

Testimony of Nanine Meiklejohn  
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before the  
Higher Education, Lifelong Learning, and Competitiveness Subcommittee  
of the  
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on  
“New Innovations and Best Practices under the Workforce Investment Act”  
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Chairman Hinojosa and Congressman Tonko, my name is Nanine Meiklejohn, and I am a Senior Legislative Representative for the American Federation of State, County and Municipal Employees (AFSCME).

AFSCME’s 1.6 million members work in state and local government agencies, health care institutions, and nonprofit agencies across the country. They include the employees in state employment security and workforce agencies and in local one-stop operations. We appreciate this opportunity to present AFSCME’s views on reauthorization of the Workforce Investment Act (WIA).

We face a starkly different economic situation now than when WIA was enacted and when Congress last considered legislation to reauthorize WIA. The accelerating pace of job loss is breathtaking. In February, unemployment surged to 8.1 percent as non-farm payroll employment fell sharply. Over the past year the number of unemployed persons jumped by five million as the unemployment rate rose by 3.3 percentage points. The number of workers receiving unemployment benefits has risen by 54 percent in the last 12 months to over five million people, and 2.9 million workers still had not found jobs after 26 weeks of unemployment in February – a 55% increase over last year.

This extraordinary situation is creating extraordinary demands on our workforce system. The unemployment insurance system, which relies on telephone call centers and electronic applications, is under enormous strain and in some states, including here in New York, has experienced temporary breakdowns. Long lines of unemployed workers have formed at overwhelmed local one-stop centers – the only physically available place they can go for help.

These challenges have revealed some underlying weaknesses and call into question some of the assumptions in federal workforce policy over the last 10 years. Since WIA was enacted, and especially during the last eight years, workforce funding declined; federal leadership continued to shrink; efforts were made to collapse workforce programs into each other despite their unique roles; training activities have been extremely limited; the voice of workers in the system was almost silenced; and publicly administered systems were neglected in favor of publicly-funded but privately-provided services.

This is not to imply that there have not been important innovative programs during that time. Indeed, many are operating in local areas. They include sector and regional training initiatives, labor-management partnerships, such as the longstanding health care training partnership conducted

by AFSCME's affiliate, District 1199 (c) in Philadelphia, career pathways initiatives for young people, and closer linkages between the workforce system and economic development strategies. The testimony of Bill Camp, on behalf of the AFL-CIO on February 12, 2009, described a number of important and exciting policies and initiatives taking place in California. They should be strengthened and encouraged during WIA reauthorization.

However, more is needed to enable our workforce system to meet today's challenges. We believe now is the time to guide federal workforce policy in a new direction that expands on and strengthens all of the components of the workforce system so that it can provide the highest level of services for workers and employers possible. We support all of the recommendations made by the AFL-CIO at the February hearing, but in this statement, I will focus specifically on key aspects of the delivery system.

### **WIA's Place in the Workforce System**

WIA was enacted during a period of relative economic stability and amid pressures to block grant, decentralize and reduce funding for federal workforce programs. It established a one-stop center system with the laudable goal of facilitating access to a wide range of related services, including the WIA adult, dislocated worker and youth programs, Unemployment Insurance (UI), Employment Services (ES), Trade Adjustment Assistance (TAA), Vocational Rehabilitation and Adult Education.

As originally conceived, these programs would be coordinated by locating WIA services and other workforce programs in local one-stop centers and by linking them electronically. As much as possible, the programs were to be integrated with each other; a term that has been interpreted in different ways in different states and local areas and which has represented an uneasy compromise between block granting and coordination.

In moving in this direction, WIA created significant tensions between the publicly operated state programs, such as Vocational Rehabilitation and Wagner-Peyser Employment Services, and the local more privatized WIA programs, particularly where local workforce boards attempted to assert control over the large state public agency operations. For our members in the state agency programs, WIA came to represent a mechanism to weaken or privatize the programs in which they work and the services they provide.

Difficult issues emerged, such as how to finance one-stop operations (because WIA did not provide operational funding for the one-stop centers) and the extent to which local boards and one-stop operators, some of them private companies, would control the work of the state agency employees. As a result, considerable energy has been spent on governance, financing and process issues, and significant WIA resources have been spent building an operational infrastructure of one-stop centers. Declining WIA funding and stagnating Wagner-Peyser funding greatly exacerbated these tensions.

Because of the highly decentralized nature of the program, organizational structures, policies and services vary widely among, and even within, states. This has made it virtually impossible to paint a clear picture of the way the system operates from a national perspective.

At the same time, WIA's effectiveness as a source of meaningful training services was

weakened by a mandate to provide universal services through a sequence of core, intensive and training service with no effective job quality criteria and heavy reliance on self-service. As a result, WIA providers increasingly focused primarily on general labor exchange services and on placements with low-wage employers at the expense of a consistent policy of providing value added quality services for job seekers and employers.

### **Wagner-Peyser's Role in the Workforce System**

As local WIA providers increasingly duplicated some of the labor exchange services historically provided by the state Wagner-Peyser Employment Service, the previous Labor Department pursued an aggressive effort to defund and eliminate the state Employment Service. Department officials based their case primarily on the claim that the state Employment Service is essentially like other local job matching activities funded by WIA, a view shared broadly among those providing local WIA funded services.

In fact, though, the Employment Service is much more than another job matching program. It is a crucial partner of the Unemployment Insurance program, conducts labor certifications, and helps administer the Trade Adjustment Assistance program and the targeted jobs tax credit. In addition, it maintains statewide job banks and a comprehensive system of labor market information in each state, both of which are valuable resources that support state and local economic development strategies and regional and sector partnerships.

Maintaining this flexible state agency workforce can provide both efficiencies and flexibility. For example, Ohio state staff is trained in ES, UI, TAA, labor market information and outreach services to employers, which allows the state to provide more universal services that can respond to emerging and changing local needs.

The relationship of the Wagner-Peyser Employment Service to the Unemployment Insurance program is especially important. In administering the Unemployment Insurance program, the states also must ensure that UI claimants are looking for and securing employment.

Traditionally, ES and UI staff worked closely together in providing benefits and employment services to help UI claimants find jobs. They often were cross trained so that they could shift between the more technical functions of processing unemployment benefit applications and matching job seekers with employers. This flexibility to adjust staffing patterns was substantially undermined as states centralized their UI operations into call centers and ES staff moved into local one-stop centers.

Separating the ES and UI operations has had several consequences. In any state that does not require it, and most states don't, Unemployment Insurance recipients have no obligation to go to a one-stop center at all. Even if they do go, they rarely get early reemployment services that can shorten their time without work or help move them to a new career. In addition, local one-stop centers are ill-equipped to help jobless workers get through the overburdened UI application system other than offering them a telephone connection.

However, the severity of the economic downturn has led some states to seek ways to rebuild the connection between the two programs. Connecticut and Ohio are moving to assign some of their ES staff situated in local one-stop centers to help workers with their UI claims. This ability to

adjust duties and functions as economic circumstances change is possible only because the states retain authority over the ES staff.

Although the transition of ES staff into local one-stop centers appears almost complete, its role in the centers requires more attention both in terms of its relationship to the UI program and as part of the overall workforce system.

### **Moving Forward – A New Balance**

Typically, when the nation has faced extraordinary challenges, we have turned to the federal government to achieve important national objectives and priorities. This is true today. The American Recovery and Reinvestment Act (ARRA) asserts a stronger federal policy in the workforce system.

The law provides specific guidance on how some funds are to be used. In particular, it requires that states use \$250 million of the \$400 million appropriated for the Employment Service specifically to provide reemployment services for UI claimants. Our hope is that the U.S. Department of Labor will consider a requirement for all contractors receiving ARRA funds to list new jobs on the state job banks to facilitate matches for all job seekers. The program also directs training resources to high priority areas, in particular green jobs and health care, through a grant process that will be managed by the Secretary of Labor.

A subsequent March 4, 2009 notice from the Labor Department further asserts federal policy and calls for more balance between the needs of workers and employers. It urges alignment with economic and community development strategies and close alignment of education and training with jobs and industries that are important to local and regional economies. The Department also has determined that several waivers will not apply to Recovery Act funds on the grounds that they are contrary to congressional intent, including a waiver providing authority for full transfer of funds between the Adult and Dislocated Worker Programs. In addition, services and training are to be maximized and administrative costs minimized.

AFSCME applauds this new direction and hopes that WIA reauthorization will continue to foster it. In particular, we hope to see more balanced membership on workforce boards, including stronger participation by organized labor, and increased support for labor-management partnerships in industry and sector training initiatives. We also hope to see more balance among available services and a new stronger partnership among the public and private agencies and state and local governments. In addition, we hope greater attention is given to reemployment services for UI claimants by the Employment Service.

### **Training and Services**

The sequence of services policy has caused local WIA programs to emphasize core services at the expense of other services and training. As demands on the local centers escalate though, it is becoming apparent, at least in some states, that there are important gaps in the services available for job seekers.

In order to ensure that WIA programs provide more intensive services and training, the sequence of service policy should be explicitly abandoned. WIA programs should have to devote a certain percentage of their funding for training as previous job training laws required.

In addition, federal law should place a priority on training in high growth fields, such as alternative energy, broadband, advanced manufacturing, child care, and health care that are of a high national priority. The recently enacted Higher Education Act embraced a similar concept of high national need in the loan forgiveness program. Guiding, but not requiring, states and localities to direct services and training in such areas can help ensure a meaningful role for the workforce system in a new economy without stifling other initiatives specifically suitable to local economic conditions and populations.

### **Expanding the Scope of the One-Stop System**

As more experienced jobless workers seek help at local one-stop centers, the demands on the system are expanding and changing. While WIA may have been largely a last resort for low-income and disadvantaged persons, increasingly others with different experiences, but perhaps similar skill development needs, are lining up at local centers. It is not clear yet whether this is a temporary phenomenon due to the downturn or a more fundamental shift. Some analysts predict that many of the lost jobs will never return.

In either case, this development means that the workforce system needs to strengthen both its labor exchange – or core services – capacity and its ability to guide and provide services to workers with increasingly disparate needs. It also needs to be able to help them acquire new skills in a changing economy.

The statewide and public character of the Employment Service makes it a potentially valuable asset in achieving this objective. A study of six states conducted by WESTAT for the U.S. Department of Labor, “Evaluation of Labor Exchange Services in a One-Stop Delivery System Environment”, which was completed in 2004 but suppressed by the Department for four years, is instructive. It noted that by virtue of its statewide character the state Employment Service overcomes a tendency of local workforce areas to engage in more targeted job development and job matching at a time when job seekers are more willing to look for opportunities beyond their immediate communities.

The WESTAT study further observed that “Effective job-matching systems linked high-quality technology with well-trained staff dedicated both to ensuring that employers were appropriately listing their jobs and job seekers were able to effectively use the technology.” Achieving both involves staff outreach and a concerted effort to attract and hold employers as well as the staffing capacity to make good matches.

This is an important finding. The broader the scope of information available to local one-stop centers, the more effective all of the partner programs can be. Strengthening the ability of the state employment services to provide comprehensive job matching tools and good labor market information will benefit the entire system because it will attract more employers, improve job matching, and support regional and sector training initiatives. It can be a rich resource for all job seekers, experienced and disadvantaged alike, particularly helping to open up opportunities for disadvantaged job seekers they might not otherwise have.

Eliminating the sequence of services rule will have important consequences for the system. It will create more flexibility to provide a broader range of services, but it also will create a new need for effective and professional career planning and assessment in order to carefully match workers' skills and interests with the right services, training and jobs. It will open up new ways to align services functionally and perhaps in teams of staff from different programs, even as dedicated funding continues to be provided for specific groups of workers.

A skilled and professional state Employment Service staff that competently advises workers and employers will become even more necessary. An analogy with the real estate industry helps make this point. Although there are many websites that list homes for sale, house hunters still seek out real estate agents to help them narrow their search and make the best decision.

The state Employment Service staff already conducts assessment and career planning functions when they provide reemployment services to UI claimants and counsel TAA enrollees. The state can control the quality and consistency of these services statewide through its policy setting authority, the ability to set high standards for job counselors, and, if resources are available, professional training and upgrading. Because it is not limited to the local boundaries of one-stop systems it is well positioned to perform such functions to support both sector and regional training and skill development partnerships.

WIA reauthorization should strengthen the state Employment Service capacity by, among other measures, providing resources for staff development. We note that New York state is moving to upgrade its Wagner-Peyser staff by hiring labor service representatives with masters degrees in counseling.

A strong statewide Employment Service can compliment, rather than compete with, the work currently being done by local WIA programs which focus on the more intensive work involved in serving populations with significant barriers to employment.

The fact that state Employment Service employees are in merit based personnel (civil service) systems is an additional benefit despite claims of the previous administration which tried to eliminate this longstanding regulatory requirement. It did so because the merit staffing rule stood in the way of its effort to dismantle the Employment Service, devolve it to local WIA boards, and contract out the funds to private contractors.

The merit staffing rule was characterized erroneously as a "labor protection", but the reality is that merit system principles of personnel administration were originally adopted in the interests of government accountability, fairness and transparency. They require adherence to the following principles to insure improvement of public service:

- a) Recruiting, selecting, and advancing employees on the basis of their relative ability, knowledge, and skills, including open consideration of qualified applicants for initial appointment.
- b) Providing equitable and adequate compensation.

- c) Training employees, as needed, to assure high quality performance.
- d) Retaining employees on the basis of the adequacy of their performance, correcting inadequate performance, and separating employees whose inadequate performance cannot be corrected.
- e) Assuring fair treatment of applicants and employees in all aspects of personnel administration without regard to political affiliation, race, color, national origin, sex, religious creed, age or handicap and with proper regard for their privacy and constitutional rights as citizens. This “fair treatment” principle includes compliance with the Federal equal employment opportunity and nondiscrimination laws.
- f) Assuring that employees are protected against coercion for partisan political purposes and are prohibited from using their official authority for the purpose of interfering with or affecting the result of an election or a nomination for office.

These principles should be codified in the Wagner-Peyser Act to establish them more firmly in the law. In fact, we suggest that the substance of these principles is unassailable and that they also are appropriate for the operators of the one-stop centers as well.

Mr. Chairman, you are considering WIA reauthorization at an unusual point in time. Our economic circumstances present both unique challenges and opportunities for the workforce system. If reformed by building new partnerships and creating a new balance, we believe WIA along with its workforce program partners will be well positioned to play a much more expansive and meaningful role in the economic life of our country. AFSCME looks forward to working with you as you begin this process. Thank you again for this opportunity to testify here today.