is no longer about spending years getting a bachelor's degree, and job training is no longer about short-term "hands on" manual skills acquisition. The key notion is that people need a post-secondary credential that aligns with skills and competencies needed for particular occupations and careers.

WORKFORCE INVESTMENT SYSTEM DESIGN

When the current workforce investment system was designed in 1998, two overarching objectives were at the core of the reform effort: (1) consolidate numerous funding streams in order to more effectively target job training efforts and outcomes while creating efficiencies; and (2) create a One-Stop system infrastructure whereby a whole host of federally-funded employment, education and job training services could be accessed by participants. Unfortunately, when looking at these objectives against the public policy goal of significantly increasing access to post-secondary education and training, the current structure of delivery is woefully inadequate.

Workforce Investment System Delivery Efficiency and Effectiveness

The important feature to remember when discussing workforce system design and delivery is within the U.S. Department of Labor's portfolio, there are actually two separate and distinct delivery systems. The first is a state-based delivery system funded by the Wagner-Peyser Act—a legacy of the New Deal era. Under current employment and training regulations at the U.S. Department of Labor, there is a mandate that all Wagner-Peyser funded services must be delivered by state-merit staff employees. Three states are allowed an exception to this mandate, Massachusetts, Michigan and Colorado, under a “pilot” program that has been over a decade in the running. Wagner-Peyser services are **Employment Services**—help with searching for a job, writing a resume or employment referrals. Education and job training services are not authorized under this law.

The second and parallel delivery system is a locally-based system funded primarily under the Workforce Investment Act (WIA). Under WIA, local Workforce Investment Boards (WIB) provide management oversight, the One-Stop infrastructure is authorized and three programs are delivered: WIA Adult, WIA Dislocated Worker and WIA Youth. WIA authorizes three levels of services: **Core, Intensive and Training**. Core services are exactly the same as Employment Services under Wagner-Peyser—low-cost, “light touch” assistance with finding a job. Intensive services are more involved whereby a participant may receive career counseling or other staff-assisted services. Training services occur when a participant enters post-secondary education or training to gain new skills.

Inefficiencies exist as a result of this bifurcated system, but the confusion and “on-the-ground” ramifications are numerous. One recent example:

Currently, the U.S. Department of Labor has announced a \$500 million Solicitation for Grant Applications (SGA) for community colleges to apply for funds under the Trade Adjustment Assistance Community College and Career Training Grants Program. This funding is authorized under the Trade Adjustment Assistance (TAA) program—a program available to dislocated workers who have lost their jobs due to the impacts of foreign trade. The purpose of these TAA grants is to assist community colleges and other eligible providers with creating and building post-secondary education and training programs that help TAA-eligible participants gain skills, degrees and credentials in order to become reemployed in high-skill, high-wage jobs.

One of the requirements of the SGA is that community colleges and other eligible education applicants must engage partners and collect data, including gathering data from the local Workforce Investment Boards. Yet, under recent regulations promulgated by the U.S. Department of Labor, TAA services can only be provided by state-merit staff employees similar to the Wagner-Peyser program. So, higher education institutions are required to partner with the local workforce investment system, but the state administers TAA. This creates unnecessary hoops and confusion and highlights a major problem with the current workforce investment system.

One-Stop System Infrastructure

Because the One-Stop system infrastructure is designed and authorized under WIA, it is managed by local Workforce Investment Boards and staff. As a result, of the 17 federally-funded program partners brought together under the One-Stop rubric, local officials only have the three WIA funding streams within their direct control. Therefore, most of the formula WIA funds are used for core services and capital infrastructure. There is little cost sharing, and models of integrated service delivery are few and far between.

Thus, very few WIA participants are enrolled in training services. For example, according to the Employment and Training Administration's data, from April 2009 to March 2010 only 11 percent, or roughly 130,000, of WIA Adult participants who exited the program received training services, and only 7 percent, or 80,000 people, received an Individual Training Account to help pay for tuition and other education costs. The WIA Dislocated Worker and WIA Youth programs train even less participants than the WIA Adult program.

REFORM PRINCIPLES AND INFRASTRUCTURE CHANGES

Because of the disparity between the post-secondary skills national imperative and the structure of the workforce investment system, it is time for dramatic changes in the design and delivery of job training services. At least three principles/changes should be seriously examined:

- 1. Revamp programs in order to make funds more available to participants for entry into post-secondary education and job training.** We cannot continue to invest billions of dollars in a system with duplicative infrastructure, confusing rules and very few people actually receiving training services. According to an evaluation of three approaches to providing Individual Training Accounts, the “maximum customer choice” approach, where customers were given an account and allowed to choose the training of their choice, demonstrated that (1) take up rates for ITAs were higher given “maximum choice”; (2) the average ITA award was the same as the “guided customer choice” approach; and (3) given choice, ITA customers do not choose counseling—only four percent partook of available counseling services. Yet, the employment outcomes of the “maximum customer choice” model were the same as the other approach employed at most One-Stop Centers. We must revamp the job training system in a way that targets less funding to staff-assisted and counseling services and more to help participants pay for the costs of post-secondary education and training.
- 2. Consolidate major funding streams and eliminate the “silo” approach to post-secondary education and training.** There is no justification for maintaining a federally-funded matrix of programs that authorize the same or similar services, yet continue a maze of duplicative and costly service delivery structures. At a minimum, the three WIA programs and the Wagner-Peyser program should be consolidated and restrictions on which employees can provide services should be eliminated. States should be given more flexibility in how education and training services are delivered to fit their unique circumstances and workforce populations.

The President's 2012 budget calls for \$380 million to be invested in a new Workforce Innovation Fund using monies from various U.S. Department of Labor and U.S. Department of Education program funds. This is an important recognition of the duplicative nature of these funding streams, but given the myriad of programs—WIA, TAA, Wagner-Peyser, Perkins, Adult Education and others—that fund the same or similar services with different delivery infrastructures, it is time to take bold action, consolidate a number of these programs and make more training services available to individuals.

In addition, the myriad of job training programs funded from multiple Federal agencies needs to be curtailed. Currently, the U.S. Department of Energy, the U.S. Department of Health and Human Services and the National Science Foundation are all funding community college education and training grants. The proliferation of funding for post-secondary education and training programs from Federal agencies with no experience in education and training issues, only serves to foster “mission creep,” duplication of effort and a waste of valuable resources.

3. Evaluate whether community colleges, non-profit providers and proprietary universities can serve as the “One-Stop Centers” in their communities. The recession demonstrated the overwhelming demand and need for education and training programs so workers could gain skills and credentials for new and better paying jobs. All across the country, people turned to community colleges, non-profit providers and proprietary universities—the places where people actually receive post-secondary education and training. The current workforce investment system essentially conducts intake for workers needing services, provides some career counseling, and if a participant enters education or job training, assists with job placement after training ends. Because community colleges, non-profit providers and proprietary universities (1) have infrastructure already in place throughout communities across the country, (2) have cutting-edge online technology learning platforms (in particular the proprietary sector), and (3) engage employers around curriculum and program design, a real question exists as to whether education and training providers should deliver the entire array of workforce and education services. As stated earlier, there has been a convergence around post-secondary education and training, and at a time when resources need to target participant education and training, utilizing the strengths of the community colleges, non-profit providers and proprietary universities is a practical and responsible solution to addressing our country's workforce challenges.

CONCLUSION

While I recognize that much of what I have testified on today concerns the various authorizing committees of Congress, the budgetary impact of these issues is immense. Because our nation's economic competitiveness is at stake, along with people's ability to have meaningful access to high-growth, high-wage jobs, now is the time for bold action and sweeping reform.