

ADDRESSING WORKFORCE NEEDS AT THE  
REGIONAL LEVEL: INNOVATIVE PUBLIC AND  
PRIVATE PARTNERSHIPS

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HEARING

BEFORE THE

SUBCOMMITTEE ON EMPLOYMENT AND WORKPLACE  
SAFETY

OF THE

COMMITTEE ON HEALTH, EDUCATION,  
LABOR, AND PENSIONS

UNITED STATES SENATE

ONE HUNDRED TWELFTH CONGRESS

SECOND SESSION

ON

EXAMINING ADDRESSING WORKFORCE NEEDS AT THE REGIONAL  
LEVEL, FOCUSING ON INNOVATIVE PUBLIC AND PRIVATE PARTNER-  
SHIPS

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FEBRUARY 16, 2012

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## **ADDRESSING WORKFORCE NEEDS AT THE REGIONAL LEVEL: INNOVATIVE PUBLIC AND PRIVATE PARTNERSHIPS**

**THURSDAY, FEBRUARY 16, 2012**

U.S. SENATE,  
SUBCOMMITTEE ON EMPLOYMENT AND WORKPLACE SAFETY,  
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,  
*Washington, DC.*

The subcommittee met, pursuant to notice, at 10:07 a.m., in Room SD-430, Dirksen Senate Office Building, Hon. Patty Murray, chairman of the subcommittee, presiding.

Present: Senators Murray, Franken, Whitehouse, and Isakson.

### **OPENING STATEMENT OF SENATOR MURRAY**

Senator MURRAY. Good morning. This subcommittee will come to order.

Many people say that there is no asset more important to our country and our employers than our workers, and I really happen to believe that that is true. A skilled and educated workforce has been the force behind the greatest economy and the most robust middle class this world has ever known. More families have been able to propel themselves upward in America than anywhere else, and much of that can be traced back to the education and training our workers have been empowered with.

But as we all know, workers, employers, and our economy are facing significant challenges today. Our workers are still the best in the world, but it is harder and harder for our education and skills training systems to keep pace with their needs in our rapidly changing economy.

Our economy is highly complex and constantly in flux. Industries we once counted on are gone. Others we can't even imagine are right around the corner. Global competitors are everywhere and multiplying. We have a larger, more diverse, and increasingly ill-prepared workforce.

One thing we know for sure is no one program, provider, system, or approach will yield the scope and scale of the success we need. Partnerships of all types are essential, partnerships between workforce and economic development; employers and educators; community-based organizations and the government; childcare providers, transportation systems, and housing providers. Partnerships are key.

Yesterday, along with my good friends and colleagues, Senators Isakson, Harkin, and Enzi, I was pleased to release a new report

by the Government Accountability Office that takes an in-depth look at innovative collaborations between workforce boards and employers that meet local needs. Those partnerships have much to teach us. But we've already learned a lot and have taken great strides to incorporate those lessons into draft legislation to improve the system.

Today, we're going to hear about ways to make timely, efficient, and effective workforce development opportunities available that combine the ability to earn and learn at the same time, that integrate classroom and work-based learning, that move people along career pathways, that effectively prevent layoffs, and that respond to and help shape regional economic development and growth strategies.

We have heard countless stories, many unsubstantiated and frequently repeated without any fact-checking, about how the current system isn't working well. No system is perfect. But I care deeply about the effectiveness of our workforce development programs and systems. And because of that, I will keep pushing them to improve and serve workers, businesses, and communities even better. If something isn't working well, we need to fix it.

But this report highlights that there are also countless examples of programs and partnerships and systems that do work well, where they effectively support workers, businesses, and communities, and we'll hear some of those stories today. I'm looking forward to hearing from all of our witnesses about this important issue.

But before I introduce our first witness, I would like to turn to Senator Isakson, who has been my partner in this.

And thank you for being here today.

#### STATEMENT OF SENATOR ISAKSON

Senator ISAKSON. Thank you, Madam Chairman. I'd like to ask unanimous consent that the opening statement of Ranking Member Enzi be submitted for the record.

Senator MURRAY. Without objection.

[The prepared statement of Senator Enzi follows:]

#### PREPARED STATEMENT OF SENATOR ENZI

Thank you Chairwoman Murray and Ranking Member Isakson for holding today's subcommittee hearing, and for your commitment to improving and modernizing the workforce development system in this country.

I appreciate the work that the Government Accountability Office (GAO) did in identifying successful models between employers and workforce development boards across the country. I look forward to their testimony today.

The GAO report being released today comes at a very important time. Even with an unemployment rate of 8.3 percent, 52 percent of U.S. employers are having difficulty in filling positions within their organizations.

Unfortunately, the concept of a "skills gap" is not new. Since 2006, surveys consistently find that 30 to 40 percent of employers cannot find workers with the knowledge and skills needed to fill

available jobs. This makes engaging employers and keeping them committed to working with the workforce system even more critical.

Employers need help in addressing these workforce challenges. We must encourage policies that meet employers' immediate and long-term needs in recruiting, hiring and retaining a skilled workforce.

We are already doing this in Wyoming. For example, the tourism industry is Wyoming's second largest industry, generating over 30,000 jobs. The Wyoming Workforce Development Council is addressing the workforce needs of industries like tourism and health care by bringing together industry, education and training providers, and government.

In response to high turnover in the industry, the Council developed the Wyoming Lodging and Restaurant Association Hospitality Partnership. This partnership brings employers, training providers, and workforce and economic development services together to provide for a highly trained workforce. Currently, the partnership is identifying more education and training opportunities for individuals to complete industry recognized credentials which will open doors for career advancement and industry growth.

Today we will learn about successful partnerships that are meeting the supply- and demand-side needs of regional economies. I look forward to hearing about what is working, as well as what challenges still must be addressed.

The information we will hear about today will inform what we do as we move ahead with the reauthorization of the Workforce Investment Act (WIA). Another GAO report identified 47 employment and training programs administered by nine agencies that are funded by the Federal Government. We need to think about how to better utilize our scarce resources by streamlining and consolidating duplicative and redundant programs to more effectively and efficiently meet the workforce development needs of our workers and our businesses.

I look forward to your testimony.

Senator ISAKSON. I'll be very brief. I thank Mr. Sherrill for being here today and GAO for following up on the request made by Chairman Murray, myself, Chairman Harkin, and Ranking Member Enzi.

Public-private partnerships and success stories are things we like to hear. We hear about too many tragedies up here in the Congress all the time. And I'm anxious to hear from our participants who have been asked to participate in Panel II.

Welcome, Mr. Sherrill. We're glad to have you.

**STATEMENT OF ANDREW SHERRILL, DIRECTOR, U.S.  
GOVERNMENT ACCOUNTABILITY OFFICE, WASHINGTON, DC**

Mr. SHERRILL. Chairwoman Murray, Ranking Member Isakson, and members of the subcommittee, I'm pleased to be here today to discuss the findings from our report that was released yesterday. We examined promising practices for collaboration between local workforce investment boards, employers, education providers, and others that have demonstrated positive results.

Specifically, we examined the factors that facilitated these innovative collaborations, the major challenges to collaboration, and what actions the Department of Labor has taken to support local workforce boards in their collaborative efforts. We asked officials from five Federal agencies and national workforce and economic development experts from 20 organizations to nominate what they viewed as the most promising, innovative initiatives in which local workforce boards collaborated effectively with employers and other partners to achieve positive results.

From over 89 nominations covering 28 States, we selected 14 initiatives for in-depth review. While the 14 initiatives varied in terms of their purpose, sector, and partners, the boards and their partners cited six common factors that facilitated and sustained collaboration. These were: a focus on urgent, common needs; leadership; the use of leveraged resources; employer responsive services; minimizing administrative burden; and results that motivated the partners to continue their collaboration.

Almost all of the collaborations grew out of efforts to address urgent workforce needs of multiple employers in a specific sector, such as health care, manufacturing, or agriculture, rather than focusing on individual employers. The urgent needs ranged from a shortage of critical skills in a sector to the threat of layoffs and business closures.

The partners in these initiatives made extra efforts to provide employer responsive services, and this took various forms. These included employing board staff with industry-specific knowledge, tailoring services such as jobseeker assessment and screening to address employers' specific needs, adjusting training course content in response to shifting industry needs, and providing instruction that led to industry recognized credentials.

For example, in San Bernardino, a training partner integrated an industry recognized credential in metalworking into its training program to make it more relevant for employers. To help meet employers' long-term training needs, some initiatives like those in Seattle and Madison incorporated career pathways in which training is sequenced in length to provide additional training to support career advancement.

In all the initiatives, partners remained engaged in these collaborative efforts because they continued to produce a wide range of reported results, such as increased supply of skilled labor, job placements, reduced employer recruitment and turnover costs, and averted layoffs. For example, in Wichita, of the nearly 1,200 workers who were trained in the use of composite materials in aircraft manufacturing, over 80 percent found jobs in the field. In Cincinnati, according to an independent study, employers who participated in the health care initiative realized almost \$5,000 in cost savings per worker hired.

For the workforce system, the partnerships led to various results, such as increased participation by employers in the workforce system, greater efficiencies, and models of collaboration that were replicated in other industries. While these boards were successful in their efforts, they cited some challenges to collaboration that they needed to overcome.



Some boards were challenged to develop comprehensive strategies to address diverse employer needs with WIA funds. For example, some board staff said that while their initiative sought to meet employer needs for high-skilled workers through skill upgrades among their existing workers, WIA funds can be used to train current workers only in limited circumstances, and the boards use other funding sources to do so.

In addition, staff from most boards said that WIA performance measures do not directly reflect their efforts to engage employers. Many of these boards use their own measures to assess their services to employers, such as the number of new employers served each year or the hiring rate for jobseekers they refer to employers.

The Department of Labor has taken a wide range of actions to support local collaborations like these. These include conducting webinars and issuing guidance on relevant topics and collaborating with other Federal agencies to fund a new grant program to encourage the development of industry clusters.

However, Labor has not made information it has collected on effective practices for leveraging resources readily accessible, even though many of the boards that we reviewed cited leveraging resources as a key to facilitating collaboration. So we recommended that Labor compile information on workforce boards that effectively leverage WIA funds with other funding sources and disseminate this information in a readily accessible manner. Labor agreed with our recommendation and noted its plans to implement it.

That concludes my prepared statement, and I'd be happy to answer any questions you might have.

[The prepared statement of Mr. Sherrill follows:]

#### PREPARED STATEMENT OF ANDREW SHERRILL

Chairwoman Murray, Ranking Member Isakson, and members of the subcommittee, I am pleased to be here today to discuss collaboration between workforce boards, employers, and others. As the United States continues to face high unemployment in the wake of the recent recession, federally funded workforce programs can play an important role in bridging gaps between the skills present in the workforce and the skills needed for available jobs. However, there is growing recognition that these programs need to better collaborate with employers to align services and training with employers' needs. As you know, the Workforce Investment Act of 1998 (WIA)<sup>1</sup> envisioned such collaboration by focusing on employers as well as jobseekers, establishing a "dual customer" approach. To create a single, comprehensive workforce investment system, WIA required that 16 programs administered by four Federal agencies—the Departments of Labor (Labor), Education, Health and Human Services, and Housing and Urban Development—provide access to their services through local one-stop centers, where jobseekers, workers, and employers can find assistance at a single location.<sup>2</sup> In addition, WIA sought to align federally funded workforce programs more closely with local labor market needs by establishing local workforce investment boards to develop policy and oversee service delivery for local areas within a State and required that local business representatives constitute the majority membership on these boards.<sup>3</sup> Today, about 600 local workforce boards oversee the service delivery efforts of about 1,800 one-stop centers that provide access to all required programs.<sup>4</sup>

<sup>1</sup> Pub. L. No. 105-220, 112 Stat. 936 (codified at 29 U.S.C. § 2801 ET seq.).

<sup>2</sup> 29 U.S.C. § 2841(b). Although WIA required 17 programs to participate in the one-stop system, the Welfare-to-Work program no longer exists, reducing the total to 16 mandatory programs.

<sup>3</sup> 29 U.S.C. § 2832(a) and (b)(4).

<sup>4</sup> In addition to the one-stop centers that provide access to all programs, over 1,000 other one-stop centers, known as affiliate centers, provide limited employment and training-related services to jobseekers and employers.

Despite the vision of collaboration between local employers and the workforce investment system, we and others have found that collaboration can be challenging. For example, in previous reports, we found that some employers have limited interaction with or knowledge of this system and that employers who do use the one-stop centers mainly do so to fill their needs for low-skilled workers.<sup>5</sup> My remarks today are based on our report, which was released yesterday, entitled *Workforce Investment Act: Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs*.<sup>6</sup> We examined promising practices for collaboration between workforce investment boards, employers, education providers, and others that have demonstrated positive results. Specifically, we examined (1) the factors that facilitated innovative collaborations among workforce boards, employers, and others; (2) the major challenges to collaboration; and (3) what actions the Department of Labor has taken to support local workforce boards in their collaborative efforts.

To answer these questions, we asked officials from five Federal agencies<sup>7</sup> and national workforce and economic development experts from 20 organizations to nominate what they viewed as the most promising or innovative initiatives in which local workforce boards collaborated effectively with employers and other partners to achieve positive results. From over 89 nominations, covering 28 States, we selected 14 initiatives in 13 local areas for in-depth review. The criteria for our selection included the number of nominations for each initiative, diversity of Federal funding sources, variety of local unemployment rates, evidence of replicability, and geographical diversity, among others. We interviewed State and local workforce officials, representatives of educational institutions, training providers, economic development officials, employers, and others. We also interviewed officials from the Departments of Labor and Commerce, as well as representatives of workforce associations. We also reviewed relevant Federal laws, regulations, and other documents pertaining to the key Federal programs. We conducted our work between November 2010 and January 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

In summary, workforce board officials and their partners in the 14 initiatives cited a range of factors that facilitated building innovative collaborations. Almost all of the collaborations grew out of efforts to address urgent workforce needs of multiple employers in a specific sector, rather than focusing on individual employers. The partners in these initiatives made extra effort to engage employers so they could tailor services such as jobseeker assessment, screening, and training to address specific employer needs. In all the initiatives, partners remained engaged in these collaborations because they continued to produce a wide range of reported results, such as an increased supply of skilled labor, job placements, reduced employer recruitment and turnover costs, and averted layoffs. While these boards were successful in their efforts, they cited some challenges to collaboration that they needed to overcome. Some boards were challenged to develop comprehensive strategies to address diverse employer needs with WIA funds. For example, some boards' staff said that while their initiatives sought to meet employer needs for higher skilled workers through skill upgrades, WIA funds can be used to train current workers only in limited circumstances, and the boards used other funding sources to do so. Staff from most, but not all, boards also said that WIA performance measures do not reflect their efforts to engage employers, and many boards used their own measures to assess their services to employers. Labor has taken various steps to support local collaborations, such as conducting webinars and issuing guidance on pertinent topics, and contributing to a new Federal grant program to facilitate innovative regional collaborations. Yet, while many boards cited leveraging resources as a key to

<sup>5</sup>See GAO, *Workforce Investment Act: Employers Are Aware of, Using, and Satisfied with One-Stop Services, but More Data Could Help Labor Better Address Employers' Needs*, GAO-05-529R (Washington, DC: Feb. 18, 2005). This report found that about half of the employers were not aware of their local one-stops, and that this was more common among smaller companies. Also, see GAO, *Workforce Investment Act: Employers Found One-Stop Centers Useful in Hiring Low-Skilled Workers; Performance Information Could Help Gauge Employer Involvement*, GAO-07-167 (Washington, DC: Dec. 22, 2006).

<sup>6</sup>GAO, *Workforce Investment Act: Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs*, GAO-12-97 (Washington, DC: Jan. 19, 2012).

<sup>7</sup>In addition to the Departments of Labor, Education, Health and Human Services, and Housing and Urban Development, which administer one-stop programs, we also requested nominations from the Department of Commerce, which administers key economic development programs.

facilitating collaboration, Labor has not compiled pertinent information on effective practices for leveraging resources and made it easy to access.

SEVERAL KEY FACTORS SUPPORTED INITIAL COLLABORATION AND SUSTAINED  
IT OVER TIME

While the 14 selected initiatives varied in terms of their purpose, sector, and partners involved, the boards and their partners cited common factors that facilitated and sustained collaboration. These were (1) a focus on urgent, common needs; (2) leadership; (3) the use of leveraged resources; (4) employer-responsive services; (5) minimizing administrative burden; and (6) results that motivated the partners to continue their collaboration.

With regards to focusing on urgent, common needs, almost all of the collaborations grew out of efforts to address urgent workforce needs of multiple employers in a specific sector, such as health care, manufacturing, or agriculture, rather than focusing on individual employers (see table 1). The urgent needs ranged from a shortage of critical skills in health care and manufacturing to the threat of layoffs and business closures. In San Bernardino, CA, for example, some companies were at risk of layoffs and closures because of declining sales and other conditions, unless they received services that included retraining for their workers.<sup>8</sup> In one case, employers in Gainesville, FL, joined with the board and others to tackle the need to create additional jobs by embarking on an initiative to develop entrepreneurial skills.

Table 1.—Fourteen Initiatives Addressed a Range of Urgent Employer Needs

Initiative name	Workforce board <sup>1</sup>	Sector focus	Needs addressed <sup>2</sup>
1. ManufacturingWorks .....	Chicago, IL .....	Manufacturing .....	Critical skill needs.
2. Health Careers Collaborative of Greater Cincinnati.	Cincinnati, OH .....	Health care .....	Critical skill needs, turnover.
3. Entrepreneurship Quests .....	Gainesville, FL .....	No single sector .....	Need for additional jobs. <sup>3</sup>
4. Advanced Manufacturing Training Initiative.	Golden, CO .....	Manufacturing .....	Soft skills. <sup>4</sup>
5. Piedmont Triad Global Logistics Workforce Initiative.	Greensboro, NC .....	Transportation, distribution, and logistics.	Critical skill needs.
6. Center of Excellence in Production Agriculture.	Lancaster, PA .....	Agriculture .....	Critical skill needs.
7. Career Pathways .....	Madison, WI .....	Multiple .....	Critical skill needs.
8. Pre-employment Healthcare Academy.	Rochester, MN .....	Health care (long-term care).	Turnover, soft skills. <sup>4</sup>
9. Technical Employment Training	San Bernardino, CA <sup>5</sup> .....	Manufacturing .....	Critical skill needs.
10. Manufacturing Sector Layoff Aversion and Business Assistance Initiative.	San Bernardino, CA <sup>5</sup> .....	Manufacturing .....	Imminent threat of layoffs.
11. Health Care Sector Panel .....	Seattle, WA .....	Health care .....	Critical skill needs.
12. Michigan Academy for Green Mobility Alliance.	Taylor, MI (southeast Michigan).	Manufacturing .....	Need for upgraded skills to keep pace with technological change.
13. NoVaHealthForce .....	Vienna, VA (northern Virginia).	Health care .....	Critical skill needs.
14. Composites Kansas WIRED Initiative.	Wichita, KS .....	Manufacturing (aviation) ...	Need for upgraded skills to keep pace with technological change.

Source: GAO.

<sup>1</sup> The boards are identified by the city in which they are located. For the initiatives that involved multiple workforce boards, the city shown is the location of the lead workforce board. For the boards' complete names, see our report.

<sup>2</sup> A single initiative could address more than one common need. The needs shown represent the main needs identified by the partners.

<sup>3</sup> This initiative addressed the area's need for new employment opportunities through a strategy of promoting self-employment.

<sup>4</sup> Soft skills are the nontechnical skills that workers need to function in a job, and include competencies related to problem-solving, oral communication, personal qualities, work ethic, and teamwork skills.

<sup>5</sup> Two initiatives of this board, both in manufacturing, were selected.

<sup>8</sup> According to Labor, averting layoffs is one of the functions of the workforce investment system, and worker training, such as training for workers in new processes or technologies, is one of several services that can help employers avoid layoffs. Labor has encouraged States to establish criteria to identify the employers and workers for whom layoff aversion services may be appropriate. States that seek to use WIA funds to avert layoffs must obtain waivers from Labor. See Department of Labor, *Training and Employment Guidance Letter No. 30-09*.

According to those we interviewed, by focusing on common employer needs across a sector, the boards and their partners produced innovative labor force solutions that, in several cases, had evaded employers who were trying to address their needs individually. In several cases, employers cited the recruitment costs they incurred by competing against each other for the same workers. By working together to develop the local labor pool they needed, the employers were able to reduce recruitment costs in some cases.

Boards also facilitated collaboration by securing leaders who had the authority or the ability, or both, to persuade others of the merits of a particular initiative, as well as leaders whose perceived neutrality could help build trust. Officials from many initiatives emphasized the importance of having the right leadership to launch and sustain the initiative. For example, in northern Virginia, a community college president personally marshaled support from area hospital chief executive officers and local leaders to address common needs for health care workers.

Another factor that facilitated collaboration was the use of leveraged resources. All of the boards and their partners we spoke with launched or sustained their initiatives by leveraging resources in addition to or in lieu of WIA funds. In some cases, partners were able to use initial support, such as discretionary grants, to attract additional resources. For example, in Golden, CO, the board leveraged a Labor discretionary grant of slightly more than \$285,000 to generate an additional \$441,000 from other partners. In addition to public funds, in all cases that we reviewed, employers demonstrated their support by contributing cash or in-kind contributions.

In all cases, boards and their partners provided employer-responsive services to actively involve employers and keep them engaged in the collaborative process. Some boards and their partners employed staff with industry-specific knowledge to better understand and communicate with employers. In other initiatives, boards and partners gained employers' confidence in the collaboration by tailoring services such as jobseeker assessment and screening services to address specific employers' needs. For example, a sector-based center in Chicago, IL, worked closely with employers to review and validate employers' own assessment tools, or develop new ones, and administer them on behalf of the employers, which saved employers time in the hiring process. Boards and their partners also strengthened collaborative ties with employers by making training services more relevant and useful to them. In some cases, employers provided direct input into training curricula. For example, in Wichita, KS, employers from the aviation industry worked closely with education partners to develop a training curriculum that met industry needs and integrated new research findings on composite materials. Another way that some initiatives met employers' training needs was to provide instruction that led to industry-recognized credentials. For example, in San Bernardino, a training provider integrated an industry-recognized credential in metalworking into its training program to make it more relevant for employers.

Boards also made efforts to minimize administrative burden for employers and other partners. In some cases, boards and their partners streamlined data collection or developed shared data systems to enhance efficiency. For example, in Cincinnati, OH, the partners developed a shared data system to more efficiently track participants, services received, and outcomes achieved across multiple workforce providers in the region.

Finally, partners remained engaged in these collaborative efforts because they continued to produce a range of results for employers, jobseekers and workers, and the workforce system and other partners, such as education and training providers. For employers, the partnerships produced diverse results that generally addressed their need for critical skills in various ways. In some cases, employers said the initiatives helped reduce their recruitment and retention costs. For example, in Cincinnati, according to an independent study, employers who participated in the health care initiative realized about \$4,900 in cost savings per worker hired. For jobseekers and workers, the partnerships produced results that mainly reflected job placement and skill attainment. For example, in Wichita, of the 1,195 workers who were trained in the use of composite materials in aircraft manufacturing, 1,008 had found jobs in this field. For the workforce system, the partnerships led to various results, such as increased participation by employers in the workforce system, greater efficiencies, and models of collaboration that could be replicated. Specifically, officials with several initiatives said they had generated repeat employer business or that the number and quality of employers' job listings had increased, allowing the workforce system to better serve jobseekers.

WORKFORCE BOARDS OVERCAME SOME CHALLENGES TO ADDRESS DIVERSE EMPLOYER NEEDS AND DEVELOPED THEIR OWN MEASURES TO TRACK EMPLOYER ENGAGEMENT

While these boards were successful in their efforts, they cited some challenges to collaboration that they needed to overcome. Some boards were challenged to develop comprehensive strategies to address diverse employer needs with WIA funds. WIA prioritizes funding for intensive services and training for low-income individuals when funding for adult employment and training activities is limited.<sup>9</sup> The director of one board said that pursuing comprehensive strategies for an entire economic sector can be challenging, because WIA funds are typically used for lower skilled workers, and employers in the region wanted to attract a mix of lower and higher skilled workers. To address this challenge, the director noted that the board used a combination of WIA and other funds to address employers' needs for a range of workers. Additionally, some boards' staff said that while their initiatives sought to meet employer needs for skill upgrades among their existing workers, WIA funds can be used to train current workers only in limited circumstances, and the boards used other funding sources to do so. Among the initiatives that served such workers, the most common funding sources were employer contributions and State funds.

In addition, staff from most, but not all, boards also said that WIA performance measures do not directly reflect their efforts to engage employers. Many of these boards used their own measures to assess their services to employers, such as the number of new employers served each year, the hiring rate for jobseekers they refer to employers, the interview-to-hire ratio from initiative jobseeker referrals, the retention rate of initiative-referred hires, the number of businesses returning for services, and employer satisfaction.<sup>10</sup>

LABOR HAS TAKEN STEPS TO SUPPORT LOCAL COLLABORATIVE EFFORTS AND ADDRESS SOME CHALLENGES BUT HAS NOT MADE INFORMATION ON LEVERAGING RESOURCES READILY AVAILABLE

In order to support local collaborations like these, Labor has conducted webinars and issued guidance on pertinent topics, and has also collaborated with other Federal agencies in efforts that could help support local collaboration. For example, Labor is working with the Department of Education and other Federal agencies to identify existing industry-recognized credentials and relevant research projects,<sup>11</sup> and has issued guidance to help boards increase credential attainment among workforce program participants.<sup>12</sup> In addition, Labor has recently worked with Commerce and the Small Business Administration to fund a new discretionary \$37 million grant program called the Jobs and Innovation Accelerator Challenge to encourage collaboration and leveraging funds. Specifically, this program encourages the development of industry clusters, which are networks of interconnected firms and supporting institutions that can help a region create jobs. A total of 16 Federal agencies will provide technical resources to help leverage existing agency funding, including the three funding agencies listed above.<sup>13</sup>

While Labor has taken some steps to support local collaborations, it has not made information it has collected on effective practices for leveraging resources easily accessible, even though many of the boards we reviewed cited leveraging resources as a key to facilitating collaboration. For example, Labor maintains a Web site for sharing innovative State and local workforce practices called Workforce3One, which has some examples of leveraging funding at the local level.<sup>14</sup> However, the Web site does not group these examples together in an easy to find location, as it does for other categories such as examples of innovative employer services or sector-based

<sup>9</sup> 29 U.S.C. § 2864(d)(4)(E).

<sup>10</sup> These examples are consistent with prior GAO work. In a 2004 report, we found that about 70 percent of local areas nationwide reported that they required one-stop centers to track some type of employer measure, such as the number of employers that use one-stop services, how many hire one-stop customers, and the type of services that employers use. See GAO, *Workforce Investment Act: States and Local Areas Have Developed Strategies to Assess Performance, but Labor Could Do More to Help*, GAO-04-657 (Washington, DC: June 1, 2004).

<sup>11</sup> According to the Department of Education, The National Center for Education Statistics has convened a Federal interagency working group to develop better survey measures of the prevalence of industry-recognized certifications and licenses and educational certificates in the U.S. adult population.

<sup>12</sup> See Department of Labor, *Training and Employment Guidance Letter No. 15-10* (Washington, DC: 2010).

<sup>13</sup> In September 2011, Labor announced the 20 regions that will receive grant funds. Labor estimates the grants will result in the creation of 4,800 jobs.

<sup>14</sup> See [www.workforce3one.org](http://www.workforce3one.org).

strategies.<sup>15</sup> Moreover, although certain evaluations and other research reports have included information on leveraging resources,<sup>16</sup> this information has not been compiled and disseminated in one location.

In conclusion, at a time when the Nation continues to face high unemployment, it is particularly important to consider ways to better connect the workforce investment system with employers to meet local labor market needs. The 14 local initiatives that we reviewed illustrate how workforce boards collaborated with partners to help employers meet their needs and yielded results: critical skill needs were met, individuals obtained or upgraded their skills, and the local system of workforce programs was reinvigorated by increased employer participation. Labor has taken several important steps that support local initiatives like the ones we reviewed through guidance and technical assistance, and through collaborative efforts with other Federal agencies. However, while Labor has also collected relevant information on effective strategies that local boards and partners have used to leverage resources, it has not compiled this information or made it readily accessible. As the workforce system and its partners face increasingly constrained resources, it will be important for local boards to have at their disposal information on how boards have effectively leveraged funding sources. In our report, we recommended that Labor compile information on workforce boards that effectively leverage WIA funds with other funding sources and disseminate this information in a readily accessible manner. In its comments on our draft report, Labor agreed with our recommendation and noted its plans to implement it.

That concludes my prepared statement. I would be happy to answer any questions that you or other members of the subcommittee may have.

Senator MURRAY. Well, Mr. Sherrill, thank you very much for that.

We're here, actually, to focus on the report you just talked about. But there has been a lot of discussion about another GAO report on Federal job training programs. Some have repeatedly said that the GAO's 2011 report found that programs were duplicative, wasteful, and ineffective. And that report has been cited very often as justification for proposals to cut funding or programs under the Workforce Investment Act.

In that January 2011 report, what exactly did the GAO find?

Mr. SHERRILL. That was basically an inventory of Federal employment and training programs. We've done these kind of reports for the last two decades, the last time in 2003. For this report, we identified 47 Federal employment and training programs in 2009 using \$18 billion in spending, administered by nine Federal agencies. This was an increase of three programs and about \$5 billion since our 2003 report, mainly due to additional Recovery Act spending, a one-time infusion of funds.

We found overall that not a lot is known about the effectiveness, the extent to which programs are effective. Few have had impact studies. We also found that almost all of the programs overlap with at least one other program and that they provide similar services to similar populations.

Now, this is a very high-level perspective. What we did was have a list of 12 different kinds of employment and training services and asked each program to identify which ones it provides and what its target populations were. So there's a high-level overlap. But even

<sup>15</sup>There are 14 "super categories," on the site, such as apprenticeship, clusters, community colleges, entrepreneurship, disability, nonprofit, and youth services.

<sup>16</sup>For example, see The Urban Institute, *Characteristics of the Community-Based Job Training Grant Program*, prepared for the Department of Labor (Washington, DC: 2009). Also see Public Policy Associates Incorporated, *Nurturing America's Growth in the Global Marketplace through Talent Development: An Interim Report on the Evaluation of Generations II and III of WIRED*, prepared for the Department of Labor (Lansing, MI: 2009), and Social Policy Research Associates, *Literature Review: Business/Faith-Based and Community Organization Partnerships*, prepared for the Department of Labor (Washington, DC: 2006).

in that case, there can be differences in eligibility, objectives, or how the services are provided.

We did the high-level look, and then we drilled down to focus on three specific programs that provide services to low-income populations, Temporary Assistance for Needy Families, the WIA Adult Program, and the Employment Services. We tried to get a sense of—for example—to what extent people were receiving the same services from these different programs.

We weren't able to get good data on that, but what we did conclude is that these programs maintain separate administrative structures to provide some of the same or similar types of services. And we identified opportunities for greater administrative efficiencies along two avenues. One was greater co-location of partners. For example, the TANF program is located in one-stop centers in about 30 States, typically, but not in others. And greater co-location of programs can have benefits such as sharing of information, cross-training of staff, things like that.

The other angle was that several States, Texas, Utah, and Florida, have consolidated their State administrative structures, basically taking their workforce and welfare programs at the State level and consolidated them so that that achieved cost savings, fewer buildings, fewer staff. But we weren't able to identify or quantify those.

So the bottom line is we found there's opportunities for greater administrative efficiencies along these lines and recommended that the Department of Labor and HHS work together to disseminate information about these kinds of initiatives—what are the strategies they've used, the challenges, what are the results—to better inform other attempts to explore these kinds of avenues.

Senator MURRAY. OK. Well, one of those recommendations was to the Department of Labor and Health and Human Services on how they might collaborate and try to come up with the incentives to get States, which are responsible for delivering these programs, to provide them more efficiently. Could you talk a little bit about those recommendations?

Mr. SHERRILL. Yes. Labor and HHS are taking steps to implement our recommendations. Let me just give you a couple of examples of the kinds of things they're doing. They're doing something called Workforce Innovation Fund Grants, where the focus is on innovative approaches to improving employment outcomes and also the cost-effectiveness side.

Senator MURRAY. This is a result of your recommendation.

Mr. SHERRILL. Not necessarily a result, but something that will address in part the kind of thing we recommended, because part of what we suggested is that they look at incentives, providing greater incentives for States and localities to do these kinds of initiatives. And one of the goals of this Workforce Innovation Fund is to incentivize greater efficiencies in how we deliver services and really evaluate these rigorously. So that's one step.

They're also doing a joint evaluation to focus on better alignment of the WIA and the TANF programs, including looking at promising State and local practices, which is one of the areas that we highlighted. There's a laboratory of things happening. What can we learn from these areas? There was not a lot of good information to

help others make informed decisions about whether they should be doing initiatives similar to these.

Senator MURRAY. OK. Very good. I have questions about the new report, but let me turn to Senator Isakson first.

Senator ISAKSON. Again, thank you for coming and thank you for the report. A couple of questions—one is I noticed at the beginning of the report you listed—I think it was nine key factors in success stories and leveraged resources. One of them noted moneys from foundations.

Mr. SHERRILL. Yes.

Senator ISAKSON. How much of that do you see around the country, where foundations are making investment in workforce development projects?

Mr. SHERRILL. Well, I can tell you that one of the key things that was distinctive about these initiatives was that they leveraged Federal funds, different kinds of Federal funds, with other nonFederal. For example, for the foundation grants, 5 of the 14 initiatives, that was one of the sources of funding that they used.

In addition, eight of the initiatives used State grants, six of them used local funds, so there was quite a mix of different funds to make the Federal funds go farther and bring these projects up to a bigger scale. I think probably the panelists can tell you in more detail about working with foundations and what that might have involved, those kinds of issues, at the more basic level.

Senator ISAKSON. Well, one of the reasons I asked the question in my experience is that a lot of times, there are resources that are out of sight and out of mind, and agencies don't tend to think outside the box about seeking additional capital from somewhere other than the government or a government program. And when you can leverage government money with private money to accomplish a goal like workforce improvement, it's a magic combination.

There are a lot of foundations where their resources were developed from somebody who had a great success in business and in employing people who wanted to continue that legacy along. So I'm glad that you focused on the private foundation money that is out there, and, hopefully, some of the examples we'll hear today will talk about that.

I also read the Kansas WIRED Initiative, the workforce alliance in south central Kansas story that you cited toward the end of the report, which I thought, Madam Chairman, demonstrated everything we've hoped for, where in this initiative, they applied for a WIRED grant and got it from the Department of Labor in 2007. Kansas has a tremendous aviation industry. In fact, there are probably more airplanes for private use built in Kansas than anywhere in the United States.

But there was a mismatch of available workers for the jobs that were in the industry. So they went to the industry. They got them to help them with the curriculum and collaborate with them on what they really needed from a standpoint of training. And then they matched that up with jobseekers, including non-English speaking jobseekers, and they developed a translation program and a vocabulary program to help them better be able to communicate. And it turned out—I've got the number here. Let me see.



Anyway, out of almost 2,000 workers who came and went through the program, almost all of them finished the program. And with the exception of 14, all of them got jobs. That's the kind of success story that we're really looking at. I appreciate your focusing on these real cases like the Kansas case and like the ones that we'll hear today, and I look forward to their testimony.

Thank you, Madam Chair.

Senator MURRAY. Thank you. Following up on that, in your new report, we've heard a lot about challenges in keeping employers engaged, as Senator Isakson just talked about in that example, and making sure that we're responsive to their needs in the local community. In your observations, what were the critical factors in these local partnerships that enabled them to be demand-driven and outcome-focused?

Mr. SHERRILL. I think one of the keys is that this involves a shift from sort of a program centric focus to an employer demand-driven focus, which can take you in a very different direction to target it. Employer responsive services was one of the items we highlighted as facilitating. And that manifested itself in a lot of different ways.

But it was things like really understanding having staff at the one-stop center who know the specifics of the industries, what they need, the trends in the industries. It involves really developing assessments and screening tools for the workers that are going to really meet the employers' needs. It involves thinking about credentials that are important to the workers.

One of the key things that we saw is that some of these initiatives had a broader focus, because some of the employers really wanted sort of skill increases, higher skilled workers, and they wanted to use some of their existing workers to upgrade their skills to make room for new entry level employees. So developing a comprehensive package of how to address that takes you out of a program mode and into a very different kind of a perspective.

It's all fine to say we need more collaboration. But these initiatives really showed that can be very challenging, and this is very instructive. How did they implement collaboration on these large scales to do these? It was through strategies like these.

Senator MURRAY. Yes. OK. I'm glad you used the words, "upgrade their skills." I've heard from a lot of people who have lost their jobs. They don't want to be told they're going to be retrained. They want to build on the skills they already have, and I think we should use the words, "upgrade their skills," more rather than saying you're an outcast now. We're going to have you be a new person. I think that is reflected better in their willingness to really go out and upgrade their skills.

You mentioned in your opening remarks about the importance of sector strategies being an essential component. How did the programs identify which sectors or industries to focus their efforts on that were successful?

Mr. SHERRILL. I think they had different mechanisms to do that. For example, I know some of the States that had existing—what they called skills panels or—like Seattle, I know, had that kind of an arrangement, where they had some mechanism for periodically checking in with employers about their situation.

I know in northern Virginia in the health care industry, they did a study that really helped galvanize, and the study predicted or projected a coming shortage of about 17,000 workers in various health care professions in about 23 occupations. Well, that kind of work can really galvanize the employers.

Senator MURRAY. So were they using some kind of labor market information or intelligence to make those decisions, or was it more talking directly to the employers?

Mr. SHERRILL. I think it varied. In some cases, it was talking to employers. I know one of the initiatives used a focus group to bring in employers to do that.

Senator MURRAY. So it's both.

Mr. SHERRILL. It's both. Right.

Senator MURRAY. OK. Some of the initiatives that you reviewed seemed to change how the local workforce system operated at a fundamental level as opposed to being a separate program within the system. What characteristics set those initiatives apart?

Mr. SHERRILL. Yes. I think, once again, it was bringing a collaborative effort. How do they leverage and bring together different players? One of the key things we found was that employer contributions, either cash or in-kind, were used by all of the initiatives, all 14 of the initiatives.

So part of the challenge was really how do you bring employers to the table who are often competitors, and having good leadership to do that, because one of the things that they told us—some of the employers—is “We used to recruit workers away from other employers and overseas and things. But that was just increasing the overall business costs.” Now, under the different focus of these initiatives, they're looking to grow the pool of workers from their local areas and, in some cases, develop a pipeline of youth.

Senator MURRAY. To the benefit of an industry rather than—

Mr. SHERRILL. Right. So it's a different focus. A lot of the challenge was how do you bring employers to the table, and to have a staying commitment, get them to help contribute resources as well, and that was a key part of this.

Senator MURRAY. What about the administrative burden we hear from a lot of businesses, that it's just—

Mr. SHERRILL. There were several strategies we found some of the initiatives using to minimize administrative burden. One of the key things some of them did was to have a central point of contact at the one-stop for employers, someone who really could be the face of the one-stop for the employers.

Senator MURRAY. Specifically for the employers.

Mr. SHERRILL. For the employers. In other cases, they helped the employers to try to minimize some of the paperwork burden in terms of information that had to be reported or documented by employers, to provide assistance with doing that. So those types—

Senator MURRAY. So it seems to me the whole focus is rather than just “We want to get you a job. You're out of work,” it's to the employers “We want to help you build the workforce,” so that it's a—

Mr. SHERRILL. Right. It's really the window—

Senator MURRAY. Yes.

Mr. SHERRILL [continuing]. Through which they're serving their customers, the jobseekers.

Senator MURRAY. OK. Well, I appreciate very much you putting this report together, and I know I look forward to hearing the panel behind you and how they have implemented their workforce.

Senator ISAKSON, any other questions?

Senator ISAKSON. I just have a comment. And I may be wrong, but from my days back in my State legislature and the company that I ran back in Georgia, I think there's a general belief—or lack of understanding of what is available from the Department of Labor and the workforce boards by the private sector. And if the private sector doesn't—if the boards don't reach out to the private sector and make it comfortable and “easy” for them to come to the department and find workers, they're not going to do it, because the perception is, like you said, it's either too cumbersome, there's too much paperwork, or it's not the type of worker they really need to hire.

But if you get them collaborating with each other, and you have a one-stop shop for the potential worker as well as a one-stop contact for the company, it makes it a lot easier to do business. But I think that it's a—it's not a chicken or egg deal. What comes first is the workforce board reaching out to the employers of the community, and that's what brings about the collaboration. Is that a correct statement?

Mr. SHERRILL. Yes, and I think that's manifested. One of the things we saw is that in addition to employer contributions to help fund these initiatives, a bunch of these initiatives were replicated in other industries. For example, the Kansas WIRED Initiative you cited that focused on composite manufacturing in the aircraft industry was subsequently—they're leveraging that to do composite materials in medical devices, orthopedic devices.

And so the fact that employers are finding their needs met, staying with these initiatives over time, and the initiatives are growing to other sectors or industries is a sign that employers are getting integrated and using the one-stop vehicle.

Senator ISAKSON. Thank you for a great report.

Mr. SHERRILL. Thank you.

Senator MURRAY. I very much appreciate that. Senator Franken has joined us.

Did you have a question for this panel, or do you want to wait until the next panel?

#### STATEMENT OF SENATOR FRANKEN

Senator FRANKEN. I have a general question about the kind of leadership in these workforce boards and coordination, because I read the testimony of the second panel and of yours. It seems to me that in addition to having the right resources, the key to all the successes that we're going to hear about today is creative leadership.

And in each of these cases, someone identified the skills gap and brought all the stakeholders together—businesses, workforce boards, community colleges—to start talking. And in the past year, I've started a kind of convening role in my State of bringing together stakeholders to encourage energy retrofitting.

Then that sort of got me into skills gap stuff and convening a meeting of a community college that is doing exactly the right thing, which is working with businesses, with manufacturers, to create the skills—to create the curriculum for the skills, and they're working with a workforce board. And that seemed to be a matter of great leadership among those folks. Hennepin Technical College has started a program called M-Powered, and of about 93 percent of the people they've done in this program, 200-plus people—93 percent of them have permanent jobs now.

My question is twofold. One, what role does just leadership play? And what role can we, as Senators, play in terms of going back to our States and convening people and saying, "This model seems to work. Why don't you guys work with you guys?" I'm very eloquent, as you can tell.

But what role does leadership play? And what role does legislation and money and funding play? What is the mix of this? From your look at all of this, what do you believe is the—just on a 30,000-foot view of this, what is the mix that creates success?

Mr. SHERRILL. I think that was kind of bottom lined in the six factors that—we have a graphic in the report. Leadership was one of them. Leveraging funding was another key factor. Sort of employer responsive services, addressing urgent common needs—these were among the repeated themes we heard in these initiatives.

With regard to leadership, that was important, and we found that it was sometimes—it came from different places, sometimes from the one-stop board, maybe a community college president, or someone from—a hospital executive. But one of the keys was you're bringing—since you have an industry focus, a sector focus, you're bringing employers to the table that are competitors with each other.

So there's an issue of how do you get them to the table where they can trust and start working together to help deal with their common problems, because, obviously, if they're recruiting from one another, there's a concern about if they spend some money training people and they lose staff. I think the idea is that by focusing on their common needs and having good leadership and vision and connection to what their needs are in different ways, you can really make a difference.

Senator FRANKEN. The whole sectors gains, obviously.

Mr. SHERRILL. Yes.

Senator FRANKEN. So what comes first? I mean, there seems to be chicken and egg here a little bit. What comes first? Does the leadership come first?

Mr. SHERRILL. I think all these factors are important here. And you can—perhaps the second panel, those who are on the ground and implementing these initiatives, might give you a richer perspective of how things actually evolved.

Senator FRANKEN. Right.

Mr. SHERRILL. But I think you need some leadership to get things started. What's the focus? Which partners do we start adding to the table to really do this well, to explore other sources of funding—

Senator FRANKEN. Because funding is important, but it's important when it's used absolutely strategically. I don't want to waste

funding, but I want to use it when it's needed and when it can be leveraged to the maximum effect. And that's what I want to learn a little bit about today.

And I thank the Chair and Ranking Member for holding this hearing.

Thank you, Mr. Sherrill.

Mr. SHERRILL. Thank you.

Senator MURRAY. Thank you very much, Senator Franken.

Mr. Sherrill, thank you for your testimony. We do have a number of committee members who would like to submit questions for the record, which we will allow them to do.

I really appreciate your work on this report. So thank you very much.

Mr. SHERRILL. Thank you, Senator Murray.

Senator MURRAY. With that, I'm going to introduce our second panel. And while they are coming forward and taking their seats, I will go ahead and begin introductions.

This panel is a little different than a lot of our usual panels. We have the privilege of having witnesses from four of the best practices highlighted in the GAO report we just heard about. For each, we've invited the director of the workforce board and one of their key partners. In these cases we have an employer, two community college representatives, and a manufacturing extension partnership director.

The witnesses from each practice will have an opportunity to provide us with a joint opening statement of 5 minutes. Following, we will do a round or two of questions.

First of all, from northern Virginia, Mr. David Hunn is the executive director of the Northern Virginia Workforce Investment Board in Vienna, VA. He's joined by Ms. Geraldine Hofler, who is the project director for NoVaHealthFORCE at the Northern Virginia Community College in Springfield, VA.

Next we will have from San Bernardino, CA—Ms. Sandy Harmsen is the director of the San Bernardino County Workforce Investment Board, and Mr. James Watson is president and CEO of CMTC, the California Manufacturing Technology Center in Torrance, CA.

Next we're going to have from Madison, WI, Ms. Patricia Schramm, the executive director of the Workforce Development Board of south central Wisconsin, Inc., joined by Dr. Bettsey Barhorst, president of Madison College.

Finally, we have two witnesses from Seattle, WA. Marléna Sessions is the CEO of the Seattle-King County Workforce Development Board, and Dr. Barbara Trehearne is the vice president of Clinical Excellence Quality and Nursing Practice of Group Health Cooperative in Seattle.

Welcome to all of you. We really appreciate your participation today. And I would invite you to present us with up to 5 minutes of testimony from each group, and we will then have some questions.

So we will begin with northern Virginia—Dr. David Hunn and Ms. Hofler.

**STATEMENT OF DAVID HUNN, EXECUTIVE DIRECTOR, NORTHERN VIRGINIA WORKFORCE INVESTMENT BOARD, VIENNA, VA; ACCOMPANIED BY GERALDINE HOFER, PROJECT DIRECTOR, NORTHERN VIRGINIA COMMUNITY COLLEGE, SPRINGFIELD, VA**

Mr. HUNN. Chairwoman Murray, Ranking Member Isakson, Senator Franken, thank you for the opportunity to speak today. I am David Hunn, executive director of the Northern Virginia Workforce Investment Board.

Our workforce area is located roughly 10 miles west of this hearing room across the Potomac River in the heart of a dynamic business environment. The workforce area serves over 1.9 million residents and thousands of businesses and is 1 of 15 local workforce areas in the Commonwealth of Virginia overseen by the Virginia Community College System as the State fiscal agent for the Workforce Investment Act.

Our five one-stop centers, known as SkillSource Centers, had a record number of adult jobseekers this past fiscal year, having over 100,000 visits for the year ending in June. The region has become a major metropolitan job center with 1.5 million jobs widely distributed among multiple employment sectors, such as information technology, professional services, health care, hospitality, retail, and government.

Unemployment in our area is relatively low at 4.5 percent, less than the State of Virginia rate of 6.2 percent and a national rate of 8.5 percent. But new job growth in northern Virginia is projected to lead all local jurisdictions in greater Washington through 2020, and already employers are reporting difficulties in finding skilled workers.

A key role for the local workforce area, through its business leadership and local elected officials, is the facilitation of targeted partnerships that you're looking at today. The Workforce Investment Act engages State officials, business and elected leaders to align these partnerships efficiently and in a manner most effective at the local level.

The projections for a regional health care workforce shortage emerged in the past decade, and our workforce area targeted the health care workforce as its primary focus. The premise of NoVaHealthFORCE is that no one sector, either private health care providers; Federal, State, or local governments; higher educational institutions; or the general public can deal with the multiple issues of the skilled health care workforce shortage by itself. Rather, through collective action and regional leadership, solutions can be carefully developed and implemented to best serve both public and private interests.

I'm pleased to turn to my colleague, Geraldine Hofler, to highlight the NoVaHealthFORCE partnership.

Ms. HOFER. Chairman Murray, Ranking Member Isakson, thank you for this opportunity to speak. I am special assistant to Northern Virginia Community College president Robert Templin and the director of the NoVaHealthFORCE Project.

NoVaHealthFORCE is a consortium of health care providers, higher education leaders, businesses, economic development authorities, and the Northern Virginia Workforce Investment Board.

It represents the first time the health care workforce shortage has been addressed by a broad spectrum of involved constituents.

Founded in 2003, this well-established group is led by Robert Templin, president of Northern Virginia Community College, better known as NOVA. NOVA is the second largest community college in the United States, and, as one of 23 colleges in the Virginia Community College System, it's the largest higher education institution in the Commonwealth.

In 2004, NOVA opened its sixth campus, which is solely dedicated to nursing and allied health education. And it is the only specialized community college campus in the Commonwealth.

NoVaHealthFORCE commissioned a study to examine the scope and impact of the regional nursing and allied health care worker shortage. The study, financed by five regional health care providers and the Northern Virginia Workforce Investment Board, identified critical shortages of health care workers in 24 job categories. The study was accompanied by an agenda which detailed specific actions to be taken by the stakeholders and centered around the following three broad goals: increasing educational capacity, developing and sustaining a pipeline of persons interested in health care careers, and nurturing innovation.

Through the efforts of our CEO Roundtable and the Northern Virginia Workforce Investment Board, HealthFORCE was successful in leveraging the health care providers' original investment to obtain a grant from the Virginia General Assembly for the expansion of nursing education and nursing faculty. Matching funds were provided by the region's health care providers, and we distributed these funds to five college and university programs. Since 2006, there has been a 33 percent increase in student nursing admissions in the northern Virginia region, and about 80 percent of the graduates remain in the region to work.

HealthFORCE has also facilitated the development of new diagnostic imaging curricula in radiation oncology and ultrasonography. This effort was also supported by the region's health care providers. NoVaHealthFORCE's interest in health information management was the catalyst for NOVA to apply for and to receive approximately \$10 million in grants from the Department of Health and Human Services, Kaiser Permanente of the Mid-Atlantic, and the Department of Education.

In summary, the NoVaHealthFORCE model has positively impacted the community by increasing the region's educational capacity, increasing access to higher education, and promoting career ladders within the health care industry.

Thank you.

[The prepared statement of Mr. Hunn and Ms. Hofler follows:]

PREPARED JOINT STATEMENT OF DAVID HUNN AND GERALDINE HOFLER

Chairwoman Murray, Ranking Member Isakson and distinguished members of the Employment and Workplace Safety Subcommittee, thank you for the opportunity to speak today about an innovative partnership in northern Virginia that is addressing a regional health care workforce challenge. We are David Hunn, executive director of the Northern Virginia Workforce Investment Board and Gerry Hofler, special assistant to Northern Virginia Community College president, Dr. Robert G. Templin, Jr. for workforce and the project director of NoVaHealthFORCE.

NoVaHealthFORCE, a consortium of health care providers, higher educational leaders, businesses, economic development authorities, and the Northern Virginia

Workforce Investment Board, represents the first time the regional health care workforce shortage has been addressed by a broad spectrum of involved constituents in the Commonwealth of Virginia.

The Northern Virginia Workforce Investment Board (NVWIB) was established in 2000, with a commitment to providing quality workforce development services on behalf of northern Virginia residents. In 2002, the **SkillSource** Group, Inc. (**SkillSource**) was created as the non-profit entity of the NVWIB with a mandate for fiscal oversight and resource development in support of the programs and services of the NVWIB. **SkillSource**'s mission is to catalyze a world class, globally competitive business environment in northern Virginia with the goal to offer world-class preparation to every northern Virginia resident at its five (5) One-Stop Employment Centers, known as **SkillSource** Centers. The **SkillSource** Centers had a record number of adult client visits in fiscal year 2011, recording over 100,000 jobseeker visits. The **SkillSource** One-Stop Employment Centers serve over 1.9 million residents and thousands of businesses in Fairfax, Loudoun and Prince William counties and the cities of Fairfax, Falls Church, Manassas and Manassas Park. The Northern Virginia Workforce Area is 1 of 15 local workforce areas in the Commonwealth of Virginia, overseen by the Virginia Community College System (VCCS) as the State Workforce Investment Act Fiscal Agent.

The northern Virginia region has grown rapidly during the past two decades to become a major metropolitan job center, with 1.5 million total jobs widely distributed in multiple employment sectors such as information technology, professional services, education/health care, leisure/hospitality, retail, construction, and financial services, and government (Federal, State, and local). Unemployment in the Northern Virginia Workforce Area remains relatively low—4.5 percent versus a Virginia unemployment rate of 6.2 percent and a national rate of 8.5 percent (seasonally adjusted for December 2011). New job growth in northern Virginia is projected to lead all local jurisdictions in the greater Washington region through 2020 and local employers in various industries have reported difficulties in identifying and hiring skilled workers for their available positions.

Founded in 2003, NoVaHealthFORCE commissioned PricewaterhouseCoopers LLP to empirically measure the scope and examine the impact of the regional nursing and allied health care worker shortage in northern Virginia. The study, financed by five regional healthcare institutions and the Northern Virginia Workforce Investment Board, identified critical shortages of health care workers in 24 job categories. The original study was updated in 2008 and projected that northern Virginia's estimated current 3,000 health care worker shortage is projected to explode to more than 17,000 by 2020, without intervention.

To date, the NoVaHealthFORCE outcomes have included:

- A 33 percent increase in educational capacity in the region's undergraduate nursing programs from 2006–10;
- A 25 percent increase in the number of nursing undergraduates from 2006–10, with about 80 percent remaining in the greater Washington region to work;
- A catalyst for development of new curricula in Radiation Oncology and Ultra-Sonography by way of a U.S. Department of Labor grant in 2007;
- A catalyst for approximately \$10 million in grants from the U.S. Department of Health and Human Services, Kaiser Permanente of the Mid-Atlantic, and the U.S. Department of Education to increase capacity in Health Information Management curricula in 2010.

In 2005 NoVaHealthFORCE convened an inaugural meeting of the region's health care CEO's and college and university presidents. Collectively, they pledged to cooperatively establish a long-term strategy to address the shortage. Now known as the CEO Roundtable, this group meets twice each year to identify and discuss issues and develop strategy. The group consists of the following health care providers: Inova Health System, Dewitt Army Health Care Network, Virginia Hospital Center, Prince William Health System, Sentara Potomac Hospital, Kaiser Permanente of the Mid-Atlantic, and Reston Hospital Center. The region's colleges and universities are George Mason University, Marymount University, Northern Virginia Community College, Old Dominion University, and Shenandoah University. The Northern Virginia Workforce Investment Board serves as the fiscal agent for NoVaHealthFORCE.

NoVaHealthFORCE advocates that the solution to the local healthcare worker shortage must be the establishment of a long-term, business-driven, sustainable strategy. The northern Virginia community must recognize that the healthcare worker shortage is more than a hospital problem and it affects all aspects of economic and community life.



This well-established group is led by Dr. Robert G. Templin, Jr., president of Northern Virginia Community College (NOVA). NOVA is the second largest community college in the United States, and, as one of the 23 colleges in the Virginia Community College System, it is the largest higher education institution in the Commonwealth of Virginia. NOVA opened its sixth campus, the Medical Education Campus, in 2004. It is solely dedicated to nursing and allied health education and is the only specialized community college campus in the Commonwealth.

The release of the PricewaterhouseCoopers study was accompanied by an agenda which detailed specific actions to be taken by the local public and private stakeholders. Eight work groups comprised of approximately 100 subject matter experts from education, local government, and the health care community conceived a 14-step action plan centered on the following three goals:

1. Increasing capacity within the healthcare education and training system.
2. Develop and sustain an ongoing supply of persons interested in health care careers.
3. Nurture Innovation.

In 2006, through the efforts of the original steering committee and the Northern Virginia Workforce Investment Board, NoVaHealthFORCE was successful in leveraging the health care providers' original investment to obtain a \$1.5 million grant from the Virginia General Assembly for the expansion of nursing education and nursing faculty. Matching funds were provided by the region's health care providers. NoVaHealthFORCE has distributed these funds from the region's health care institutions to five college and university nursing programs since 2006.

This additional funding allowed each of the region's colleges and universities to target their niche in nursing education without competitive overtones, resulting in a 33 percent increase in nursing student admissions in the northern Virginia region since 2006. This cooperative effort has spawned a variety of creative educational ladders among the institutions, including study options such as accelerated traditional curriculums, accelerated inter-school pathways to advanced nursing degrees, and on-line education which will increase the number of nursing graduates. For example, the creation of a program, Momentum 2+1 enables a nursing student to enter NOVA and work toward two Associate Degrees, one in General Studies and one in Nursing. Upon completion, this student is automatically accepted to George Mason University to complete the Bachelors in Nursing in 1 additional year or a Master's in Nursing in 2 additional years.

The nursing education expansion project has been funded by the Commonwealth of Virginia every year since 2006 and the region's health care providers have more than matched the General Assembly funding each year. To date, Virginia General Assembly funding totals \$2,359,825 and the region's health care providers have contributed \$2,454,350. New this year has been the establishment of two graduate fellowships at George Mason University for Ph.D. nursing students. Upon award of their degree, the fellows will become nursing faculty for one of the region's nursing education programs. These new faculty will help to relieve the teaching shortage in the nursing classroom, which is at least as critical as the shortage at the bedside.

Through the efforts of the CEO Roundtable, NoVaHealthFORCE has also facilitated the development of new diagnostic imaging curricula in Radiation Oncology and Ultra-Sonography. NOVA received a \$1.2 million grant from the U.S. Department of Labor in 2007 to expand the region's output of radiation technologists, radiation oncology therapists and sonographers. This effort was heavily supported by the region's healthcare providers. Each health care provider contributed toward a subsidy to better align faculty salaries with the market rate salaries. The healthcare providers also recruited incumbent workers for these curricula and provided tuition assistance. These new funds were instrumental in opening new educational and career ladders in accordance with HealthFORCE's pipeline goal, reflected in the training and career preparation of over 120 new skilled workers to date. These funds also developed a high school bridge program allowing students to begin their preparation for a career in Radiation Technology while still in high school.

NoVaHealthFORCE's interest in Health Information Management (HIM) and Health Information Technology (HIT) was the catalyst for NOVA to apply for and receive approximately \$10 million in grants from the Office of the National Coordinator for HIT of HHS, Kaiser Permanente of the Mid-Atlantic, and the Department of Education.

In summary, the NoVaHealthFORCE initiative has positively impacted the northern Virginia community by increasing the region's nursing and allied health educational capacity allowing for the filling of health care worker vacancies that will maintain and improve patient care and outcomes in addition to yielding additional tax revenues at the local, State, and Federal levels. It has helped to increase access

to higher education health care training and has promoted career ladders within the health care industry.

The premise of NoVaHealthFORCE is that no one sector, either private health care providers, Federal, State or local governments, higher educational institutions or the general public can deal with the multiple issues of the skilled healthcare workforce shortage by itself. Rather, through collective action and regional public and private sector leadership, solutions can be carefully developed and implemented to best serve both public and private interests.

More details on NoVaHealthForce can be found on [www.novahealthforce.org](http://www.novahealthforce.org) and Northern Virginia Community College at [www.nvcc.edu](http://www.nvcc.edu). Additional information on the Northern Virginia Workforce Investment Board can be reviewed at [www.myskillsource.org](http://www.myskillsource.org).

Senator MURRAY. Thank you very much.

I'll go ahead and turn to Wisconsin, since you're next. Ms. Schramm and Dr. Barhorst.

**STATEMENT OF PATRICIA SCHRAMM, EXECUTIVE DIRECTOR, WORKFORCE DEVELOPMENT BOARD OF SOUTH CENTRAL WISCONSIN, INC., MADISON, WI; ACCOMPANIED BY BETTSEY BARHORST, Ph.D., PRESIDENT, MADISON COLLEGE, MADISON, WI**

Ms. SCHRAMM. Chairman Murray, Ranking Member Isakson, and Senator Franken, thank you so much for the opportunity to be with you. I'm Pat Schramm. I'm the executive director for the Workforce Development Board of south central Wisconsin.

We are actually sitting in the second population center of Wisconsin—Madison. We go very urban to rural, so that's something to really remember when we're talking, is we have a very, dense urban area, but then we become rural very quickly.

I'm joined by Bettsey Barhorst. Dr. Barhorst is president of Madison College, and it's the largest college in our region. It has 45,000 students—to give you a frame.

Our region has been working really hard on workforce innovation for over 10 years. And when the GAO came to us, it was really a good moment for us to do a timeout and say, "Is what we're doing really worth looking at nationally?" And the answer is yes, and the reason is that we've been working at this since 1999. So a message that I need to give you is this is not something that you do overnight. You need to have leadership that works at this for a very long time.

Our background is that we actually had a very strong collaboration from the very beginning that was industry first, the educational people, the workforce system and its contractors, and the economic development community. We really had to have all those players in place to make this work.

Why we got into this in 1999 is that we were actually already starting as a State into a skill shortage. We have low-birth rates and an aging population, and industry is having a very hard time getting a workforce. Does this sound—this was 1999—same conversation we're having right now.

In 1999–2000, to get to the foundation piece, the Joyce Foundation came to us and brought us experts from the Joyce Foundation who were able to really help us think about our work and how could we be more effective. The reason we asked the Joyce Foundation to help us is that we were primarily Workforce Investment Act funded. We weren't getting the results that we wanted. People

were going into training, but only about 65 percent of the people who were completing training were actually being successful and getting jobs. So we knew we had to do something very drastically different.

What happened is with the help of the Joyce Foundation, experts from primarily the DC area, CLASP, and workforce strategies—helped us really reframe our entire system and think about what would actually work better. As a result of that, we started to make a commitment to what you’re calling now career pathway work. We were some of the early pioneers in this.

What career pathway work meant for us is not just modular, stackable credentials—which we have been really effective in developing—but we also re-engineered the entire workforce system to surround this. We redesigned the staffing on the ground of the workforce system so that we could actually have career advisors on the very front end. Then we would know that the investment we were making was actually guided into career pathways.

One of the key things to our work is in the early days, we would actually say we were prototyping, because we just didn’t have substantial resources to take things to scale. So one of the things that we did throughout our 10-year period is we’ve been very disciplined, and when we find extra money, we actually then build our capacity.

What capacity has meant is we’ve done things like, under the WIRED grant, brought whole new instructional platforms for patient simulation centers, robotics training for manufacturing. To deal with our urban-rural makeup, we brought in interactive video conferencing systems to our one-stop systems so that we could do workshops in one locality that people 2 hours away could actually participate in from a more rural community. We had some very, very strategic things that we’ve done over 10 years.

I’m going to actually have Dr. Barhorst talk about the substantial work that we actually did in the community college, because we’ve pushed the envelope, seriously, on the community college system.

MS. BARHORST. Thank you. This was so exciting for us because we knew that we had to act from the point of view of the user, of the dislocated worker, of the worker who is an incumbent worker but needs enhanced skills, or even of our traditional college students who had to start looking at jobs instead of simply getting some kind of degree.

We had this opportunity to do this pilot, and the best way I can tell you about it is to give you an example of someone coming to us. We put this at another campus—easy to park, to get to the front door. As soon as one of our clients would come in the door, they would be met by two people, by someone from workforce development and by one of our advisors. They would stay with them until they were matriculated into this program.

The program had to be short, because adults do not have lots of time. It had to be very creative in how it was given. So we worked with the clusters where we knew there were jobs, and sometimes we had to go to basic skills, and other times, it was simply icing on the cake that was already there, meaning that was the person.

We found this to be very successful. I only wish that we could do this kind of thing with all students, because the individualization is what made the difference, and constantly being in contact with the stakeholders, the industries, to know what did they want and who did they need and what kind of training did they need.

Ms. SCHRAMM. Also, just before we close—and, Senator Franken asked this—how do we actually get there? Industry clusters, industry partnerships, were really key. What we do is we actually work in six industries. We have tables of business people who meet with us throughout the entire year, helping us understand their work.

This was absolutely critical during the recession, because labor market information was great. We needed to know where they were going to make their future investments. So their commitment to us—industry—is that they will have candid conversations with us. The scale of this work over 10 years—we actually have touched more than 7,000 people. And in the job center system, just in the past 2 years during the recession, they saw a 40 percent increase in the number of people who went into jobs. So it's had a major impact.

The State of Wisconsin, now, with the Wisconsin Technical College System and the Department of Workforce Development, are attempting to do this statewide with the help of the Joyce Foundation.

Thank you.

[The prepared statement of Ms. Schramm and Ms. Barhorst follows:]

#### PREPARED JOINT STATEMENT OF PATRICIA SCHRAMM AND BETTSEY BARHORST

Chairman, Murray, Ranking Member Isakson, and distinguished members of the committee, thank you for the opportunity to speak today about regional workforce system innovations. My name is Pat Schramm, I am the executive director of the Workforce Development Board of south central Wisconsin; I am joined by Bettsey Barhorst, president of Madison College, the primary technical college in south central Wisconsin with a 45,000-student population.

How to position our workforce with the skills needed by industry is a constant focus of our region's leaders. Wisconsin is a State that has already moved into a labor shortage environment due to aging populations and declining birth rates. We know as a community that if we do not concentrate on maintaining the skills of our current workers and preparing all of our available new workers, we will not stay economically viable as a region and a State. We began working over 10 years ago on a "Career Pathway" model with the goal to aggressively grow a skilled workforce for our region.

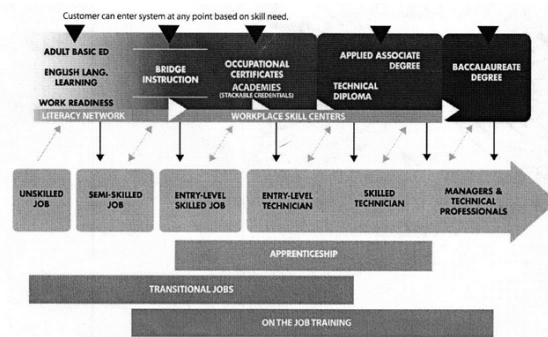
#### BACKGROUND—WHY AND HOW

We began our work in 1999 as a collaborative of partners; Industry, Economic Development, Educators, the Workforce Development Board and contractors. These Partners were and continue to be committed to improve access, retention and completion of low-skill, unemployed and dislocated workers to skill training and family supporting wages. At the board level we had strong business leaders who understood that we needed to start doing something drastically different. We were working very hard but our training outcomes were not matching the financial investments that we were making. Workers were not successfully completing training and industry was having a very difficult time finding skilled workers. ***Does this sound familiar—this was 1999.***

With the help of the Joyce Foundation we began to work with experts who were pioneering "Career Pathway" work. The experts helped us analyze our systems and understand our potential to innovate and most importantly, helped us to learn how to talk about our work. In 2003, we were ready to present to our boards "Career Pathways" as the framework for how we would do business. At this time we presented a concept and set of principles to the Madison College Board and the Work-

force Development Board. We asked both boards to agree to commit to working within a “Career Pathway” framework. Both boards agreed to make organizational commitments that included dedicating resources that each organization had in hand and to aggressively seek additional resources to grow the work.

For us, a Career Pathway model was and is an organized modular training platform offered in a more accessible and manageable format. This training is supported by a One Stop Delivery System where personnel are organized to support a workers career pathway progress. The student/worker is also supported by other workforce engagement strategies that can be used as needed, to assure a transition into employment such as apprenticeships, on the job training and transitional jobs. The system is designed so that the customer can enter the system at any point based on skill need.



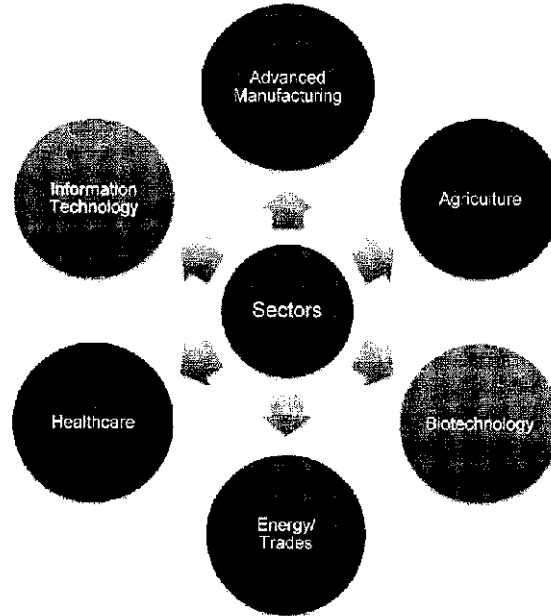
Our early work can best be described as proto-typing, small scale changes. The small scale experiments kept reaping results that we could clearly see would produce increased benefits to workers and industry. We just needed to grow the scale. In order to grow the scale of our work; we maintain a discipline resource development strategy. What this means is, when an opportunity presented itself, we would use the one time resources to build industry informed curriculums, integrate new technologies such as patient care simulators, portable robotics training platforms for manufacturing, interactive video conferencing systems within the One Stop System and other strategies that would help us increase the effectiveness of our efforts and have a lasting impact of 3 to 5 years. **Build capacity.**

Examples of investment:

Timeline	Development	Investment	People trained
2000 .....	Department of Labor Industry Partnership Grant .....	\$1,400,000	998
2004 .....	Workforce Development Board first investment in Career Pathway .....	\$325,000	400
2008 .....	Community-Based Job Training Grant—Biotech .....	\$2,400,000	550
2007–10 .....	WIRED—Regional—12 Counties .....	\$5,000,000	2,740
2007–10 .....	DWD Sector Grants—Biotechnology and Health Care—12 Counties .....	\$442,000	200
2009 .....	DOE FIPSE—Center for Adult Learning .....	\$700,000	600

## SUMMARY OF THE DESIGN

Key to our work has been our engagement with industry. We organize our work into industry sectors.



Industry sectors are made up of groups of companies specific to each sector that make a commitment to us, to engage in ongoing conversations that are up close and personal. This industry engagement gives us insight into what the challenges are to maintain a skilled workforce. These employers inform our work. They participate in curriculum design; they serve as trainers for both One Stop System workshops and technical college training. Most importantly, they help us understand how their industries are changing so that we can be in front of the change.

There are five other very critical design pieces that have supported our “Career Pathway” work.

1. At the college level, we re-organized and re-designed training strategies to provide a comprehensive approach to education and training for individuals that would lead to job placement and career advancement.

This approach recognizes there are career pathways that require specific credentials to advance within that industry. The Career Pathway approach acknowledges that people, whether they are displaced or incumbent workers, are severely limited in the amount of time they have to obtain a credential leading to employment or promotions.

The college and the board recognized that to address the needs of individuals for skill development and advancement in jobs and pay, the college would need to develop a new means of combining education and training for different levels of employment in an industrial sector.

The development of industry-driven curriculum requires analyzing the job structure in a given industry sector, such as health care or manufacturing, and identifying the competencies that are expected of workers at each level in that industry. The training programs are then structured to support an individual while they advance along the career path in that industry—obtaining new skills, promotions and increases in pay.

To implement career pathways the college had to break with the approach that community colleges have used for years: a credential or a degree that requires 1 or 2 years of full-time study.

The career pathway model requires that curriculum design be focused on providing the education and training an individual would need to meet the work re-

quirements of a particular job in a career pathway. For the college this has become the primary consideration in designing credentials.

The college has broken down a final credential, such as a degree, into intermediate credentials that can be obtained by an individual. The intermediate credential is developed in co-ordination with industry so that an employer knows when a prospective employee with that credential applies for a job that he or she is qualified.

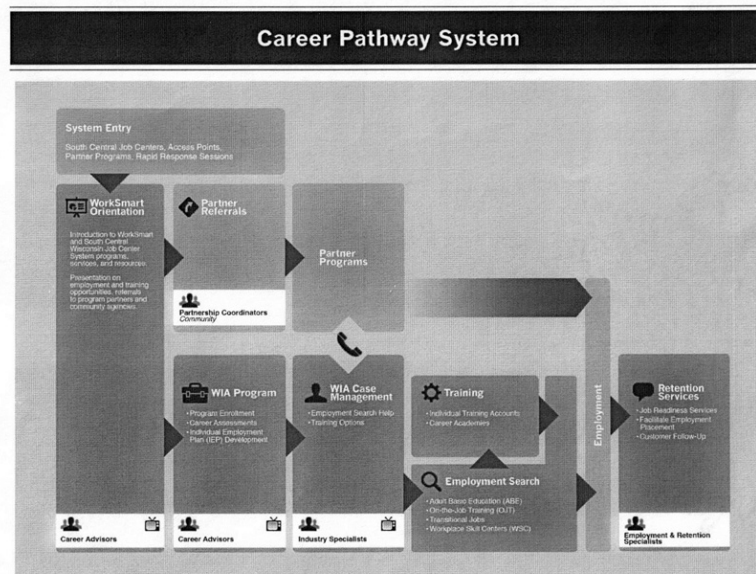
These intermediate credentials are stackable—that is each intermediate credential will build off one another until a student obtains a degree or diploma often after they have entered the workforce.

This model better serves all of the college's customers. For dislocated workers, it provides them with short, practical training that will give them the skills to enter a career pathway and begin receiving a paycheck once again. Incumbent workers have the ability to efficiently obtain the necessary skills they need for a promotion. Traditional students that find they need to enter the workforce before they can complete their degree will have accumulated industry recognized credentials that will lead to initial employment.

## 2. Re-designed the One Stop System.

Instead of just using the career pathway approach exclusively for training programs, the Workforce Development Board worked to use the model for all services provided by the workforce system. All workforce system staff is organized to support a career pathway model.

One Stop System customers are provided service on the very front end of their engagement by a career advisor (connected to the One Stop System) who helps the customers assesses their skills and map a career pathway strategy. The Case management system and the job placement and retention staff are organized by industry. This enables the staff to become experts in their assigned industry. It also helps the staff better organize resources to support each customers targeted career pathway. Within our prepared testimony we have provided you a graphic of what this staff alignment looks like at the ground level.



3. Worked with the college to establish job center-based skill centers to support adult learners. These services are co-funded by the college and the board using Workforce Investment Act funds.

4. Build curriculums so that basic skills were weaved into and reinforce entry-level technical skill training.

5. Organize as much training as possible in cohort delivery—where you move a group of similarly skilled students/workers through the training at the same time,

giving them an opportunity to build peer to peer support. This also enables us to effectively organize resources around cohorts.

#### PARTNERS TO THE EFFORT

This work is not for the weak of heart. It takes a corps of partners to make it happen starting first with dedicated industry partners. We have over 100 company leaders who work with us throughout the year to understand their industries. This understanding is augmented by a deep engagement with our economic development partners at the State, regional and local level, our education partners—we are gifted with an organized technical college system. We have working access to not only the local technical college leadership but also the Wisconsin Technical College System staff. For the workforce system we have contractors that are willing to innovate with us and a Workforce Development Board that seeks and supports innovation.

#### RESULTS

Over the past 10 years—we have trained over 7,000 workers on the “Career Pathway” platform. This has included unemployed and low-skill adults and entry-level incumbent workers. Over the past 3 years we have seen an improvement in our credential attainment rates of 20 percent plus, improving from a rate of 65 percent successful completion of training to 89 percent successful completion. In 2010 the One Stop System staff increased by 40 percent the number of people who successfully entered and retained employment.

Where we are now: The college has integrated the proven curriculums into the standing programs of the college. Our entire One Stop System is organized to support career pathway success. The “Career Pathway” service and training framework enables us to align our resources, build and deliver our services and training in a way that supports our region’s economic vitality. The Workforce Development Board of south central dedicates 100 percent of its Workforce Investment Act resources to the Career Pathway Service and Training framework.

The State of Wisconsin Department of Workforce Development and the Wisconsin Technical College system with the support of their own resources and help from the Joyce Foundation and other national experts such as CLASP are moving to implement “Career Pathway” strategies statewide.

Thank you for the opportunity to speak to you today.

Senator MURRAY. Very good. Thank you very much.  
And with that, we’ll turn to California.

#### **STATEMENT OF SANDY HARMSSEN, DIRECTOR, SAN BERNARDINO COUNTY WORKFORCE INVESTMENT BOARD, SAN BERNARDINO, CA; ACCOMPANIED BY JAMES WATSON, PRESIDENT AND CEO, CMTC, TORRANCE, CA**

Ms. HARMSSEN. Good morning, Chairman Murray, Ranking Senator Isakson, and Senator Franken. My name is Sandy Harmsen, and I’m the executive director of the Workforce Investment Board for San Bernardino, CA. Thank you for allowing me the privilege of testifying before you today.

In 2008, we had business closures and layoffs that were impacting thousands of county residents. By 2009, in San Bernardino County, we had a 15 percent unemployment rate. Pam Houston of Houston and Harris laid off 50 percent of her employees and was faced with having to do further layoffs. Ryan Andrews of Products Techniques was faced with closing his doors and laying off employees when 80 percent of his clients required an international standard certification that he did not have.

Bud Weisbart of A&R Tarpaulin was going to lay off employees due to decline in sales, quality issues, and marketing issues. Ed Boyd of Macro Air was finding it difficult to keep up with demand which was forcing him to consider layoffs.

The San Bernardino County Workforce Investment Board knew that it had to do something to assist struggling businesses. The



board decided to fund a Business Services Unit even during the recession as the established relationships with employers allowed for better communication with the workforce system and to meet the needs of business.

The WIB offered workshops through this team to address areas in which businesses were struggling. It was through these workshops that we realized that more in-depth assistance for businesses was needed to prevent layoffs and business closures.

A Request for Proposal was issued, and five companies that were identified as specialists in their industries were hired to provide layoff aversion services. CMTC was one of those companies. Because of the relationships that had been previously established with our business services team, the industry specialists were trusted by the businesses and they benefited greatly.

Mr. WATSON. Good morning. I, too, would like to thank the Chair and the committee for inviting us to tell our story.

We are partnered with the San Bernardino Workforce Investment Board, and I wanted to comment on the strengths and some of the best practices that resulted from the manufacturing sector Layoff Aversion and Business Assistance Program. Working in the program in conjunction with San Bernardino for over 2 years, our staff and myself kind of came up with five major strengths.

First of all, this has been a proven model in southern California of how the private and public sector can work together effectively. We also found that we could leverage the Department of Commerce, of which the MEP program is a part of, and the Department of Labor to retain and save jobs and actually create a few jobs along the way. We definitely found that working together we could accomplish a whole lot more than working independently.

The second strength of it is that the program was driven by a systematic process. We spent a lot of time assessing at-risk companies in San Bernardino, looking for a committed, vulnerable, but viable organization. And once we found them, we provided technical assistance directed at the key risk factors that that company had that was driving them to reduce their workforce.

A third strength is the program has a system for documenting and verifying results. And that's important when we're in this arena, that we need to really have companies that are committed and who will work with us on committing to, retaining, and creating jobs, and then we can document the fact that it actually took place. And so with confidence, we can report that the program—the partnership that we have retained 600 jobs and created 117 new jobs in the year in which we were doing our project work.

The program, for another strength, is scalable and repeatable. We expanded this program to seven additional WIBs in southern California, leading to 1,800 retained and 349 new jobs. And, last, the program is a job saver, and it reduced government spending on unemployment and social services for displaced workers.

Bottom line, while this aversion program—while we did get some creation from this program, it was really based on layoff aversion. And we were working under the premise that it was more efficient and less expensive to keep an employee on the job than having to hire and upgrade the skills of a new employee that you would hire

later. So we are asking that the committee support an expansion of this program.

Thank you very much.

[The prepared statement of Ms. Harmsen and Mr. Watson follows:]

#### PREPARED STATEMENT OF SANDY HARMSSEN

Chair Patty Murray, Ranking Member Johnny Isakson, and distinguished members of the committee, thank you for the opportunity to speak today about "Addressing Workforce Needs at the Regional Level: Innovative Public and Private Partnerships". My name is Sandy Harmsen, and I am the executive director of the San Bernardino County Workforce Investment Board and director of the county's Workforce Development Department.

The San Bernardino County Workforce Investment Board has a dedicated and comprehensive business support program that deploys Federal funds to assist local employers with job creation and retention.

The WIB consists of a majority of business owners who helped establish the local Manufacturing Industry Council and the Transportation and Logistics Council and are active members of the Aviation Industry Council, the Healthcare Workforce Advisory Board, and the California Clean Energy Collaboration. Their connection to the local business community and its workforce needs, coupled with a dedicated business services unit, empowered the WIB to respond to the severe economic downturn.

The business services unit developed relationships with San Bernardino employers in high-demand industries that promise job growth and opportunities for county residents. The business services unit members meet regularly with employers to identify specific workforce needs, discover job openings and negotiate subsidized and On-the-Job Training contracts. They also help employers avert layoffs through business efficiency training.

To assist employers, the business services unit provides:

- Customized job fairs;
- On-site recruitment resources;
- Human resources hotline;
- Business workshops at no-cost to participants;
- Efficiency and process improvement;
- Rapid response and layoff aversion;
- Labor market research; and
- Tax credits, incentives and more.

Business closures and lay-offs affected thousands of county residents in 2008. Sixty percent of small businesses, which make 93 percent of all businesses in the county, were delinquent in their bills and could not access credit. San Bernardino County hit a historic unemployment rate high of nearly 15 percent and ranked third in the Nation in home foreclosures by 2009.

Pam Houston, general manager of Houston and Harris, was forced to lay off 50 percent of her employees over an 8-month period and as business continued to plummet, she faced the possibility of closing the doors of her family owned 23 year-old business.

Ed Boyd, CEO of MacroAir found it difficult to keep up with customer demand. They lacked the systems to manage growth and quality was suffering, leading to quality and customer satisfaction issues. Without the proper systems in place and the structure to support their growth, Ed's company which has been in his family for three generations, was failing to meet customer needs that could force them to lay off a significant number of employees.

Ryan Andrews, chief administrative officer of Products Techniques, Inc., which makes coatings for the aerospace, aviation and defense industries, faced closing his doors when 80 percent of his clients required his company to become International Standard Organization (ISO) 9001 certified.

The WIB and its business services unit responded to the crisis among county employers. The WIB maintained employment through lay off aversion dollars, incumbent worker and On-the-Job training that allowed employers to keep their workers and hire residents who had lost their jobs in other industries.

The WIB partnered with the local industry councils, chambers of commerce, educational providers and community organizations to provide information and resources that would aid struggling businesses. Twenty-nine partners offered free initial consultations to businesses in their respective areas of expertise. The business

services unit developed and implemented Business Survival Workshops throughout the county. A total of five separate workshops were initially conducted to reach as many businesses as possible due to the large geographic area of San Bernardino county that consists of 20,000 square miles (the largest county in the contiguous United States) with more than 62,000 businesses.

The initial business survival workshops received an overwhelming response by the local business community. More than 400 businesses took advantage of a free assessment that identified their strengths and weaknesses in sales, business processes, customer service, and employee performance and productivity. The WIB continued to offer 70 additional weekly workshops that assisted more than 1,100 employers to keep their doors open and avoid staff reductions.

The business services unit surveyed businesses that participated in these workshops and learned that employers needed intensive business process improvement services that would increase revenue and prevent layoffs.

The WIB's business services unit issued a Request for Proposal (RFP) in December 2009 to help employers prevent layoffs and closures. Five companies were selected to provide layoff aversion services. Local businesses that were struggling to stay afloat were identified by the business services unit and received process improvement training.

#### "GIVING STRUGGLING COMPANIES A BOOST"

The WIB partnered with a business process improvement specialist to help Pam Houston streamline her company's operations, keep her employees and open up hiring. After changing many of their daily processes, Pam was able to hold onto her staff and hire new staff with the WIB's On-the-Job Training funds that reimbursed her for a portion of her training costs.

Ed Boyd, CEO of Macro Air, also participated in the WIB's process improvement program. He reported a 30 percent increase in sales which created more positions in his company. Their production line now has the capacity to do 50 percent more without moving to a larger space.

The process improvement program helped Ryan and his staff at Products Techniques upgrade equipment and customer service capabilities. His customers were impressed with his efforts and continued to bring him jobs. They are now ISO 9001 certified.

#### SAN BERNARDINO COUNTY WORKFORCE INVESTMENT BOARD PARTNERSHIP WITH CALIFORNIA MANUFACTURING TECHNOLOGY CONSULTANTS (CMTC)

Manufacturing is one of the key industries to San Bernardino's economic recovery that offers good paying jobs and long-term careers to skilled craftspeople. The WIB partnered with CMTC to facilitate the Lay-off Aversion and Business Assistance Program.

CMTC and the business services unit met jointly with 68 at-risk manufacturers that suffered from declining revenues. They made a commitment to retain or hire employees and worked with a dedicated specialist to reduce cost, improve quality and productivity, address financial and succession planning issues and develop new markets to increase sales.

Implementation services provided to each company were customized based on the manufacturer's risk factors or barriers to growth. The services CMTC provided included:

**Process Improvement** for streamlining the manufacturing process to reduce production cost and increase productivity. These services also led to increasing the capacity of the participating manufacturers to increase sales.

**Strategic and Financial Planning** for evaluating the manufacturers' current state and establishing long-term business and strategic goals based on sound financial planning. Referrals to other agencies like the SBA for loans were also made to manufacturers who needed operating and investment capital.

**Quality Management System** implementation that improved product quality, on-time delivery and met industry ISO 9001 and AS9100 certification requirements. Many of the at-risk manufacturers lost customers because they lacked certifications or could not enter new markets.

**New product development and diversification of products** to foster innovation and growth. Innovation is a key for small manufacturers to stay competitive and gain market share.

Participating manufacturers were surveyed 6 months after implementation by an independent survey from NIST/MEP and reported:

- \$8 million in increased sales;
- \$18 million in retained sales;

\$2.6 million in cost savings;  
 \$2.1 million of investment in equipment, IT and workforce skills development;  
 600 retained jobs; and  
 117 created jobs.

The result of the program speaks for itself and the standard processes developed under the program has made it a model for seven other southern California workforce investment boards and CMTC demonstrating this is a best practice that should be given further consideration. There is a need in the manufacturing sector to invest early in the company and the workforce to avoid lay-offs and remove barriers to growth. The fact that jobs were created under this lay-off aversion program demonstrates the positive outcome of this type of investment.

The total results of the process improvement program resulted in saving 1,106 jobs and hiring 204 residents in new jobs.

The WIB's business services unit is a necessary component to the workforce system. The decision to fund it during the recession made the difference to employers and people who needed their jobs to keep their homes and support their families. But even more so, the WIB gives opportunities to vulnerable populations who are willing and ready to work.

When Malena Bell was laid off from her non-profit organization, she was in the situation that every parent fears—having come 1 month short of living on the street. “When I lost my job, I was forced to go apply for public assistance,” she said. “I went from making \$1,800 a month to \$500 a month.”

Malena wasted no time utilizing the work readiness program offered by staff at the county's Employment Resource Centers, and immediately went to work on her resume and interviewing skills. By attending jobseeker workshops offered through the WIB's Employment Resource Centers, she had her ear to the ground when Patton Sales Corporation would be hiring through the On-the-Job Training program.

“She hated being on government assistance and took it personally,” said Jon Novack, president of Patton. “She said, ‘Give me a chance and let me show you what I'm about.’”

Malena has now been with Patton for 2 years and is moving up to sales training. She plans to stay with Patton until her retirement.

The WIB's relationships with the local business community, educational providers and community organizations supported the business community and jobseekers like Malena through the darkest days of the recession. The San Bernardino County WIB learned valuable lessons and shared its innovative programs and strategies with other workforce investment boards.

Senator MURRAY. Thank you. And with that, I will turn to Washington State.

Ms. HARMSSEN. Oh, may I add in summary of this—I had named some of the businesses that had been identified as needing assistance. After working with these specialists, Pam Houston did not have to lay off any further employees and was actually able to hire additional employees. Ryan Andrews experienced an upturn in business after achieving his ISO certification and was able to keep his business doors open. Ed Boyd experienced a 30 percent upturn in his business, and Bud Weisbart was able to retain 31 jobs and is looking forward to increasing his business.

Overall, the total results of this business improvement program were fantastic. Businesses were assisted and layoffs were averted. The program resulted in saving 1,106 jobs overall, and 204 new jobs were created, and added \$25 million back into San Bernardino County—was the estimated amount of assistance back in.

Thank you very much.

Senator MURRAY. Very good. Thank you very much.

And with that, we will turn to Washington State.

**STATEMENT OF MARLÉNA SESSIONS, CEO, WORKFORCE DEVELOPMENT COUNCIL OF SEATTLE-KING COUNTY, SEATTLE, WA; ACCOMPANIED BY BARBARA TREHEARNE, Ph.D., RN, GROUP HEALTH COOPERATIVE, SEATTLE, WA**

Ms. SESSIONS. Yes. Thank you, Chair Murray, Ranking Member Isakson, and members of the subcommittee, Senator Franken. My name is Marléna Sessions, and I'm the chief executive officer of the Workforce Development Council of Seattle-King County.

For more than a decade, our Workforce Investment Board has led a public-private partnership in health care, an industry that's dedicated to human health and recognizes the importance of human capital. In this productive regional partnership, we joined forces with hospitals, employers, colleges, and unions to put people back to work in careers with a solid future.

We've expanded training capacity in nursing and other health care fields, adding 557 training slots that would not have been available otherwise. We've provided 4,600 workers with career guidance right at their workplaces, with 1,000 of those going on to training to advance their careers.

We've connected 65 disadvantaged young people to health care careers through an intensive, award-winning initiative that lets them complete college-level nursing courses even before they graduate from high school. This work has also led us to a new regional health care job training project called Health Careers for All that will train up to 920 adults and youth using all of the innovative best practices we've learned over the past 10 years.

My message today focuses on the health care industry. But I want you to know we also have high impact results, both locally and regionally, in other sectors such as manufacturing, maritime, green building, aerospace, and information technology. Our experience proves that when employers are engaged with partners in workforce and education, the solutions we find together are always more effective than what any of us can do separately.

Local Workforce Investment Boards across the country play a critical role in bringing all of these partners together and, above all, letting the voice and experience of industry guide our influence, investment, and results. This ability to convene partners and listen to industry is just one of the important roles of local workforce boards. Local boards can take these partnerships further because we also conduct labor market research, search out new funding to invest in training, influence and develop training curricula, and educate our community about lesser-known careers.

We also prepare jobseekers, not just with occupational skills, but with interview and resume skills to be successful in gaining employment. But we couldn't do it without our employer partners, including Group Health Cooperative. I'm so pleased to be here today with an esteemed health care leader in the Seattle-King County area, Dr. Barbara Trehearne.

Ms. TREHEARNE. Thank you.

Thank you, Chairman Murray, Ranking Member Isakson, and Senator Franken. As Marléna noted, I'm from Group Health Cooperative, which is a nonprofit, integrated health care system known for many innovations, one of which is a medical home model.

We provide care to 630-some thousand residents in the State of Washington. We have approximately 10,000 employees in Washington, about 5,000 of whom are clinical workers. I'm proud to say that we've been a partner with our local Workforce Investment Board, the Workforce Development Council of Seattle-King County, from the very beginning of its work in health care 10 years ago, work that's had a definite impact on the industry and on our region's economy.

In 2002, Group Health and several other hospitals were brought together by the WDC with local colleges, unions, and the public workforce system to work together to solve critical staffing shortages. We looked at the causes of the shortage, especially in nursing, and made recommendations about how to expand the pipeline of training and to help health care workers progress in their careers.

One example—Group Health and five other hospitals participated in a new project called Health Care Career Pathways. Employment specialists from the public workforce system now come to our facilities, meet with our staff, and provide information and support about opportunities in health care. Some of these staff were from nonclinical areas, such as food service, housekeeping, dietary, who wanted to start a career in health care. Others were nurses and technicians.

Lower wage, assistive level, frontline workers are the fastest growing group in health care. We've been able to support their development and must continue to be prepared to assure their success and opportunity for development. The career specialists that come to our facilities help these people chart a path and connect them to resources that can offer training and education to move up.

This is great for Group Health, because it allows us to invest in our own employees, to support their ability to learn new skills to become higher level workers in our system, and, most importantly, to earn higher wages. They're more likely to stay with us to serve as role models for other employees and to remain productive.

We've also positively impacted our vacancy rates for licensed practical nurses and medical assistants. That's why we and other participating hospitals are now covering half the cost of these workforce staff through an annual financial contribution.

And this spring, we, Group Health, along with six other organizations, will partner with the WDC in a new training for lower skilled workers. While still working, they'll earn more advanced certificates and thus move into health care positions that they would not otherwise have access to.

We're partnering in these efforts because they bring value to our organization and to the health care workforce and the economy as a whole. Because of the Workforce Development Council, we now have a voice in training investments, curriculum design, and employee selection that we didn't have before, and we're growing our own future health care workers.

Thank you for calling attention to this important work. We believe it makes a difference in our community.

[The prepared statement of Ms. Sessions and Ms. Trehearne follows:]

## PREPARED STATEMENT OF MARLENA SESSIONS AND BARBARA TREHEARNE

Chairman Murray, Ranking Member Isakson, and Honorable subcommittee members, thank you for inviting us to participate in today's hearing. We are honored and grateful for this opportunity to talk with you about collaborations between employers and the public workforce development system.

For more than a decade our Workforce Investment Board, the Workforce Development Council of Seattle-King County (WDC), has led a public-private partnership in health care—an industry that is dedicated to human health and also recognizes the importance of human capital.

In this productive regional partnership, the WDC joined forces with hospitals, employers, colleges, and unions to put people back to work in careers with a solid future. From day one, our goal was to ensure that the investment we made in training matched the demand for labor, and wasn't wasted on skills no longer needed. Hospitals and other healthcare employers guided the effort with this "reality check" at every step of the way.

As a result, the WDC has expanded training capacity in nursing and other health care fields, adding 557 training slots that wouldn't have been available otherwise. We've provided 3,800 workers with career guidance—right at their workplaces. We connected 1,000 of them with training that gives them the skills for higher-demand and higher-wage jobs in the growing healthcare field.

And we've connected 65 disadvantaged young people to health care careers through an intensive, award-winning initiative called Health Careers for Youth that lets them complete college-level nursing courses *before* they graduate from high school.

This work has also led to an \$11 million, 5-year regional health-care job training project funded by the U.S. Health and Human Services called Health Careers for All. This initiative will train up to 920 adults and youth using the innovative best practices we've learned over the past 10 years—including career and education navigators, wrap-around case management, integrated basic English and math skills, and new college curricula to address specific needs.

While our message today focuses on the healthcare industry, the WDC also has had positive results in other growing sectors such as manufacturing, maritime, green building construction, aerospace and information technology.

Our experience proves that when employers—in any industry—are engaged with partners in workforce and education, the solutions we find together are always more effective than what any of us can do alone. Local workforce investment boards play a critical role in bringing all these partners together, and above all, letting the voice and experience of industry guide our investments and results.

The WDC is having a huge impact because we listen carefully to these partners, including employers like Group Health Cooperative.

Group Health is a nonprofit health care system that serves more than 600,000 residents of Washington State. Group Health has approximately 9,500 employees in Seattle and King County alone, 5,000 of whom are clinical workers—doctors, nurses, radiologists, technicians and others with specific health care careers.

Group Health has been a partner with the WDC of Seattle-King County from the very beginning of our work in health care 10 years ago—work that has had a definite impact on the industry and our region's economy.

Our partnership began in 2002, when Group Health and several other hospitals were brought together by the WDC with local colleges, unions, and the public workforce system to solve critical staffing shortages in health care, forming the Seattle-King County Health Care Sector Panel. Together, we examined the causes of the skill shortages—especially in nursing—and published our recommendations in a report called *In Critical Condition: Seattle-King County's Hospital Staffing Crisis*.

One problem we identified was that even though hospitals desperately needed nurses and technicians, and people were very eager to get into these careers, community colleges and nursing schools could not offer enough classes to meet the demand, due to high costs and reduced State funding.

Another challenge was the lack of support for career progression in the health care sector. Those who wish to upgrade their skills—especially those at the lower skill levels—faced many barriers in their career path, including the high costs and limited availability of training.

But the work didn't end with identifying the challenges. The WDC ensured that the panel's recommendations became reality—and that the industry stayed involved.

To address the capacity issue, the WDC pursued Federal and State grants to invest more than \$1 million to expand the capacity of 2- and 4-year nursing and radiologic technology programs in King County. Community colleges were close partners in adding these dollars to State funding to make the best use of limited re-

sources. The hospitals themselves contributed \$300,000. Finally, beginning in 2009, the WDC targeted Recovery Act funding to open nine new cohorts in health care training. These courses leading to a certificate trained 186 students—many of whom had been on waiting lists to get into training programs.

A young man named Ron was one of these students. After 2 years of prerequisites, Ron was seeking to get into an LPN class. Because these classes are so expensive for colleges to offer, waiting lists are long and only the best students make it in. On top of that, Ron didn't know if he could afford school on his salary as a dialysis technician.

The WDC's first training cohort purchase, a Licensed Practical Nurse (LPN) training which started in June 2009 at South Seattle Community College, was the answer. Before the new class was added, Ron was discouraged—wondering if he would ever be able to achieve his dream. Then he got the call that he was in. "I said 'sign me up!'", he says.

On June 22, 2010, Ron received his nurse's pin and later earned his LPN license. From "just barely making it" on \$15 an hour, Ron is earning \$22 an hour as an LPN and will soon start training to be an RN. "This is pretty much a dream come true," he says. "It changed my life, and I mean that from my heart."

There are hundreds of students like Ron. As mentioned above, our work together added 557 new training slots in key health-care training programs that would not have been available to people in our local community who want and need to skill up for health care careers.

To address the second challenge—career progression for health care employees—the WDC launched an initiative called Health Care Career Pathways. Employment specialists from the public workforce system regularly visited six health care facilities, including Group Health Cooperative, to meet with staff and provide information and support about career opportunities and job training in health care.

Since 2003, more than 3,800 hospital employees have taken advantage of this career counseling. Some of these were staff in housekeeping or food service who wanted to start in health care careers; lower-wage frontline workers are the fastest growing group in health care. Others were nurses and technicians.

The career specialists help them chart a path and connect them to resources that can offer training and education to move up. More than 1,000 of these employees have enrolled in subsidized health care training as a result.

Group Health values this program because it allows us to invest in our own employees and to support their ability to learn new skills, to become a higher level worker in our system, and to earn higher wages. They are more likely to stay with us, serve as role models for other employees, and remain productive.

Career Pathways has also positively impacted Group Health's vacancy rate for both licensed practice nurses and medical assistants.

That's why Group Health and the other participating hospitals are now covering half the cost of these public workforce system staff through an annual financial contribution, which totals more than \$330,000 so far.

And this spring, Group Health and six other hospitals will partner with the WDC in a new training for lower skilled health care employees. While still working, these employees will earn more advanced certificates and thus move into health care positions they would not otherwise be able to access. Employers are partnering in these efforts because they bring great value not only to their own organizations, but also to the health care workforce and the economy as a whole.

Because of the efforts of the local Workforce Investment Board, our region's health care employers now have a voice in training investments, curriculum design, and employee selection that they didn't have before. They can also feel confident that they are growing their own future health care workers to meet the need that is projected to continue increasing.

This ability to convene partners and listen to industry is just one of the important roles of local workforce boards. Local boards can take these partnerships further because we also conduct labor-market research, search out new funding to invest in training, influence and develop training curricula, and educate our community about lesser-known careers. Through the one-stop system that we oversee, we also interface directly with jobseekers to prepare them with not just occupational skills, but the interview and resume skills they need to be successful in gaining employment. As the only entity examining the full spectrum of workforce development in our area, the local workforce board is uniquely suited to ensure that public training dollars are invested for maximum results.

We hope that our testimony today has shown the tremendous impact of partnerships between employers and local workforce boards in communities not only in Washington State, but across the United States. Once again, thank you for calling attention to this important work.



Senator MURRAY. Well, thank you to all of you. It really seems to me that we've got some really good success stories throughout the country. And if we can build on that, we can really start to fill up skills gaps that so many employers are telling us really, truly exist out there and help get our economy going again.

Let me start with a general question, and I'll just work my way down—and if each one of you could answer it. It seems that all of your programs required a significant amount of coordination—employers, workforce systems, secondary, post-secondary schools, a lot of stakeholders. It's a lot of work.

What was the catalyst for each of you to begin your initiative? I'll start down here.

Mr. HUNN. Two quick points. In northern Virginia, it was the strategic focus Senator Franken related to, the industry emphasis on health care, I would say, as well as the local leadership of the business community, particularly at the workforce board level and the health care industry. And then third would be the entrepreneurial leadership—Dr. Templin from the community college and the alignment with the workforce board.

You want to add to that, Gerry?

Ms. HOFER. I think it does have to do with creative leadership and bringing the stakeholders to the table in such a way that they realize that this is not just a health care issue or it's for somebody else, but it's a community issue, and it affects the way we live and thrive in our communities.

Senator MURRAY. And secondary to that, how did you decide who was going to coordinate the program with that many groups involved?

Mr. HUNN. In our case, it's joint leadership between the community college and the workforce board. The workforce board is the fiscal agent for NoVaHealthFORCE. We're providing office space. At the same time, the staff is devoted from the community college and is on the community college payroll.

Senator MURRAY. OK. Very good. All right.

What was the catalyst for your initiative in Wisconsin?

Ms. SCHRAMM. The same concept. We actually physically live near each other, too. Somebody on the staff Googled us, and we're across the street. That helps a lot. But for us, it was the leadership, and it was leadership at both the Workforce Development Board and the college that really were interested in innovation, of trying something different. And we were very deliberate in that innovation, because what we did is once we understood what career pathway work would look like, we took principles and guidelines to both boards in the mid—about 2004. And both boards made a commitment to both adopt those principles and also dedicate their financial resources.

Senator MURRAY. How did you decide who was going to coordinate your program?

Ms. SCHRAMM. We actually coordinate totally together. So depending on who's positioned—and sometimes it's actually the economic development people. So we think of ourselves as actually kind of a circle.

Senator MURRAY. OK. Very good.

Ms. BARHORST. Ditto all that. But you just have to have the right people in the right place to address what's the need. And as soon as we saw a need, then we——

Senator MURRAY. Being creative.

Ms. BARHORST. Solving it.

Senator MURRAY. OK.

Ms. SCHRAMM. Part of that is building trust, too. And the trust side, too, goes to industry, and I don't know if Senator Franken saw that when he convened. But we've gotten to the point where industry, by sector, is willing to play in what we call their pre-competitive space and actually have real conversations with each other as competitors and be willing to be candid with us. And that's a real breakthrough.

Senator MURRAY. All right. How about you all? What was the catalyst for yours?

Ms. HARMSSEN. The catalyst was absolutely the needs from business. We know in San Bernardino County that we have 63,000 small businesses, and that is the—if you're going to grow jobs in the county, we need to keep businesses strong. We didn't want to lose any of our businesses. So coming together and really reaching out—we also have very strong relationships with community colleges and with education and reaching out as a team together to decide what to do. So everyone was really involved in this effort.

Mr. WATSON. We were reaching a large number of manufacturers, but the Workforce Investment Board was also reaching many manufacturers as well that we were not. And there were a lot of layoffs taking place, particularly in the San Bernardino area.

So that was the catalyst that had us sit down to say how can we stop the carnage that was going on, with everybody being laid off. Their offices were filling up with displaced workers, and our idea was why don't we try and stop this before they become displaced and not fill up the front of the office but fix the back of the office.

Then we sat down together and we actually defined tasks. They were very complementary. We didn't even realize how complementary they were until we sat down and started talking to each other. We developed a charter, and that charter was implemented, and the results came.

Senator MURRAY. How did you decide who was going to coordinate?

Mr. WATSON. Well, we sat down and proposed a methodology to the Workforce Investment Boards. The boards then took it under advisement with their boards itself, and then they came back with their own modifications to—what they would like to see. They were intricately involved in the selection process. Any manufacturer that was selected for this program was approved by the Workforce Investment Board, and we agreed to that early on.

We kind of defined ourselves as finding organizations that were at risk along with the Workforce Investment Board, bringing those people to the board for their approval, and then going out and providing the technical services, and then after the services were provided, putting together a program that documented all the results and outcomes so we could feed it back to the board again to try and drive a continuous program and not just a program that went on for 1 year.

Senator MURRAY. OK. How about you? What was the catalyst for yours?

Ms. SESSIONS. In Seattle, we really feel that the Workforce Investment Board's role is that of a neutral convener—one of their roles. Back in 2002, it was a health care nursing shortage crisis that was the catalyst. But since then, this platform of these partnerships with industry have allowed us to go back to industry again and again to continue to meet various needs as they've emerged.

Ms. TREHEARNE. I think, very similar to what everybody else has said, our first foray into this work was to up-skill folks into licensed practical nurse positions. But one of the big catalysts for us was the ability to work with the community college system in a flexible way, in other words, changing the offering of courses and classes to weekends and evenings. And that allowed us to be able to free up our employees in a way that we would not otherwise have been able to.

Senator MURRAY. OK. And how did you decide who was going to coordinate this at your level?

Ms. SESSIONS. I think the Workforce Investment Board just took that upon ourselves to ask those industry leaders to come to the table. They did very willingly, and it's built from there.

Senator MURRAY. OK. Very good.

Senator Franken.

Senator FRANKEN. Thank you, Madam Chairman, again for convening this.

You are all heroes to me. You really are. You could all be Minnesotans as far as I'm concerned.

[Laughter.]

Some of the great workforce boards do this in Minnesota. But I'm serious about this, because what you did—like in San Bernardino. Part of this now is we have these skill gaps, and you had skill gaps—even while we were shedding jobs, there were skill gaps.

Now that we're beginning to grow a little bit, we're seeing more and more manufacturers, ET cetera, and depending on the sector—like in northern Virginia, we're talking about health care. And, you know, I was struck by—you were talking about electronic health records and the needs for people who can do that work, which is going to—we need to do in this country, because the faster we get those electronic health records geared up, the more we're going to be able to use that to save money in our health care system and, by the way, probably to find fraud and abuse in it, because once you get those records, that's one of the purposes of those, where we can see patterns in fraud and abuse.

I just want to thank you all. I almost think that we should have a second panel of places that have failed, and we should say, "What did you do wrong?" You talked about trust, Ms. Schramm. "Yes, well, we just didn't trust each other." Every story here is a story about what everybody should be doing and what America is really about.

The partnership—what I love about this is that this is so not about partisanship. It's industry working together. It's unions working together. It's the government working together. It's the local government working together. It's education working together.

We just need to do that, and we need to get over everything else and work like this in every part of our society. I just want to thank you for being here.

As I look at you and—I just feel so good about America. And I think if we can scale this up and replicate it, and if you can help us do that, I think we'll be a lot better off. I mean, you guys kept people working while everyone was shedding jobs. Others of you are getting people jobs that are filling gaps that we need.

Let me ask about one thing, because there was one thing brought up by a couple of you, which is certification and stackable credentials and credentials. Anybody can speak to this. What role does it play to have industry say, "This is a credential that somebody needs," and go to one of the learning institutions and say, "Can you put a course together just so that we can have this credential? It's a nationwide credential that's recognized." Anybody?

Ms. HARMSEN. I can speak from San Bernardino County. What we have done is brought—also, having identified industry sectors that were in demand prior to the recession that we fully expect would be those sectors where people would find jobs and the sectors that we needed to support, what they did was, the board brought in businesses from those different sectors to identify what those needs are—what type of upgrades did the employees need; what did they need to keep that business going—and then worked together with the community colleges and the educational institutions, sat down with those employers—it's a fantastic partnership—so that the employer is telling the colleges, the educators, "This is what we need." And they did put together classes. They do put together classes specifically for those needs.

Ms. BARHORST. I'd like to say—

Mr. WATSON. Also, I'm sorry, just one last comment. The news of manufacturing right now is changing. And our relationship with the Workforce Investment Board allows us to convert from cost reduction type, kind of, skills that the manufacturing community has had in the past to more skills around innovation and growth, exporting, and things that can create jobs in the manufacturing community.

We're going to work closely with them to try and survey the manufacturing community and figure out what those new jobs are that they need, definitely to support global manufacturing for them and global growth. And then we'll coordinate it with them to try and get those curriculums offered, get it back into the community again, and then we have the right people going into the right manufacturers doing the right things.

Ms. BARHORST. My answer goes back again to trust. The reason that there is accreditation and that there is a lot of bureaucracy, ET cetera, in higher education is so that that degree or that certificate counts, and that an employer knows that if you get someone that's been through that program, they're going to be good. They're going to have all those skills.

But in a time when you need a fast turnaround, one can't always go through all of that. So one of the things that was good here is that this was a pilot program, and so then we could identify—what we did is identify certain certificates. So it had some credibility,

but it wasn't the same as a degree. Now, some of these people actually pathwayed up to degrees, and they're on their way.

Senator FRANKEN. Sure.

Ms. BARHORST. Because we had to move fast. So it's good to have the accreditation, but when you have to move—to be able to do this—it was a pilot, and so we could do things that we couldn't always do.

Ms. SCHRAMM. Senator, I want to jump in here. Since I'm not the technical college, I'll tell you it's really hard work. In my formal testimony, I said, "This is not for the weak of heart, this kind of work," because technical colleges, community colleges, in our part of the country—they are very large organizations. And in order to do this work, they actually have to also get a faculty that's invested in this idea of stackable credential.

So, internally, that's a real key to the success of this—having leadership within the community college that's willing to really step back and say, "This is what industry's telling us right now we need." And during the recession, especially in manufacturing, when that first level of jobs went away, this became a discovery process, because we had to literally reinvent the curriculums. So we actually entered almost an experimental place with the community college, and that's really hard for colleges to do.

Senator FRANKEN. I saw that in Hennepin County. That's exactly—but what I see, when it works—

Ms. SCHRAMM. It works.

Senator FRANKEN [continuing]. It works. It is very hard, but—Woody Allen had a saying about comedy writing, which is that it's either easy or it's impossible. And my sense is that if you have the right people working together and problem-solving together, it actually is fun, and it's satisfying, and it can happen, and it builds an energy of its own. And then if that isn't happening, it's impossible.

So you guys all did it. You all made it possible and did a great service to your communities, and I thank you.

Ms. HOFER. I just wanted to make one comment. Even though we had done an empirical study to quantify the health care worker shortage, it wasn't until the health care providers at the CEO Roundtable actually identified the fact that they all had one common thing missing—radiation oncologists and ultra-sonographers. And they're identifying that, and they're usually radiation technologists who are trained at a higher level. So they provided not only the tuition assistance for this, but also the incumbent workers that they wanted to train.

Additionally, while we were developing the curriculums for this, they offered up the faculty subsidies for the faculty, because we, as a State institution, couldn't pay the faculty at market rates for those jobs. And so it wasn't until we actually had the CEO—the providers at the CEO Roundtable get together—they identified the common need, which they had never done before.

Senator FRANKEN. Right.

Senator MURRAY. All right. Well, thank you.

Senator FRANKEN. Thank you.

Senator MURRAY. Thank you very much. I just want to throw out a general question to any of you who would answer—whether your

experience in the initiative that you undertook at your level impacted the way your local workforce board does business?

Ms. SESSIONS. I can jump in there, Senator Murray. Absolutely, and in terms of always listen to industry first. Let industry lead. Convene industry, and it's amazing how quickly things can happen once you determine those needs. It's a very simple concept. We just needed to turn it right around to industry.

Ms. SCHRAMM. This is how different our business is. One hundred percent of our Workforce Investment Act funds are organized on the career pathway platform. So the entire board just embraced this because they could see the results.

Senator MURRAY. Yes.

Mr. HUNN. In northern Virginia, it certainly opened up the use of different fundings and the need for different funds. We did not use WIA dollars for this NoVaHealthFORCE effort. We used seed money, of course, the private money and the State funds, and then other dollars that we were able to help get to get the process started. And I think that's really where we need to be in the years ahead, as—

Senator MURRAY. So it's changed how you looked at where you're going to get funding to start with?

Mr. HUNN. It really has to be, in terms of how we—it gives us flexibility as well.

Senator MURRAY. Yes.

Ms. HARMSSEN. And for San Bernardino County, absolutely. The focus on business and the needs of business and now the layoff aversion—seeing how important and how successful these programs were was great.

Mr. WATSON. I'd like to say that it's changed dramatically, because when we started working on this program 2 years ago, layoff aversion was a very small portion of the budget that was being spent on Workforce Investment Boards. And through good leadership and through some risk taking—because it was not exactly a popular thing to do because they did have offices full of displaced people—Sandy and some of the other WIBs in southern California changed the way in which they looked at the community and changed the way in which they were strategically looking at the workforce and decided to save jobs to a higher rate than they were before.

They could still handle the displaced worker, but we were able to handle both. And I think that came from a change in their attitude, simply about how they were looking at the workforce and the community itself.

Senator MURRAY. Interesting. Let me go back and ask Mr. Hunn and Ms. Hofler—in looking at your program, it seems like you have undertaken quite a systemic, broad group of people. You've got partnerships and contributions from education partners and the Commonwealth and industry partners and local workforce leadership. That's a large group of people with a lot of different interests.

How do you sustain a focused partnership and resources across so many different interests and levels?

Ms. HOFLEER. We're actually fairly well established. We have a CEO Roundtable. We started out with a steering committee, and then it morphed into what we call the CEO Roundtable that's com-

prised of the presidents of the colleges and universities in the region as well as the CEOs of the health care, acute care providers in the region as well.

We get together and we meet twice a year to discuss these issues, and it does sustain it, and they make decisions about what we're going to continue to do and how we're going to continue to do it. And that's been a very important part of this.

Senator MURRAY. Anything?

Mr. HUNN. I would say the consistency—and this has been now going on 8 years, and the consistency has been consistent funding, consistent commitment. And, of course, the workforce board, as mentioned earlier, is the fiscal agent, and we've been able to sustain confidence of the private sector that this can be done efficiently and to everyone's best interest.

Senator MURRAY. OK. I want to go to Ms. Schramm and Dr. Barhorst because what you talked about in terms of the inflexibility sometimes at higher education institutions—you're dealing with a whole political institution in and of itself. I know that. I wanted you to talk a little bit about how we can get institutions, educational institutions, to think more this way. What were some of the things you dealt with?

Ms. BARHORST. Definitely, as I've said before, the need is there, and all of a sudden, you realize that the traditional ways of doing things don't work, particularly with the population that you are serving. Second, the competition has been out there. The better part of what the nonprofits do is that they've realized what their customer needs. And by seeing that, I believe that that helps, too. They say, "Wait a minute. They're doing classes in the middle of the night."

Senator MURRAY. Did you run into any problems in terms of student aid, in changing it?

Ms. BARHORST. Yes. For example, these students would not be available for PELL Grants, but they had other aid through workforce development.

Ms. SCHRAMM. So what we've actually been prototyping is the stackable credential. This is the sustainability platform. We've now moved that inside of the main programs of the college so that now they are financially aidable, and that was moving us off of the prototype stage.

Now what we've done with Madison College's faculty is gone into the full associate degrees and had industry tell us what the skill sets are, and then build those credentials so that people actually declare programs. This is still something that we could use your help with, with the Department of Education, to really say that career pathway work is financially aidable.

Senator MURRAY. OK. Excellent. In California, you've focused a lot on this layoff aversion, which I found really important and interesting. How did you identify those businesses that you picked, that you named to us? Did they come to you, or did you look out there, or how did you find them?

Ms. HARMSSEN. In San Bernardino County, we have had for many years a business services team. So we have individuals who go out into the community and knock on the doors of business. Again, understanding that we have 63,000 small businesses and with limited

funds, we are able to reach approximately 7,000 businesses per year, and that was how those businesses were identified.

Especially during that recessionary time, when the recession first hit, seeing the needs and businesses just crying out—they were going to shut their doors, laying people off—is when the board decided to hold workshops. And what we did was advertised and put it out there that we were holding these workshops for business, and businesses came, and we had resources there for them from—financial assistance. CMTC participated in some of those workshops as well—and just had a number of resources there available so that businesses could connect.

But even out of those workshops, we found that was not enough. And as the needs were identified even more, down to the specifics, that's when the board took the lead to say, "OK. We need to hire these industry specialists to provide these direct services to businesses."

Senator MURRAY. OK.

Mr. WATSON. I think the most important part of this collaborative was the outreach, the ability for us to get together and identify those at-risk businesses in San Bernardino. They don't stand in the corner saying, "I need help." They really do have to be found, and manufacturers, traditionally, are not joiners. So you really have to go out and find them.

I think through the good services of her outreach group and our outreach group, we shared companies, we shared histories, and we shared where the companies were. And that led us to those committed companies that we felt that we could work with that were vulnerable but still had a viable business.

Senator MURRAY. OK. Dr. Trehearne, I wanted to ask you—clearly, this has helped you in your recruitment needs, and the health care workforce is one we know where there's a real need to get skilled workers. Have you been able to quantify any way the return on investment that you have actually made in this?

Ms. TREHEARNE. We quantified it by looking at turnover, vacancy rates, and retention. When we look at turnover, and we use the industry benchmark that the cost of turnover is approximately one and a half times the salary of that particular wage worker, we can quantify then in terms of the number of workers that we bring into a particular role when we've done the up-skilling.

And then the retention, the length of time—we look at some numbers like retention at a 12-month mark, because, usually, your return on investment is around 12 months, depending upon the positions—different for different positions. So we look at those two numbers, in particular.

Vacancy, we can quantify to some degree, but it's easier to quantify the turnover and the length of time in the role from an ROI perspective.

Senator MURRAY. Ms. Sessions, have you seen this across the health care industry—that kind of return on the investment?

Ms. SESSIONS. Absolutely. I think what we found, interestingly, because it's a mature partnership, that different health care occupations have emerged over this time. So we're able to continue to go back and plug-and-play with new emerging health care careers and move people up to get that return.



Ms. TREHEARNE. I think the other part of the formula—which these formulas are not worked out, so we're kind of having to figure them out as we go. And somebody referenced it earlier. It's this issue of fast-pacing things. So when you have your own cohort group in the community college system, you're able to fast-pace in terms of sequence, in terms of hours, of students in the program.

An 8-hour day is very different from learning—than I go to one class 5 days a week for an hour. So there's some ROI there as well, because you can get people through—

Senator MURRAY. Through the pipeline faster.

Ms. TREHEARNE [continuing]. Through the pipeline faster without really shortchanging them on the quality of the education. I think that's important.

Ms. SESSIONS. And just to add to that, the retention in those cohorts has been incredibly—completion rates has been incredibly higher than, say, traditional—

Senator MURRAY. Because they get through it faster and they see the realization—

Ms. SESSIONS. They get through it faster and—excuse me—and, in fact, they have a support system amongst themselves and with these career navigators that we bring in to help.

Senator MURRAY. Yes. Interesting. We've been joined by Senator Whitehouse.

We'll turn to you.

#### STATEMENT OF SENATOR WHITEHOUSE

Senator WHITEHOUSE. Thank you, Chairman.

I just wanted to ask two questions kind of across the board, because you all touch on our workforce and job training network in a variety of different ways. And the two questions are: First, the GAO report suggested that there were significant disabilities with the Department of Labor being able to get its—sort of circulate best practices and get information around, that collaboration could be challenging. I think that was the word that they used.

I'm wondering, on that point, how much you feel that at your level—or whether there's such a good, kind of, network of back and forth between different agencies that you feel—that best practices propagate pretty effectively, virally and through other means.

The second is: I think we've had testimony that there have been 47 different workforce and job training programs in the Federal Government, and that suggests that that's an awful lot of touch points, and that suggests that that can be very complicated, bureaucratic, and administratively difficult for you. And I'm wondering if, in your actual experience, that is the way it bears out, or if they are brought together at the local level in ways that you, working with them, don't see as a significant disability.

Those are the two questions. How well do you do best practices? And do we need to do more on that, or, actually, does it propagate pretty well just through the network? And these 47 different programs—is that a bureaucratic or administrative burden for you, or do you work through that pretty effectively, and does it sort itself out?

Ms. SCHRAMM. Do you want to go first, or do you want me to go first? I can—go ahead.

Ms. SESSIONS. I'll jump in. Thank you, Senator. To your first question, yes, best practices are shared well at ground levels across various networks nationally, regionally, locally, statewide. And I would also give the Department of Labor credit for continually improving ways and methodology across the country to get those best practices out.

We see some definite responsiveness there and improvement in using various methods of technology. An example would be just this last Monday, the Department of Labor did a web chat for 2 hours to give examples and illuminate things that are happening in the local world, and 2,800 of us across the country listened in and were able to ask real-time questions. So we're seeing some good things there.

To your second question, we find that those 47 programs—that number continues to be a little bit of a mystery to us. We see the list. We know the programs well, of course, at the local level. But we do coordinate so well that to a job-seeking customer, it's supposed to be seamless. To many of us in the field, it's very seamless as well, because there's a lot of transparency and working well together, again, leveraging resources across the board.

Senator WHITEHOUSE. Does anyone have a contrary view or an additional view?

Ms. Schramm.

Ms. SCHRAMM. Just an additional view. We're in the Great Lakes area, and the Joyce Foundation, in addition and in partnership with the Department of Labor, has really played a strong role in seeding the collaborations and the best practices. They actually, twice a year, bring together all the workforce collaborators in our region to look at best practices, and they also bring experts to us. So that's a real key, that they will on their own dime bring people to help us do career pathway work or sector work, whatever we're needing to do.

Senator WHITEHOUSE. So you feel very supported in your desire to find out what the best practices are out there and to pursue them?

Ms. SCHRAMM. Yes.

Senator WHITEHOUSE. Yes. Mr. Hunn.

Mr. HUNN. Senator, I believe a local workforce area or a community college must be motivated enough to want to be able to collaborate. So it really depends on how our State colleagues can really encourage—can be a catalyst to encourage the type of innovations that you've heard about this morning.

To your second question, I really think it depends, at the local workforce area, how the State has organized itself as far as those 47 programs. Some of those are national programs that really might not be impacted locally. But a number of those are locally implemented, but there might be multiple partners.

It really is a challenge in many cases to integrate efforts to make it seamless to the business community and seamless to the job-seeker to the best extent possible. In some cases, there might be State impediments that really would not allow a local board to take the action that it might want to.

Senator WHITEHOUSE. Well, thank you very much, Madam Chair, for this hearing. And I thank the witnesses for their testimony and their work in this important area.

Senator MURRAY. I, too, want to thank all of our witnesses for sharing your experiences and all the work that you're doing. I think there's some really important lessons that we see from all of your collaborative testimony today. So I really want to thank all of you for taking time out to be here.

I want you all to know that all the members of the subcommittee couldn't be here today. And for our members who want to submit a statement or questions, the hearing record will be open for 10 working days for statements and questions.

And with that, this hearing is adjourned.

[Whereupon, at 11:35 a.m., the hearing was adjourned.]

