

Sub-Committee on Employment, Safety and Training - Reauthorization of the Workforce Investment Act

Bill Number: Oversight

Hearing Date: June 18, 2003 - 10:00 AM

Witness:

Charles Ware

Chairman

Wyoming Workforce Development Council

Cheyenne, WY

Testimony:

Good morning. Chairman Enzi and members of the Subcommittee, I thank you for inviting me to testify on reauthorization of the Workforce Investment Act (WIA). I am Charles Ware, the private sector State Chairperson of the Wyoming Workforce Development Council. I am the Executive Vice President of the Wyoming Contractors Association and manage all legislative and training needs for a construction membership of 249 members.

My comments today will focus on the perspective of a Workforce Investment Board Chairman representing small businesses in a rural state. I will cover: (1) the impact of WIA Reauthorization in rural states; (2) using WIA programs to link workforce, economic, and community development efforts; (3) the value of improving the "user-friendliness" of WIA to small business; and (4) building flexibility into the "new WIA." These are the critical issues for a rural state like Wyoming.

Impact of WIA Reauthorization in Rural States

Overview

WIA has had a profound positive effect on workforce development in Wyoming. WIA has changed the way we operate and how we invest in workforce development. Like several other states, Wyoming recently retooled its workforce development programs and governance, to be more demand driven and responsive to the changes of a fluid economy. We are quite literally in our first year of operation under a new structure. The new structure delivers comprehensive workforce developmental services in partnership with state and local small businesses, economic and community development groups, health and family services, employment, and education related state agencies. These partnerships "fit" very well with the Administration's efforts to address the challenges of globalization, technological advances, and the demographic changes that the American workforce is currently facing. Rural states rely predominantly on WIA and related federal funding sources to deliver workforce investment services. As WIA Reauthorization moves forward, these changes will have a profound impact on the futures of rural states. For Wyoming, a diversified workforce will lead to a diversified economy. The commodities and tourism industries primarily drive Wyoming's economy. We tend to act "counter-cyclical" to the national economy. While the rest of the nation has experienced an economic downturn over the past year, Wyoming has remained virtually untouched. If the national economy experiences growth, Wyoming's economy will likely slow. If the national economy slows, Wyoming tends to grow.

Wyoming is seeking new strategies to diversify its economy; a critical component of those strategies is a well-trained, highly skilled workforce responsive to the changing demands of the state, regional, and national economy. Workforce development in

Wyoming is a partnership between the public and private sector. Wyoming's Governor Dave Freudenthal and Department of Workforce Services Director, Kathy Emmons have demonstrated leadership in continuing to build partnerships at state and local levels to focus workforce and economic development strategies to support our workforce and business partners.

As WIA Reauthorization moves forward it is critical to have flexible methods to continue to ensure rural access to One-Stop Systems. To physically access our services, customers in Dubois, Wyoming travel 150 miles roundtrip to access our One-Stop Office in Lander. Though, they can access Wyoming's "Virtual" One-Stop, which provides rural access in every Wyoming community, 24 hours a day, seven days a week. The Wyoming Job Network (an internet based program) supports Wyoming's "Virtual" One-Stop. Approximately 135,000 of Wyoming's 275,000 workers are registered on the Wyoming Job Network. Approximately 65,000 job seekers and 17,000 Wyoming employers have used the Wyoming Job Network to access services over the past year. This is a critical tool to workforce development for a workforce system that covers 97,818 square miles. While our employees and contractors log thousands of miles a year, we have the equivalent of one full service physical One-Stop for every 5,100 square miles. Flexible outreach efforts to rural communities continue to be a critical component of ensuring effective workforce development practices in Wyoming as we have 5.1 persons per square mile.

As Wyoming moves into its fourth year of WIA implementation we look to new technologies like our state's video conferencing system and Internet based programs as a means to provide rural access to workforce services. Our goal would be that these technologies improve service, efficiency, and reduce the thousands of miles our employees and contractors travel each year to provide quality services. In the future, we would look for the opportunity for eligible training providers to provide services through the Internet or video conferencing technologies. The reporting requirements placed upon Wyoming's eligible training providers (56% of which are out of state) have on occasion acted as a deterrent to providing services rurally, whether the provider is a publicly funded community college or private sector. Building flexibility for rural states into the provision of eligible training services and reporting is a critical component to utilizing new technologies.

Youth Services

We believe the change in focus to out-of-school youth from in-school youth is positive, but should be flexible to meet the needs of a rural state. With this change there will come a total rethinking of how services will be delivered. The ability to conduct outreach and intake services to youth during school hours is critical to being able to serve this population. If we wait until after school hours our ability to reach this population is impaired. In Sundance, Wyoming, population 1,139 people, our intake workers travel 70 miles (one-way) from the "local" One-Stop to conduct these outreach activities. Reaching these youth while they are in school is important. As students of Sundance High School may travel as much as 90 miles roundtrip to school each day. Students traveling these distances to school each day can be difficult to access in a non-school environment and work readiness opportunities are limited because of a limited employment base in a community like Sundance, Wyoming.

We support improving performance accountability; in fact Wyoming's WIA Title I-B, ABE/GED, and Perkins programs became eligible this past year for incentive funds due to improved performance, even though the existing system of seventeen statutory performance indicators is a cumbersome bureaucratic challenge. Reducing the number of indicators allow for more focus on achieving desirable outcomes. The elimination of the requirement to competitively contract for youth services will be a positive step in WIA reauthorization. This requirement would offer flexibility to rural state Workforce Investment Boards, as there is limited availability of qualified service providers to make a competitive process viable and meaningful.

We support Governors establishing Youth Councils as they see fit. I personally support all states continuing with Youth Councils. The bottom line, to our country, is that our youth will continue to be the strength of this country and take it to the next level of leadership and success. We need to invest more time and money in our youth to make this happen.

Rural Workforce Economic and Community Development Strategies

Wyoming's workforce development system in partnership with WIA and other federal and state programs, seeks to develop a truly diversified economy and workforce. It should be responsive and flexible to the changing demands of a regional and global economy. Our focus is on developing our rural economies and communities by developing a highly skilled local and homegrown workforce.

In Wyoming, we have developed the Wyoming Workforce Development Training Fund designed to flexibly meet the changing training needs of Wyoming workers and employers. The training fund application is designed to be simple as it is two pages in length, easily accessible, and responsive to employer needs. The fund offers grants up to \$2,000 per year per worker to increase a worker's skills. In order to access funds for approved training, employers commit to increase worker wages as a result of successful training. The result has been increased skill levels, training, and wages for over 8,000 Wyoming workers. It has also significantly improved our workforce, our economic development efforts, and made our workers more competitive, regionally and globally. This training fund also has pre-employment grants available to businesses seeking to grow, expand, or relocate to Wyoming. These grants are powerful economic development tools as they serve to train what would have been a previously untrained workforce specific to a relocating business's needs. Recently Lowes Home Improvement Stores chose Cheyenne, Wyoming as the location for a regional distribution center.

Lowes met with local and state economic development, community college, and Wyoming Department of Workforce Services officials, the purpose, to determine its business needs. Approximately 300 workers received warehouse training through the local community college in coordination with economic development and supported by the Wyoming Workforce Development Training Fund. Lowes or another business hired 90% of those workers at a competitive salary. The center will employ approximately 700 new workers when at full capacity. Without the ability to flexibly respond to a business need, Wyoming may have lost this new business to another state in the region. The return on investment for Wyoming taxpayers was earned even before Lowes received its first delivery for regional distribution.

Under the existing WIA, Wyoming has difficulty accessing incumbent worker training funds considering the reporting requirements and restrictions placed on the funds. The

Workforce Development Training Fund helped us rapidly respond to Lowes unique training needs. As a result of Lowes success, we continue to see more warehousing operations consider Wyoming as regional warehousing cluster. We are pleased with the potential opportunity to flexibly leverage WIA incumbent worker funds in the future to meet training needs of Wyoming workers and business, just as we have with the Wyoming Workforce Development Training Fund.

Allowing funds to be used for economic development activities will enhance workforce and economic development initiatives. In the past Wyoming has been limited in these efforts due to current WIA requirements. Such a provision would allow a stronger partnership with economic development agencies and allow the workforce system to further develop partnerships with existing and new businesses in a local area. This provision would also enhance new opportunities with organizations such as the local Chambers of Commerce, economic developers and rural business associations.

Improving the “user-friendliness” of WIA to Small Business

In Wyoming, the private sector built its own workforce development flexibility, when out of necessity, we developed the McMurry Regional Training Center. As a rural state with less than 500,000 in population, we have learned when we embark on new construction projects, we often find ourselves looking to out-of-state workers to meet new construction demands. The Wyoming Contractors Association under the leadership of such members as Neil McMurry of Casper and Ray Wulf of Gillette, recently built the McMurry Regional Training Center in Casper, Wyoming with the goal of training a local workforce in the construction trades responsive to Wyoming’s needs.

As the McMurry Regional Training Center has grown, we have discovered a previously untapped pool of workers in WIA and TANF customers that, with training, can become a part of the highly skilled portion of the Wyoming workforce. We saw the need to recruit and train new workers in the state. A \$1million training center was built to offer construction craft classes. We linked with the state to train some folks through a TANF grant, which provided more flexibility than WIA. The initial class had 38 participants and 14 graduates. After graduation, the graduates essentially tripled their income in eight months. The class provided job skills from which they were able to find personal success and create an income they thought was unattainable. This is what motivates all of us. When we as employers and policymakers develop legislative strategies and businesses that fulfill our basic needs, we have a success that is sustainable. The additional result is a vibrant economy and growth in GDP.

In reviewing additional aspects of WIA, continued consideration should be given to making the system flexible for small businesses. Wyoming supports the provision of reducing the number of performance standards from 17 to 8. Though, primarily using unemployment insurance data for measures such as the entered employment rate and employment retention rate may not give an accurate reflection of the customer’s ultimate employment outcome. The workforce system serves many customers. We would urge that in reauthorizing WIA, the WIA system be designed to be more flexible. The seventeen performance indicators (though well intentioned) have in the past been a distraction from WIA’S overall goal of investing in and developing a workforce responsive to the changing needs of ever changing economies.

The largest groups of customers are job seekers and employers, yet many of the performance measures are on job seekers only. If the intent of WIA Reauthorization is to

improve services to employers, consideration should be given to performance measures designed to gauge the services to employers, because what is measured, is accomplished. Focusing on measuring services to employers would also result in focusing improving user-friendliness to small business.

In order to further improve the “user-friendliness” of WIA to small business, Governors should have the authority to determine what standards, information, and data should be required for eligible training providers in their state. In rural areas, the critical mass of training providers is limited. In addition, enrollment in various training programs is cost-prohibitive for providers to invest in a data collection system, which essentially eliminates them as an eligible provider and lessens the number of providers from which customers may choose services.

One of the largest potential impacts of WIA reauthorization would be a new provision for incumbent workers. Under H.R. 1261 local funds can be used for incumbent worker training. Businesses with fewer than 50 employees will only be required to match 10 percent of the costs of the training. This provision will allow a larger pool of funds for incumbent worker programs. This will allow small businesses with limited training budgets to truly benefit from WIA funds.

Workforce Investment Boards

In Wyoming we have streamlined our governance structure as a state board by working to ensure flexibility in implementing WIA programs and collaboration in bringing private sector solutions to public sector challenges. It is critical to have the ability to communicate the private sector’s needs to our public sector partners. Our workforce investment board offers small businesses a forum by which they may communicate the constantly changing private sector needs for a well-trained and highly skilled workforce with the public sector. Our goal in Wyoming is simple, to develop a demand driven workforce responsive to private sector worker and employer needs.

A challenge for single workforce area states, like Wyoming, is that one board carries out the duties for both local and state boards. As a rural state, we support the proposed flexibility for Governors to have discretion over the size and membership of the board while ensuring a majority of the board is from the private sector. We strongly support continued connections between the private sector and post-secondary education, training, social services, and economic development systems to prepare our emerging and second-career workforce for career opportunities and skills in new job sectors. Having these partners “at the table” is a critical link to communicating the private sector’s challenges to the systems that ultimately may provide public sector solutions. It is crucial to future efforts, to maintain a majority private sector representation on state level Workforce Investment Boards. To divert from a private sector majority would be detrimental to true comprehensive workforce development.

I have found that our public sector partners often coordinate their efforts to ensure they are meeting their customer’s needs. A strong private sector membership on a state workforce board leads to a more global approach of addressing true workforce development. One of the critical components in meeting those needs is the partnership developed on a board that is not dominated by the government sectors.

Building Additional Flexibility into WIA Consolidated Adult Funding Streams

We strongly support the Administration's proposal to combine the WIA Adult, WIA Dislocated Worker and Wagner-Peyser funding streams into a single formula program. This change will streamline program administration at the state and local level and reduce the current complexities of duplicative management across separate programs. In reality, unless core services were to dramatically change, our current coordination of services would continue, though we would expect the flexibility to strategically allocate our resources to be more responsive to a changing environment.

At the program level Wagner-Peyser and WIA services, funds, and personnel are currently coordinated in our state between the core services being primarily funded by Wagner-Peyser, and the intensive and training services being provided by WIA. This consolidation will encourage this system to be further integrated versus running two separate and duplicative, related services. From a flexibility perspective, it's safe to say, we would much rather have our Governor making the call on what services to offer as he/she would have the flexibility to focus them in areas that would be in Wyoming's best interest, and would help meet our unique rural workforce needs.

Flexible Funding

We support the small state provision of 0.3 of one percent for all funding sources rather than multiple levels for different funding sources. This amount may seem of little significance to larger states, however, it helps provide the necessary funding for small states.

The discretionary One-Stop delivery activities for low waged workers are a positive aspect of the Administration's WIA Reauthorization Proposal. In Wyoming, one of the largest challenges workers face are day care and transportation. This provision would allow funding to help meet these challenges.

The provision changing the planning cycle from 5 years to 2 years is positive because today's economy can shift dramatically in two years. If the planning cycle for state and local plans is reduced from five to two years, the plan must be made simple and meaningful. As it is now, the development of a plan is incredibly time consuming and small states have small staff to carry out such activities. This cycle should be consistent throughout the entire Act.

One-Stop Certification

The provision of One-Stop Center certification will further enhance the One-Stop system. This provision offers the opportunity for a formal process of communication. The Workforce Investment Board will have the opportunity to clearly communicate the acceptable standards of service to One-Stop Centers expected by the Workforce Investment Board. This will give private sector led boards the ability to set guidelines on services provided by One-Stops in rural areas.

Native Americans in Wyoming have unique rural workforce and economic development challenges. Like Wyoming, they need the flexibility to meet their unique needs.

Conclusion

As Wyoming moves forward with developing its workforce and its workforce development system, we are pleased to see the new and innovative changes within the Administration's proposed WIA Reauthorization. We would seek to be an early implementer of many of the new proposals. These changes will complement our efforts to diversify our workforce, improve connections with small business, and have a trained workforce available and responsive to a rapidly changing global economy.

This concludes my remarks. I would be glad to respond to any questions you may have.
Thank you.