



Testimony of Stephen Wing,
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**Senate HELP Subcommittee on Employment and
Workplace Safety on reauthorization of the Workforce
Investment Act (WIA) of 1998, July 16th, 2009**

Good morning Senator Murray and members of the Subcommittee. I am Steve Wing, Director of Workforce Initiatives for CVS Caremark. Thank you for inviting me to speak to you today about CVS Caremark's experience in the Workforce Investment system.

First let me tell you about our company, and our history of business innovation and leadership. Our corporate history begins with the opening of our first retail store in 1963. At that time, we were seen as an innovator in selling health and beauty products at a good price and in convenient locations. Since that time, we have grown to nearly 7,000 retail store locations in 45 states and the District of Columbia. Our groundbreaking efforts have continued in our pharmacy benefit management and retail health clinic and specialty pharmacy businesses.

Today, CVS Caremark, as the only fully integrated pharmacy health care company in the United States, has approximately 215,000 employees who demonstrate a shared passion for customer service and a commitment to creating a better future for health care in America. At CVS Caremark, we understand how much a company's culture impacts its people and ultimately its performance. That's why, we have established a Vision, Mission and set of Values that defines our company and serves to guide our business every day—in the thousands of communities we serve. These principles inspire us to go above and beyond for our customers, our clients and our colleagues.

An integral part of our mission is our investment in our workforce and the communities we serve. The primary focus of our workforce initiatives is to hire, train, develop, retain, and support the life-long learning of diverse qualified associates, while adding value to CVS Caremark by establishing partnerships with local, state, and federal agencies, educational institutions, nonprofits and faith-based organizations under the umbrella of the workforce investment system.

In November 1996, we started our first Welfare to Work training program in Akron, Ohio in partnership with the Summit County Welfare Office, the Summit County Employment Service and Family Solutions a local nonprofit that assisted us in recruiting four candidates. Since that time we have hired over 65,000 people who had been on public assistance and as of today over 40,000 of them are still actively employed in career path positions at CVS Caremark. This level of retention, 60%, represents a stark contrast to other entry-level service jobs in retail where turnover can easily exceed 200% a year. It is worth noting that the retention rate for former welfare recipients is also much higher than retention levels for entry-level CVS Caremark colleagues hired from other sources. In addition, over half the former welfare recipients we have hired have been promoted at least twice. We're excited to find that people aren't just joining us for a job but a career.

One of these employees is Debra Autry. Debra is a lead technician at our East Main Street store in Akron, Ohio. She was in our first Welfare to Work training program. She started out as a part time crewmember and worked at two stores so she could get full time status. Debra showed her supervisors very quickly that she was excellent at customer service and dedicated to the success of the store. In her 13-year career Debra has been promoted four times, completed the entire pharmacy technician program and received the National Pharmacy Technician Certification (CPhT). We are very proud of Debra. We knew she would do well from the beginning of her training because of her motivation to complete the course and her dedication by being in class on time everyday. I remember her telling us about other training programs that she had

participated in while on welfare where she completed the course and got a certificate with no job at the end. With our training at CVS Caremark we guaranteed a job for all who passed their training.

Debra's employment with CVS Caremark has not only been life changing for her but also for her family. Debra's daughter came to work for CVS and became a shift supervisor and while working has been going to school to become a registered nurse. She will soon graduate and may someday be a nurse practitioner for our MinuteClinic. When I heard of this young woman following in her mother's footsteps, I realized that our program focus is bigger than just hiring someone. It is about helping people have the confidence and skills to work. For the company, it means building a competent, motivated pool of employees.

Because of what we learned and our success during these early days, our workforce initiatives program has grown and thrived. As such, CVS Caremark constantly seeks new and innovative ways to improve the recruitment and retention of its workforce. One approach has been to liaison our workforce investment programs to a network of local, state, and national partnerships—with K-12 education, adult education providers, faith-based and community organizations, and workforce development agencies to help the company find and train new employees. We have used the workforce investment system to coordinate the process.

Our Workforce Initiatives team oversees these partnerships and other programs designed to strengthen CVS Caremark's workforce. In addition to customized training programs for new and incumbent staff, the department runs internship programs for high school students and incentive programs for mature workers.

OVERVIEW OF PARTERSHIPS

Our department devotes significant time and resources to finding qualified workers, training them for entry-level positions and helping employees advance their careers at CVS Caremark. It does this in partnership with faith based organizations, workforce development agencies and private intermediaries all coordinated through the workforce investment system.

- **One-Stop Centers**

In partnership with local One-Stop centers, CVS has developed a training program for new entry-level employees and first-level managers that simulates on-the-job roles and responsibilities in a replica of a CVS store. At the seven CVS Learning Centers in six cities, employees are trained on curriculum developed by the National Retail Federation (NRF) with an emphasis on customer service and skills that prepare them for a career path ranging from entry-level to pharmacy assistance and technician positions. Incumbent workers receive training to help them move up the career ladder. A recent study found that the learning centers have a positive impact on employee retention, advancement, completion of certifications, and sales.

For example, CVS/pharmacy partnered with the District of Columbia Department of Employment Services to open the South Capitol Learning Center in Washington, DC in 2001. The Learning Center features a One-Stop job center for unemployed D.C.

residents and a training center for CVS employees. CVS offers the ultimate recruitment incentive to local job seekers that visit the Learning Center – a guaranteed job if they qualify for public assistance funds and complete one of the on-site training programs.

The training prepares entry-level employees for their first jobs at CVS stores and helps current employees improve their skills and obtain higher-paying jobs within the company. At the training center, employees learn to use a cash register, develop photographs, shelve merchandise, and assist in the pharmacy at the center's freestanding mock store. Program costs are shared by CVS Caremark and the District of Columbia through public Welfare to Work funds and workforce investment dollars.

This partnership benefits CVS, the One-Stop center, unemployed adults, and the District of Columbia. Since 2000, CVS/pharmacy has hired 10,000 trainees from the South Capitol Learning Center, enabling the company to expand its reach in D.C. The One Stop helps with CVS's recruitment by referring qualified low-income job-seekers to the company's on-site learning center and in turn fulfills its mission of helping unemployed residents secure employment. While in training, which includes the pre-employment programs, D.C. residents receive hourly wages and part-time benefits from CVS Caremark.

According to Department of Employment Services (DOES), "rebuilding the job center was a centerpiece of the District's effort to revitalize the area that surrounds it. Once a rough area, it now features new businesses, renovated buildings, a new elementary school and several new housing complexes."

- **Partnerships with Faith-based Organizations**

Through a successful partnership with the Mt. Lebanon Baptist Church in Washington, DC, we discovered that faith-based organizations could play a major role in recruiting qualified entry-level employees. Together we developed a partnership that would ultimately benefit Mt. Lebanon, CVS Caremark, and D.C. residents.

CVS and Mount Lebanon worked together to sponsor a church-based job fair, during which CVS interviewed ninety adults and hired forty. The job fair allowed CVS to expand its reach in the D.C. metro area and hire employees from the church to staff its new stores. Based on the success of subsequent recruitment fairs, CVS Caremark has since refined the church-based job fair model and is replicating it in partnership with churches in other cities across the country.

In addition to the workforce benefits, CVS employees have the option of becoming homeowners. CVS Caremark has developed a home ownership program for employees, called CVS Prescriptions to Homeownership that provides low interest loans for inner city residents. After two years, all employees can participate in the homeownership program. Managers and pharmacists are eligible upon their start dates.

Mt. Lebanon Baptist Church and the Washington Interfaith Network both serve as examples of CVS's success in partnering with faith-based organizations to gain access to a network of potential employees. The faith-based partnership has also expanded within D.C., through the help of the Washington Interfaith Network (WIN). Through WIN,

CVS gains a vehicle for advertising job openings in the D.C. area and sponsoring job fairs at over 60 churches in the area.

Additionally, CVS Caremark recently created a mini-learning center at Mt. Lebanon – the first faith-based One-Stop center in the country - to train qualified low-income residents for entry-level employment at CVS.

- **Partnerships with Intermediary Organizations**

CVS Caremark has also strengthened its workforce by retaining the services of WorkSource Partners, Inc. (WSP), an intermediary organization dedicated to helping companies address workforce challenges in the Boston region. WSP provides guidance to clients on both the hiring and placement of new employees and training and development of incumbent staff, with a particular focus on “help[ing] companies cultivate the enormous potential of our community.”

WorkSource Partners approached CVS after learning about the company’s learning center model with the suggestion that CVS promote its own employees into store managers. In order to do so, however, CVS needed to provide entry-level workers with remedial skills training because they did not have the educational skills to complete the tasks. WorkSource Partners turned to its partners, including the National Retail Federation and the Ben Franklin Jr. College to design a basic skills training program. The NRF provided content expertise in the development of customer service training. Ben Franklin offered guidance in curriculum development and instruction.

As the intermediary, WorkSource Partners brokers the relationships between CVS, CVS employees, and the curriculum and instruction team. Its roles include: marketing the program to CVS employees, offering career coaching to CVS employees, working with store managers to identify training candidates, developing training curriculum, and overseeing the partnerships. Funds for this program were received from the workforce investment system.

As the training program developed in partnership with WorkSource Partners shows, CVS did not need to look outside its own workforce to fill managerial positions. Instead, it provided targeted training to entry-level employees – customized for various job-tracks – and encouraged employees to advance their careers within the company.

Other examples of successful models developed in coordination with the Workforce Investment system are:

- Our involvement in a number of initiatives in Cleveland, Kansas City, Los Angeles, Minneapolis, Pittsburgh, New York City, San Antonio, and Indianapolis designed to provide on-ramps to both post secondary education and career paths for low income/low skilled young adults. We are excited about our work to develop an employer-driven alternative pathway for disconnected youth. We think it makes good business sense, and we believe we will also be helping young people develop key workforce skills that will help them advance with us, or move on to other careers.

- In our work with Corporate Voices for Working Families, we participated along with a number of other employers to identify the barriers to employment for disconnected young adults, leading to the creation of a model alternative pathway for disconnected youth that meets the needs of both employers and young adults (*graphic attached for the record*). Our experience at CVS Caremark confirms the alternative pathway model, with the most effective approach for low income/low skilled young adults being one that is holistic, providing integrated skill training (academic, professional/life skills, and technical job skill), social support services, mentoring, a work-based learning experience, and post secondary academic credits.
- Our Pathways to Pharmacy Program (*additional information attached for the record*). We are piloting a new program in our Boston and Detroit markets. The pilot is focused on high school dropouts and people who have obtained a GED. Working with several partners, we provide six weeks of intensive training in a classroom setting. The training was designed so that it incorporates critical workplace skills as well as CVS-specific training. In addition, the young people have a mentor and social supports to help ensure their success. Following the classroom training period, the young people apprentice in a CVS store, where they have the chance to practice what they have learned. At the same time, the managers have the chance to see what kind of employee the young person will be before making a hiring decision. In the second phase of the pilot, once the young person is an employee, we have designed a set of tools that they can use to continue their skill development (on line training and on-the-job training) so that in conjunction with their manager they can continue on a career path. The mentor continues to check in with them and help them trouble shoot any challenges that may arise. We developed this pilot with support from the Kellogg Foundation's New Options Initiative. Our plan is to work out the kinks in the first two markets, and roll it out regionally and ultimately nationally.
- Our work with the "Year Up" program in Providence, RI. Year Up is one year intensive training program that serves low income urban young adults. They provide six months of integrated skill training along with mentoring and social support. They also partner with a local community college so that the young people earn college credits through the program. In the second six months, they partner with employers who provide apprenticeships for the students (*additional detail on Year Up attached for the record*). We have had tremendous success in our partnership with Year Up. We have hired many of the apprentices into jobs in our IT department, and they are some of our best employees. Our CEO has been so impressed by the quality of the Year Up apprentices that he has directed us to find ways to expand the partnership so that Year Up can provide us with a talent pipeline into jobs beyond the IT department.

BENEFITS OF PARTNERSHIPS

Some benefits to CVS Caremark of its various partnerships with faith-based, One-Stop, and intermediary organizations in coordination with the workforce investment system include:

- Access to qualified job-seekers.
- Savings from more effective use of company and adult education resources.
- Improved work quality.
- Increased employee retention.
- Improved customer service.
- Increased employee promotion rate.
- Support for the well-being and economic development of the community.
- Assistance with worker training and education needs.

In addition to the benefits to CVS Caremark, the benefits for those involved include access to good jobs, financial and other support and greater awareness and access to community services

In terms of reauthorization of the WIA, we believe that ensuring that existing youth training dollars are directed to promote innovations in education and training for disconnected youth is critical. Funding for these kinds of programs should be based at least in part, on the success of those models. We also believe that these kinds of programs should include an articulation of key elements (integrated skill training, social supports, mentoring, postsecondary credits, and employer provided apprenticeship/internship etc.) linked to measurable outcomes to be eligible for federal funding. The current system drives support to local youth programs based largely on relationships and local inputs, rather than outcomes.

We encourage our emerging leaders to become active members of workforce investment boards. In many of our major markets we have our local operation executives participate on local boards. This has been a “win-win” for both CVS Caremark and the local WIB. Our managers become more educated on the community and the WIB gets the expertise of a business executive. I myself am a member of the Cleveland Workforce Investment Board.

In conclusion, we believe in the Workforce Investment System and have seen that it has been very positive and productive for CVS Caremark, our workforce partners, and our employees. We would advise other companies considering such programs to contemplate working with various types of organizations that can address workforce challenges, including faith-based organizations, public agencies, and private intermediaries. We would also recommend the development of replicable training models that can be implemented in a variety of locations and for a variety of career tracks. Lastly, prospective employers might consider partnering with adult education providers to develop career pathways for entry-level employees and provide the necessary training to advance them along the path.

Thank you Madame Chairwoman and members of the Subcommittee. We appreciate this opportunity to tell you about CVS Caremark’s experience within the Workforce Investment System and look forward to working with the subcommittee as you consider reauthorization of this important Act.

