

**Senate Labor and Industry Committee**  
**March 2, 2011**  
**Hearing on Workforce Development**  
**Testimony Delivered by Snyder County Commissioner Malcolm L. Derk, III**

---

The purpose of my testimony today is to highlight my frustration with the current delivery system established by the Workforce Investment Act (WIA) of 1998. My experience with workforce investment efforts is specific to serving as Snyder County Commissioner and as our county's current representative to the Local Elected Officials (LEO) Board for the Central Pennsylvania Workforce Development Corporation (CPWDC).

The complex nature of funding and operations for Workforce Investment activities is extremely complicated and difficult to understand. The number of federal, state, and regional agencies that work together to deliver one-stop workforce development programs requires an acronym dictionary to keep track of the alphabet soup that has been created. The bulk of funding comes from three federal sources, specifically the Title I Adult and Dislocated Workers programs, EARN, and Wagner-Peyser. Although my testimony will illustrate some shortcomings of the current act, I do not want to overlook the programs successes. The purpose of the Workforce Investment Act and the various workforce development laws that preceded it are well intended and have made a considerable impact. I am grateful to have a CareerLink site in Snyder County and I know the services offered in my community have improved lives.

On November 19, 2010, the Workforce Investment Board (WIB) voted to close the Snyder County CareerLink and consolidate with another location outside of Snyder County. The WIB members said reduced funding from federal funds resulted in the decision to consolidate sites. I have actively worked to keep the site open for business, especially in this time of economic uncertainty and high levels of unemployment and underemployment. The Selinsgrove CareerLink has given the population I serve a place to go to seek help finding employment and eliminating barriers that may prevent them from reaching full employment. It is not uncommon that I will receive calls for help that I refer to the one-stop shop that has become our Selinsgrove CareerLink. Our site houses the Community Action Agency, Family Planning/WIC, and various other social services programs.

I am proud of one program in particular that CPWDC has developed in our region. The WorkKeys program allows job seekers to take part in a Career Readiness Certification program. This program tests individuals readiness and can be used by employers to find job-seekers that best meet the requirements for their vacancies. Test takers earn gold, silver, bronze, or are deemed ineligible for a certificate as a result of their scores. A snapshot of those participating in the WorkKeys program showed promising results with those taking the readiness certification. Test takers receiving a gold certificate nearly doubled earnings of those that were not eligible for a certificate two quarters after they first received the certificate. Other programs that CareerLink

offers are also an asset for our community, such as the wide array of workshops and serving as a place to go to search computer job postings. Most importantly, CareerLink has been a one-stop shop as intended by the WIA as a vital resource for those that have lost employment as a result of the difficult economic times our nation has and continues to face.

As I sing the praises of much of the hands-on work completed by the dedicated staff at the CareerLink sites throughout the state, the delivery system is in need of much improvement. I am not speaking for all members of the LEO Board, but I feel strongly that improvements must be made to ensure the strength of these important initiatives. As the federal government continues to look for budget-saving measures, it is clear workforce programs will be scrutinized to find increased efficiencies. The statements that I share with you may not be the most popular, but they need to be shared.

The structure of governance for workforce development corporations is a complicated matter. The Local Elected Officials (LEO) Board and the Workforce Investment Board (WIB) work in a cooperative capacity. LEO Boards are given the task of approving budgets passed by the WIB. As funding from federal sources continues to be reduced in this difficult economic climate, the possibility for conflict will continue. The WIB Board's membership roster has become large and in our region consists of 44 members (as of January 2, 2011). Boards of this size make it difficult to function on the full-board level. Much of the decision making is completed by committee and receives little or no attention from the public, nor provides opportunity for oversight by the full WIB or LEO. Questions abound as we watch decisions being made or priorities advanced where all the facts are in the hands of a committee selected by the staff. When questions are asked of the committees, few answers are given.

An example of this activity was recently witnessed when three proposals for a new CareerLink site were received by a site-selection committee. The full WIB was scheduled to vote on the proposals at the WIB's February 25<sup>th</sup> meeting. However, the committee decided not to release the locations at the public meeting or to the members of the LEO Board. Instead the site-selection committee said they needed more time to discuss the proposals. Oversight is lacking when those tasked with this important responsibility are not brought into the discussion to see all the facts. At this time, even as a member of the LEO Board, I have no access or knowledge of what proposals were submitted for a new CareerLink site. The goal of consolidating sites was established to save 20%, yet a site has not been identified to actually show the actual savings that would occur. One RFP produced by the site selection committee allowed for a proposals in a 10-mile radius in the State College area, while another RFP only allowed for proposals within a 1-mile radius of Sunbury. Delineation of duties for the WIB and LEO must be more clearly defined.

Workforce development regions were created to allow for local control, which in itself is a noble goal. However, it is clear from my experience we have reached a point where it is unclear who

is really responsible for oversight of the staff and programs associated with workforce investment. If members of the LEO Board are not privy to specific data and financial information, there is no way we can be effective in ensuring accountability at the local level.

As you heard earlier, our LEO Board consists of nine County Commissioners. Over the years the complex nature of the funding sources makes it increasingly difficult for the all volunteer WIB and LEO Boards to juggle responsibilities they have with their paid employment and their role in overseeing the workforce investment activities. The result of the complexity of funding streams and laws related to administering such funds has created a heavy reliance on the administrative staff of these agencies that have developed the skills to navigate the web of agencies and funds that keep these programs going. Struggles develop when the interests of the LEO conflict with the WIB or the administrative staff. There needs to be improved understanding state-wide of the responsibilities and chain of command for the Workforce Development Corporations. What assurance do taxpayers have that funds allocated to the regions are administered responsibly? Who will ultimately make sure staff members of the various regions are held accountable for their work and are meeting local needs? A legislative remedy may be necessary to clarify roles and responsibilities and define who is ultimately responsible for decision making.

Our county had specific questions about the budget and structure of the CPWDC. Those requests seemed to be ignored. We were denied requests pertaining to salary information for staff at the CPWDC and had to resort to filing an open-records request. The request is still pending and we hope to receive a favorable decision. In a letter dated November 24, 2010, the attorney for CPWDC wrote, "CPWDC is a Pennsylvania-chartered, charitable organization, and contrary to the November 19, 2010 request, not a Commonwealth agency subject to the Right to Know law." The LEO Board is tasked with oversight and budget approval responsibilities and yet we were denied the right to view operational expenses such as salary and benefit information. We are underequipped and unable to do our job without a complete accounting of all budget information. It leads us to ask the question of who is in charge of ensuring accountability. Funds are distributed to the CPWDC based on the populations we serve as commissioners and our very membership in the region was approved by a prior board of commissioners in 1999. If we are not given the opportunity to review all information pertaining to our regional workforce corporation, who is responsible for ensuring much needed workforce initiatives are being delivered efficiently and in line with local needs and markets? Federal accountability for these programs is light at best, as was mentioned in the labor and industry committee's background paper that shows only 5 of the 47 separate programs for employment and workforce development have received full performance reviews. After all, \$18 billion in federal funding is distributed to these agencies. In our region the CPWDC is hiding behind its status as a non-profit to avoid releasing certain information to our board of commissioners. It seems abundantly clear that an organization that receives nearly every dollar they have from government sources and its very

creation was a result of the federal workforce investment act that they must fully comply with open records laws.

Another major challenge for our region is the fact that the CPWDC is charged with the responsibility for all activities that occur at each CareerLink, yet they only have direct control over the funding that arrives specifically at CPWDC. CPWDC has direct control over the performance and outcomes of their own paid employees, but has little or no control over outcomes of employees that work at CareerLink sites and are paid directly from state sources. CPWDC also must oversee their contractors that actually administer programs at each site. At any one time, our Selinsgrove CareerLink has employees working together that report to state agencies, CPWDC, Tuscarora Intermediate Unit, and Central Susquehanna Opportunities (CSO). Each CareerLink has an administrator that holds the various agencies together to deliver seamless programs. This task is daunting for the CareerLink administrator as some of the employees are paid employees of independent state agencies and others are contracted with CPWDC to deliver service and the administrator has very limited supervisory authority over some of the staff. Reporting structure should be evaluated to clarify chain of command.

CPWDC draws down Title I funding by forming a partnership to deliver services with Central Susquehanna Opportunities (CSO) Inc. and the Tuscarora Intermediate Unit. However, the model is ripe with duplication of administrative structure. Each agency has administrative staff paid to oversee their agencies. CPWDC and CSO reported paying their respective executives six figure salaries on their 990 forms. These levels of compensation are certainly higher than average wages in our region and I believe are not able to be sustained. Each partner has similar administrative overhead and support staff. It would seem prudent that a streamlined administrative system be evaluated when crafting future legislation. We have created a system that builds an administrative arm that is solely fashioned to chase funding and pass it down to contractors to deliver the specific services. It may be more efficient if the entities delivering workforce development services were given the opportunity to receive funding directly from funding sources or allow the workforce development corporations opportunities to deliver services. I encourage this body to look at the delivery model for administrative duplication as it continues its work.

Financial realities at the state and federal level will change the face of how these programs are administered. The success of these programs depends on the presence of workforce programs in our communities. The unemployed and underemployed can ill-afford to travel over an hour to reach CareerLink facilities. Representing a region made up of rural communities it may be necessary for satellite partnerships to be established with community colleges, trade schools, high schools, public libraries, and universities to ensure rural access. An effective workforce development program requires contact. CareerLink sites may not need to be as large as they once were, but we must make sure they continue to be accessible to those that need these services most.