



COMMONWEALTH OF PENNSYLVANIA

Testimony of Patrick T. Beaty
Acting Secretary – Department of Labor & Industry
Senate Labor & Industry Committee Meeting
Hearing on Workforce Development
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Good morning Chairman Gordner, Chairwoman Tartaglione and members of the Committee. I am Patrick Beaty, Acting Secretary of the Department of Labor & Industry. Thank you for the invitation to testify before this committee today, and for your interest in the commonwealth's workforce development system.

You have asked me to provide a brief overview on how this, admittedly complex, system operates and to explain the various private and public funding sources available for its operation.

Before I begin, I'd like to introduce Dan Kuba, acting director of the Department's Bureau of Workforce Development Partnership, who will help to answer any questions the Committee might have.

When we discuss the commonwealth's workforce development system, we mean an industry-led, data-driven, inter-governmental network that involves multiple federal agencies, at least five departments in Pennsylvania state government and a multitude of local government entities. This system includes:

- 22 industry-led local workforce investment boards (LWIBs) that provide overall policy direction for the employment and training programs in their areas;
- 67 local PA CareerLink[®] offices that actually implement much of that policy; and;
- 76 regional industry partnerships that are made up of more than 6,000 employers in various industry sectors.

Pennsylvania's workforce development system includes programs mandated by the federal government and programs created by state government. Together, these programs benefit more than one million Pennsylvanians, and are used by more than 43,000 businesses each year. In 2003, the system had an overall employer penetration rate of 5 percent. That figure has improved to 25 percent this year. These employers are using our system to find and train unemployed and incumbent workers. In 2004, there were 705,363 jobseekers receiving services. Currently, 2,738,417 job seekers receiving PA CareerLink[®] services.

Some of the better-known workforce programs are prescribed by federal law, including the Workforce Investment Act (WIA), the Wagner-Peyser Act – which funds

and provides for the Employment Service – and the Trade Adjustment Act (TAA). There are a variety of other laws and programs that make up the workforce development system, including the Adult Basic and Literacy Education (ABLE), Guaranteed Free Training (WEDnet), industry partnerships, and the Employment and Training services from the TANF program at the Pennsylvania Department of Public Welfare.

In the interest of time, and in order not to overload the committee with more detail than necessary, I will attempt to summarize the primary components of the workforce system. I have included with my testimony a series of addenda that provide additional detail on the structure and funding of the overall system.

Funding Sources

Funding provided through the Workforce Investment Act (WIA) and Wagner-Peyser Act supports the physical infrastructure, and much of the employment and training work within the WIBs and PA CareerLink[®] offices. As Congress did not pass a budget last year, the federal funding for Pennsylvania that I will be discussing is provided under the authority of the continuing resolution Congress passed. The authority of the continuing resolution is scheduled to end March 4, 2011.

WIA funds consist of three funding streams to support Adult, Youth and Dislocated Worker programs. From the WIA Adult and Youth funding streams, the state retains 5 percent to pay for staff administration costs, 10 percent for state activities – the general administration and oversight of the federally mandated programs -- with the remaining 85 percent allocated by formula to the 23 local workforce investment areas.

For Dislocated Worker funding, the state again retains 5 percent to pay for administration costs, 10 percent for state activities and 25 percent for Rapid Response Additional Assistance. Rapid Response programs can be briefly described as layoff aversion activities, providing information to employees unemployed as part of a mass layoff by an employer, and retraining funding. The remaining 65 percent is allocated by formula to the 23 LWIAs.

Local workforce investment boards can use up to 10 percent of the formula-allocated funds to support the administrative and infrastructure costs of their system. The remaining funds are then contracted with Title I providers to administer the federal WIA programs at the local level.

Following my testimony, the committee will hear from representatives of the WIB system who can provide additional information on how they are structured and their local partners.

PA CareerLink[®]

As recently as six years ago, there were more than 100 PA CareerLink[®] offices spread across Pennsylvania. Due to federal budget cutbacks and local management decisions, local areas have decreased that number to 67 offices. All of the current 67 PA CareerLink[®] offices are one-stop operations where local and state partner organizations provide some type of workforce development service, co-located in a

single facility. What is truly unique about these facilities is that all partners contribute and share in the facility and building, operational, and personnel and staff costs associated with each site. Most importantly, each site supports other sites, helping to provide a wide variety of services to employers and job seekers. Examples of local partners who provide workforce services include community-based organizations, community colleges and career & technical schools. State partners include the Bureau of Workforce Development Partnership (Wagner-Peyser, VETS, Trade and Rapid Response), the Office of Vocational Rehabilitation, the Department of Public Welfare, the Department of Education (ABLE) and Unemployment Compensation.

Partners' services include job clubs, career guidance, skill assessments, job search, placement assistance, case management, job development, employer outreach, business services, PREP for individuals likely to exhaust their unemployment compensation and training services such as classroom skill training, or on-the-job training funded by the Workforce Investment Act and Trade Act.

The current fiscal year cost to operate these facilities statewide is approximately \$17.7 million. State and federal funding from various state departments (including Labor & Industry, Public Welfare, Education and Aging) currently contribute \$8.5 million, or 48 percent, for the upkeep of these offices. It is important to note that more than \$9.1 million, or 51 percent of the total, is contributed by other local non-profits, community colleges, non-governmental entities, private educational providers, temporary staff agencies and others that can vary in a local area

It is at the local level where services are provided to employers and job seekers. Labor & Industry serves as the administrator to ensure compliance through monitoring and oversight of all the federal funds and programs.

The GAO Report

The federal departments of Labor, Education and Health & Human Services (HHS) largely administer federally funded employment and training programs that play an important role in helping job seekers obtain employment. The Government Accountability Office (GAO) reviewed these programs and issued a report detailed instances duplication, fraud and abuse.

The Pennsylvania Department of Labor & Industry has recognized the issues the GAO report identifies. That is why we have developed monitoring tools and accountability processes we believe minimize the problems identified in the GAO report.

Thank you again for the opportunity to appear before you today. We will be happy to answer any questions you might have.