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Introduction

Chairman Klobuchar, Ranking Member Blunt and Members of the Subcommittee, thank you for inviting me to testify about the work we are doing at the Department of Labor (Department).

To help create an economy that is built to last, the Department is working to ensure employers have access to the skilled workforce they need to fill in-demand positions in industries such as advanced manufacturing. President Obama believes that we must ensure that the next generation of products are not only invented here in the United States, but manufactured here as well. A growing and vibrant manufacturing sector is key to innovation, our global competitiveness and creation of good-paying American jobs. The Department is supporting these efforts by leveraging robust partnerships across Federal agencies, aligning the national network of almost 3,000 One-Stop Career Centers and their partners with local and regional labor market needs, strategically awarding competitive grants, engaging community colleges for technical skills training, and customizing training to meet the needs of employers and workers. The Department also continues to participate in several interagency efforts to promote the manufacturing industry.

Manufacturing Skills

The unemployment rate has fallen steadily from its peak of 10 percent in October 2009 to 8.2 percent in March 2012. Since February 2010, the economy has generated 4 million private sector jobs. The manufacturing sector alone has created 470,000 jobs since January 2010. Manufacturers currently employ nearly 12 million workers, mostly in jobs with good wages and benefits. Over four million manufacturing workers are employed in small to medium-sized manufacturing enterprises (SMEs), which comprise 98 percent of manufacturing firms overall. As President Obama noted in the State of the Union, “American manufacturers are hiring again, creating jobs for the first time since the late 1990s”. In fact, according to the Bureau of Labor Statistics, a number of sub-sectors within the manufacturing industry are projected to be among the top ten fastest growing over the next decade.

While signs point to continued improvement and job growth, evidence shows that both the lack of demand for workers and a skills mismatch will continue to contribute to the unemployment

rate. Some sectors of the economy, including manufacturing, have been affected by a skills mismatch more than others. Recent data from the Bureau of Labor Statistics indicate that occupations that usually require a postsecondary vocational award or a postsecondary degree for entry are expected to account for about 37 percent of all new jobs from 2010 to 2020. Middle and high skilled workers will be critical to meeting manufacturing employers' needs. If current graduation and credential attainment rates continue at their low levels, a skills mismatch could continue to play a role in unemployment in the manufacturing industry, even as demand grows in components of this important sector.

The workforce system is playing a leadership role in developing training programs that better meet employer needs for skilled workers. These programs help workers retain or obtain good jobs upon completion of their training, and contribute to increasing productivity and job growth.

The Public Workforce System

The national network of One-Stop Career Centers serves as the foundation of the public workforce investment system. The Department provides oversight and administrative guidance for this network and strongly encourages the alignment of workforce development activities with state and regional economic development plans to ensure that education and training and employment services support anticipated industry growth and employment opportunities.

Job training is integral to the success of job creation initiatives, and skills and knowledge are important drivers of economic growth. The workforce system provides extensive reemployment assistance to vulnerable populations disproportionately impacted by economic downturns, as well as those first time unemployed individuals who were in middle and high skill jobs. Last year alone, 39 million individuals were served by the public workforce system. Most of these individuals received job search assistance, career counseling, and other employment services, or unemployment benefits, and nearly 500,000 participated in Workforce Investment Act-funded training. From July 2010 through June 2011, nearly 70 percent of individuals who completed WIA Adult and Dislocated Worker training became employed within one quarter after program completion. In the same performance period, 62.5 percent of youth who were enrolled in WIA training received a degree or credential.

Alignment of the workforce's skills and abilities with employers' needs is an essential component to our economic recovery and long-term competitiveness. This dual customer approach includes strategies such as on-the-job training that use Federal resources to encourage employers to explore the possibility of hiring additional full-time workers while helping participants improve their chances for economic success. The Department is providing technical assistance to help the public workforce system better engage employer customers. The Department believes that stronger employer partnerships will lead to improved employment and retention outcomes.

Promoting Robust Partnerships to Leverage Resources

We are actively working across Federal agencies to better align resources and to ensure effective service delivery. For example, our Fiscal Year 2013 Budget includes proposals to help all

dislocated workers find new jobs and to develop single access points for job seekers to access all employment and training services. Furthermore, the Departments of Labor, Health and Human Services, Education, Commerce and the Small Business Administration, among others, are continually seeking opportunities to develop joint administrative guidance to state and local grantees, or to leverage available resources to encourage partnerships and improve models for delivering quality services across programs at lower costs. These partnerships allow individuals and employers to benefit from additional services and, most importantly, to spur job creation and economic growth. We understand that we need to do more with less, which makes partnerships at all levels -- Federal, state, and local -- critical to our continued investment in a competitive workforce.

Manufacturing Extension Partnership

Today, we are publishing joint guidance with the Department of Commerce's Manufacturing Extension Partnership (MEP) to encourage the public workforce system to partner locally with MEP programs to provide assistance to Small Manufacturing Enterprises (SMEs) to support economic growth while preserving and creating jobs.

As part of the churning that occurs in any healthy economy, many manufacturing businesses, especially SMEs, continually face challenges that, if not addressed, can ultimately lead to downsizing. When faced with the possibility of layoffs, the state and local workforce investment system can step in to assist workers in returning to employment as quickly as possible, or potentially preventing layoffs altogether by working closely with the employer. Such engagements have been facilitated in part through the Federal-state-sponsored MEP program, which works with SMEs to help them create and retain jobs, increase their profits and export their goods.

In South Carolina the state workforce agency requires that the state MEP review any manufacturer who applies for WIA funds for Incumbent Worker Training. This allows MEPs to access additional resources when significant business risks are identified, but importantly, helps them to design effective training for workers to maintain competitiveness.

The Jobs and Innovation Accelerator Challenge

An example of a Federal partnership to support economic development driven by local or regional needs is a partnership between the Department and Commerce's Economic Development Administration and the Small Business Administration to launch the Jobs and Innovation Accelerator Challenge. This \$37 million initiative supports grants for the advancement of 20 high-growth, regional industry clusters in order to promote development in areas such as advanced manufacturing, information technology, aerospace and clean technology. The projects are driven by communities that identify the economic strengths of their areas and encompass urban and regional areas in 21 different states.

For example, the Full Employment Council in Kansas City, MO is collaborating with the Mid-America Regional Council Community Services Corporation and the University of Missouri Curators (on behalf of the University of Missouri-Kansas City Innovations Center KC

SourceLink) on a \$2 million project to implement training designed to meet the skill requirements of businesses in the advanced manufacturing and information technology sectors. The project also will support taking university and corporate research to commercial application, and support small businesses in taking these applications to market and finding opportunities for growth both domestically and through exports.

Career Pathway Models

Earlier this month, the Departments of Labor, Education, and Health and Human Services released a joint letter highlighting our commitment to promote the use of career pathway approaches as a promising strategy to help youth and adults acquire marketable skills and industry-recognized credentials through better alignment of education, training and employment, and human and social services among public agencies, and through better linking those services with employer needs. Career pathway models link education and training for specific occupational sectors, such as manufacturing, to help individuals of varying skill levels earn credentials valued by employers, enter rewarding careers in in-demand and emerging industries and occupations, and advance to increasingly higher levels of education and employment.

Through the Department's Employment and Training Administration's Career Pathways initiative, nine states including Minnesota, New Mexico, and Virginia and two tribal entities have established cross-agency teams that include local workforce boards, Temporary Assistance for Needy Families (TANF) providers, adult basic education providers, community colleges, career and technical education providers, and employers.

Subsidized Youth Employment

The Department also partners with HHS to better align TANF funds in support of subsidized youth employment. Most recently, an evaluation report entitled *Using TANF Funds to Support Subsidized Youth Employment: The 2010 Summer Youth Employment Initiative* was published and posted on both Departments' Web sites signaling the culmination of both Departments' continued collaboration to evaluate Workforce Investment Act (WIA) and TANF coordination and the potential benefits and challenges of the TANF-funded summer youth employment initiative. Funded through an Interagency Agreement between the Departments, this study followed up on the 2010 joint DOL-HHS letter that encouraged states to use TANF funds for subsidized youth employment and for workforce and human service agencies to co-enroll youth in WIA and TANF programs. During January-December 2010, 1,600 low-income youth found subsidized jobs as a result of this partnership.

Informing and Guiding the Workforce System

Credential Attainment

As we invest in skills development, we will not only help individuals return to work, but we also will help workers obtain the measurable and specific skills needed to move along career pathways, while giving employers access to the skilled workers they need to compete globally.

The Department plays a vital role in increasing access to industry-recognized credentials, in partnership with community colleges, businesses and labor unions. This year, the Department set a high priority performance goal to increase credential attainment by 10 percent among customers of the public workforce system by September 30, 2013, and we emphasized occupational training that leads to an industry-recognized credential or certificate.

We also work collaboratively with community colleges, vocational technical schools, and state workforce agencies through discretionary grants and technical assistance efforts to identify and broadly disseminate best practices. For example, best practices such as Integrated Basic Education and Skills Training (I-BEST) have shaped our grant competitions, including the current round of the Trade Adjustment Assistance Community College and Career Training grants. I-BEST in Washington State helps adults who have to balance family and work responsibilities with learning by offering the means to acquire “stackable” credentials along career paths that may result in more or different job responsibilities and associated pay increases. This program also highlights the need to coordinate with partners including employers in order to achieve success.

Manufacturing Competency Model

As part of our focus on skills and competencies attainment, the Department released an updated advanced manufacturing competency model, based on collaborations with industry partners, such as the National Association of Manufacturers/Manufacturing Institute (NAM/MI), the National Council for Advanced Manufacturing and the Society of Manufacturing Engineers. This employer-validated model outlines the skills necessary to pursue a successful career in the manufacturing industry and includes the recognition of sustainable and environmentally friendly advancements that are now an important part of the advanced manufacturing skill set. The model also allows workers in advanced manufacturing fields the ability to advance their training in a way that is consistent with industry demands. This is one of several competency models that the Department has released.

Electronic Tools

To support the goal of increased credential attainment, the Department has also augmented information on industry-recognized credentials in its suite of online electronic tools that are geared to helping jobseekers explore career options, search for new opportunities and find information on high growth occupations. In mid-December 2011, certifications and credentials that have been endorsed or recognized by third-party industry associations, including the stackable manufacturing credentials endorsed by NAM/Manufacturing Institute, were added to the employment web portals of two such tools: *mySkills myFuture* and *My Next Move*.

Engaging Community Colleges

New Community College to Career Proposal

The Department is working diligently to engage community and technical colleges to bolster skills training among jobseekers. A few weeks ago, Secretary Hilda L. Solis and Dr. Jill Biden announced the \$8 billion Community College to Career Initiative that would allow for

partnerships between community colleges and businesses to spread more broadly and help employers satisfy their skill needs. Co-administered by the Department of Labor and the Department of Education, this Fund will train two million workers for good-paying jobs in high-growth and high-demand industries, such as health care, transportation, and advanced manufacturing. These investments will give more community colleges the resources they need to become community career centers where people learn crucial skills that local businesses are looking for right now.

Trade Adjustment Assistance Community College and Career Training Grants

Through the TAACCCT grants, the Department has invested \$500 million to assist community colleges and other eligible institutions of higher education to expand and improve their ability to deliver education and career training programs; and a competition is currently open for an additional \$500 million in TAACCCT grants. In coordination with the Department of Education, these competitive grants are geared towards developing education and career training programs targeted to trade impacted and other workers that can be completed in two years or less and that prepare participants for employment in high-wage, high-skill occupations. With a focus on programs that have strong employer partners and meet industry needs, these grants will improve the capacity of higher education institutions to develop, upgrade, and offer programs that result in skills and credentials that are relevant to high-skill industries, such as manufacturing. And the program's emphasis on producing open educational resources means materials produced through this funding can be leveraged by colleges across the country, not just those that received funding.

One such grantee, the NorthWest Arkansas Community College, leads a consortium of all 22 two-year colleges in the state. Each partner school in the consortium carried out extensive outreach to businesses and other organizations in their communities, and conducted research and gathered labor market data to identify growing industries and occupations. Based on this input, the colleges identified advanced manufacturing and healthcare as the primary target industries across the state, and each school is working to restructure two career pathways, which are comprised of stackable, linked certificates and degrees.

With an almost \$15 million grant, these colleges are working collaboratively to transform and accelerate developmental education, streamline and restructure 104 certificate programs and 42 associate degree programs, and enhance the technology and systems that support their students. The colleges also are transforming their student advising systems in ways that will avoid unnecessary credit accumulation and improve the job placement assistance that students receive. This project anticipates accelerating program completions by 15 percent by reducing both the time it takes and the number of credits required for community college students in Arkansas to complete certificate and degree programs.

Another TAACCCT grant is helping the Florence-Darlington Technical College lead a consortium of 10 public two-year technical colleges in South Carolina to improve their ability to deliver programs leading to high-demand industry-recognized certificates and degrees. Through this project, the consortium is addressing several capacity constraints by developing 37 new

online contextual learning courses and enhancing its existing online offerings in manufacturing, industrial maintenance, and transportation and logistics.

Customizing Training to Meet Worker and Business Needs

By promoting tailored training strategies to simultaneously meet the needs of workers and meet employer needs for skilled workers, the workforce system plays a valuable role in developing training programs and helping workers retain or obtain good jobs upon completion of these programs.

Business and Industry Partnerships for Earn and Learn Models

In the manufacturing industry, employers have utilized Registered Apprenticeship for decades to train apprentices in traditional manufacturing and other occupations. In the past decade, as the manufacturing industry has advanced with new technologies, the Department has worked with industry partners, particularly the National Institute of Metalworking Skills (NIMS), to develop competency-based Registered Apprenticeship training models that establish unified skill standards throughout the industry. NIMS has established standards for several occupations, including machinist, press set up operator, electronic discharge machine operator, tool and die maker, precision assembler, and computer numeric controlled operator. At the end of Fiscal Year 2011 (October 31, 2011), the Department was responsible for overseeing about 14,450 active apprentices in over 2,800 active manufacturing programs (NAICS 31-33), of which 96 were registered during that Fiscal Year.

Registered Apprenticeship is an ‘earn while you learn’ model that provides employment and a combination of on-the-job learning with a mentor, related technical and theoretical instruction, and wage increases as apprentices progress. The model offers an efficient, flexible training strategy, responsive to new technology to keep workers up-to-date on skills they need to meet the needs of high-growth industries. In Fiscal Year 2011, Registered Apprenticeship programs served 403,700 participants.

H-1B Technical Skills Training Grants

The Department also has invested \$342 million in competitive grants to provide training, job placement, and other assistance in the occupations and industries for which employers are using H-1B visas to hire temporary, high-skilled foreign workers. Manufacturing is among the top 10 industries for which H-1B visas are granted. Our long-term goal is to decrease the need for H-1B visas by helping American workers develop the high level skills needed by these employers. The Department will continue to use the H-1B grants to help individuals upgrade skills for high-growth industries and occupations. The grant program helps workers upgrade their skills while assisting businesses to retain and improve the skills of their workers, expanding their workforce as they successfully compete and prosper in the global economy.

Under an H-1B Technical Skills Training grant for approximately \$2.2 million, NIMS is helping 425 unemployed individuals in southern California, greater Chicago, and Alabama get back to work as Computer Numerical Control machine operators -- a skilled occupation with a promising

career path in precision manufacturing. NIMS is working with manufacturing companies to conduct structured on-the-job training. This training will meet the competencies required by the NIMS National Skills Standards, and participants who complete will earn five nationally-portable industry-recognized credentials.

Another example, the Junior College District of Metropolitan Kansas City, MO recently received an H-1B Technical Skills Training grant for \$5 million to implement innovative on-the-job training programs in the information technology sector. The program builds on traditional on-the-job training models to offer training for participants who, without it, might not qualify for information technology positions. Programs like this one help to bridge that gap by helping dislocated workers update their skill sets while working. At the same time, employers are able to offset some of their training costs, allowing them to hire new workers sooner than initially planned and giving them more confidence to hire individuals who might have a steeper initial learning curve.

Closing

In conclusion, we believe our myriad efforts support our shared goal of helping more Americans gain the skills to find good jobs in the 21st century economy and to spur growth in critical industry sectors, such as the manufacturing industry. We again thank this subcommittee for holding a hearing on an important topic, and we would happy to provide additional information and assistance as needed.