



Written Testimony of Van Royal

Chairman

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Introduction

Chairwoman Foxx and other distinguished members of this Subcommittee: my name is Van Royal and I serve as the volunteer Chairman of First Coast Workforce Development, Inc., known locally as WorkSource. We are the Regional Workforce Board serving Jacksonville and Northeast Florida.

In my testimony today, I would like to address, from a business perspective, some of the inefficiencies in the current employment and training programs as well as how we, in Florida, have worked to eliminate some of those issues.

As a small business owner, I know first-hand the frustrations of trying to wind through programs and regulations that aren't only necessary to grow your business but often times to sustain the business you have. Most small businesses do not have HR directors, they barely have time to write an ad for the newspaper much less analyze growth incentives, community block grants, brownfield initiatives or available training programs. If a small business employs 10 people, a change of 2 people represents a 20 % increase in jobs. Many of the above mentioned programs could help, but most important to the small business owner is a skilled and easily identifiable new employee. The various agencies, DOL, EPA, HUD, USDA and I am sure there are more, all have economic incentives that address employment or have employment standards in their regulations. Even the best economic advisors have a difficult time guiding large employers through the maze of hiring and training incentives so imagine the small business owner trying to do the same. It is no wonder that these "employment incentives" are overlooked or ignored by small businesses who are just trying to survive.

Selecting and training the right employee is critical to the success of a small business. It is more important than a large company's due to the expense of replacement and the "down time expense" of no one being in that slot particularly if *you* as an owner have to fill that slot. That is why it is critical that not only the services of the workforce development system be easy to use but the ***perception*** of the programs must be positive and re-enforcing. The GAO report referenced here today describes a plethora of federal job training and employment programs. While all of them were likely created with the best of intentions, it is virtually impossible for businesses, particularly small businesses, and job seekers to know about and navigate the services of that many programs. We need a system that is simple to understand and easy to use. My home state of Florida has made some great progress in at least consolidating some of these programs under the umbrella of our local workforce boards.

What Makes Florida Different?

We believe that, with an integrated, flexible system, we can really make a difference. The State of Florida had the foresight to design a workforce development system that takes the best of what WIA had designed and build an even more integrated system based on business involvement and local decision-making. By pulling together no less than seven federal employment and training programs (WIA, Wagner-Peyser, Welfare Transition, a portion of Unemployment Compensation, Trade Adjustment Act, Food Stamp Employment and Training, and Veterans funds) and integrating that funding through the regional workforce boards, we have been able to shape our policies and training to meet our local business needs.

Having the flexibility to mix these programs and funding streams together allows us to maximize services to businesses as well as job seekers. We are able to leverage funds from multiple programs to customize service delivery. We cross-train staff in multiple programs and are able to cost allocate salaries, etc. in a manner that creates great efficiencies. There is, however, a tremendous amount of administrative waste in the process of separately tracking each funding silo, reporting redundancies, eligibility data entry, etc. While we strive to make our services seamless to businesses and job seekers, these multiple programs that all support employment and training services make that seamlessness more difficult than it should be.

A prime example of one of the difficulties is the State merit staff requirement for the delivery of Wagner-Peyser, Veterans and Trade Adjustment Assistance. This requirement eliminates our ability to cross train staff supporting these programs. For instance, a Veterans program staff member cannot assist the military member's spouse if both are in need of job placement or training assistance. Though there is no direct federal statutory mandate in the Wagner-Peyser Act requiring State merit staff to deliver services, the USDOL Secretary has denied Florida's waiver requests from this regulation every year since 2007. This waiver has been granted to the states of Colorado, Massachusetts and Michigan but USDOL has taken a position that no further exceptions will be approved.

Florida created its own version of a system that was "customer-focused." In Florida, we determined that the primary customer of our system was the business community that

creates the jobs workers need. The WIA legislation mandated that local workforce boards include business as an active partner. It's imperative that we keep that part of the system intact. In fact, we would recommend, based on our experience, that local boards have a "super majority" of at least 65% of their board members comprised of private industry.

With business in charge of our local system, we found ourselves changing our organizational culture - from an internal focus on process and procedures to an external focus on results. If you want a system that is truly market-driven, the market must have a voice. That strong, private-sector business voice is what set us on a new path of responsiveness to business needs. The business leadership of our board asked questions that don't typically get asked in many public sector led initiatives; questions, for example, about the return on investment of funds in particular projects and contracts. It didn't take long for us to shift our priorities and ask how we could operate differently to better use our funding and leverage resources from partners.

Another point that Florida got right was encouraging partners to work together to provide seamless services to jobseekers. Bringing agencies together was good for the jobseeker, but it also helped us to eliminate duplication of services and achieve more by working together. One partner that we have found to be invaluable is economic development. By bringing our local ED organizations in as valued partners, we gain insight into targeted industries and can help shape the workforce our local economy demands.

Under WIA, training is delivered in response to the local labor market needs. The legislation required that training resulted in an industry- recognized certification. In our local region, we invested in education to learn the language of economic development, and changed our training strategy to focus on helping companies and industries expand.

The consumer of our training system is business – but to date, there is no funding and no performance measure that is tied to serving business. Currently, WIA funding is delivered in silos based on categories of workers (adult, dislocated, etc.) We need funding that is flexible and that allows us to react to our local labor market conditions.

We've spent twelve years building partnerships, learning how to understand the market, and building the foundations to be competitive. We must continue to build on the things that WIA got right – a demand-driven, flexible system that allowed us to become a meaningful player in growing the economy.

Consolidation of the multitude of federally funded employment and training programs as part of the Reauthorization of WIA needs to expand that flexibility, eliminate meaningless silos and create a new formula for funding that recognizes 21st century workforce challenges of business retention and expansion.

Life Long Learning and Career Services

After K-12 education, we must provide a flexible workforce system that engages workers at every stage of their career, offering entry points for skill advancement in the classroom or on the job. In order to be competitive in the global economy, we must create a culture of lifelong learning that rewards higher skills with economic advancement.

The focus of a successful career development system, one that supports business growth and global competitiveness, is not job placement. Rather, it centers on the skill sets needed in the local labor market, and how workers can obtain those skills through education, training and job succession. WorkSource, Cornerstone (our regional economic development partnership), and our community college and training partners work together to strategically provide a wide variety of activities that are designed to **recruit** proficient workers, **retain** valuable workers and **re-train** workers with new skills.

This philosophy is embodied in a career development methodology resulting in income growth. The Income Growth Strategy promotes wage progression through rapid attachment to the workforce, continual skill gains, and personal development activities. As a strategic framework, this approach builds upon a program design generally referred to as “post-employment”: placement, retention, advancement and/or rapid re-employment services. The foundation of this approach is that all employment and

training services are delivered within the framework of the skills needs of the business community.

The Income Growth Strategy involves designing a planned sequence of service interventions, which target the needs of the job seeker in the larger context of serving our business customer. The model embraces incremental income goals achieved through labor market advancement. In our model, job seekers are not necessarily terminated from career development services at job placement. Success is measured by the ongoing skill development and wage growth of the job seeker.



Traditionally, workforce system contact with the employer ends at placement or soon thereafter, not resuming until the next time placement services are needed. Under Income Growth, a *business services strategy*, represents activities, such as employed

worker training, as value-added products for the employer, part of a comprehensive set of business services.

Providing services to the worker is no longer limited to a physical one-stop location, but may be offered at the worksite, at a training center, or over the internet.

Currently, performance standards drive the system toward an early termination approach. We must create strategies that allow workers to access a flexible system that offers skill attainment and comprehensive career development services. System performance should be measured, incrementally, as a worker progresses in income growth without terminating them from services.

What We Need Now for the New Economy

Funding of the workforce system is still based on the concept of equity, rather than competitiveness. While we recognize that it's important to help everyone engage in meaningful work, a funding formula based primarily on unemployment and poverty rates doesn't address the needs of our businesses or our workforce. It doesn't help either of them compete in the global economy.

When we compete against other cities for new industries and good jobs, we're not competing against the places that we were five or ten years ago. Today, our economic development partners are not just competing against typical regional rivals in Georgia,

South Carolina or Alabama or even cities in other regions, we are facing increasing competition from countries such as Malaysia, India and China. With the advent of technology, companies can now locate their businesses where they find the best talent for any given aspect of their business. U.S. companies are establishing a global footprint in order to compete and to open new markets. Our workforce and education systems need to reflect the current reality of global competition.

Where do we go from here?

- We ask your support to improve the legislation in a manner that broadens, coordinates, and supports partnerships at a local delivery level. Local boards are responsible for the system-wide coordination of resources and services, but distinct program rules, coupled with the authority granted to state and federal partners, undermines seamless delivery to the public.
- Local boards should have a “super majority” of at least 65% of their board members comprised of private industry. The current requirement that the board chair should be appointed from the private sector is a critical factor in maintaining business involvement.
- Performance standards must be re-visited and redesigned to give all programs common goals. In addition, we must create standards that reinforce and reward ongoing career development services and end short term episodic fixes. WorkSource supports performance standards that target income growth and skill attainment as outcomes for all programs. We believe these measurements

should be calculated incrementally while the job seeker or worker is receiving services, not at termination. Also, we support the creation of performance standards that measure business involvement and satisfaction with the workforce system.

- The workforce development pipeline begins in our K-12 educational system. In addition to intervening with the most at-risk youth, career services must be provided to all young people. Incentives should be used to encourage regional workforce boards to work in partnership with their educational systems to create workforce learning environments (i.e. Career Academies) that reflect the skills needed in the local labor market, and provide industry recognized certifications and/or college credit for all high school graduates.
- Programs and funding streams should be consolidated at the federal level to ensure real flexibility in providing effective services at the local level. Maintaining separate funding streams will continue to keep the focus on programmatic barriers and not on services.
- We urge that funding formulas be based on building competitiveness, rather than an approach that only considers equity. A funding formula based primarily on unemployment and poverty rates won't lead to our workers obtaining the skills to compete in the global economy.

Chairwoman Foxx, that concludes my remarks. I want to thank you again for this opportunity to testify before the Subcommittee on this critical issue. I welcome any questions that you may have.