



March 13, 2013

The Honorable John Boehner
Speaker
U.S. House of Representatives
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Eric Cantor
Majority Leader
U.S. House of Representatives
Washington, DC 20515

The Honorable Steny H. Hoyer
Minority Whip
U.S. House of Representatives
Washington, DC 20515

Dear Speaker Boehner, Minority Leader Pelosi, Majority Leader Cantor, and Minority Whip Hoyer:

On behalf of the U.S. Conference of Mayors (USCM), the National Association of Counties (NACo), the National League of Cities (NLC), the National Association of Workforce Boards (NAWB) and our respective national membership of local elected officials, business leaders, and workforce investment boards, we commend your leadership and continued work toward reauthorization of the Workforce Investment Act (WIA) with consideration of H.R. 803 "Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act." Thank you for the opportunity to offer comments on this critical legislation.

First enacted in 1998, the Workforce Investment Act (WIA) is long overdue for reauthorization, and workforce development stakeholders have been working for nearly a decade to enact needed improvements to the bill. There is no debate that we need a strong and modernized workforce system, and we strongly support efforts to enhance the effectiveness of the workforce system through integration, in order to increase investments in quality services, resources and training. We cannot, however, support reauthorization that fails to secure the delicate governing balance currently crafted in WIA. Furthermore, we cannot support efforts which may reduce access to education and training for our nation's most vulnerable workers by eliminating designated funding for disconnected youth, and permitting the use of critical WIA funding for purposes other than workforce development activities.

We acknowledge provisions in H.R. 803 which seek to provide greater flexibility in the workforce system, by consolidating and streamlining duplicative federal workforce programs. We agree that integrating federal workforce programs in a way that reduces administrative and program-related costs is a much needed improvement, where such efforts also ensure greater flexibility for the local workforce system to serve the neediest populations, and respond to the needs of employers. Furthermore, we agree that federal workforce programs should be more closely aligned with changing industry needs, and support provisions in the SKILLS Act which strengthen the role of business in workforce development decisions.

America's counties, cities and towns have the potential to be the engines of full national economic recovery and growth, and there is nothing more important to local elected officials, business leaders and workforce investment boards than building successful business-led workforce systems to support the individuals in our communities develop the necessary skills for the jobs of the future. As such, we look forward to working with you to ensure that any final WIA reauthorization bill sustains a balanced approach that fully reflects local and regional economies, and is truly responsive to the needs of our communities, citizens, businesses and industries. In this consideration, we offer the following changes to provisions related to governance, consolidation, and youth funding mechanisms:

Governance Structure

Local workforce development areas are best suited to adequately determine services and programs that effectively respond to local emerging economic realities and business needs, given the vast economic, social and political differences that may exist within states. As such, WIA envisioned a strong role for local stakeholders in the administration of workforce development activities, and we are deeply concerned that H.R. 803 dilutes that role. As drafted, H.R. 803 undermines existing governance structures by virtually eliminating the input of local elected officials in the decision-making process.

H.R. 803 fails to promote intergovernmental collaboration between state and local officials by eliminating prior provisions relating to automatic designation of local workforce development areas, effectively allowing state boards to designate local areas in consultation with the governor, without considering input from local stakeholders. While we acknowledge the criteria stated in Section 105, our concerns remain that they do not adequately ensure a system whereby local area designations result from the collaboration between local elected officials and governors, in a way that best reflects local and regional labor markets.

We believe that a balanced approach to re-designation is vital, and it is imperative that this collaborative approach be applied for both automatic and single state designation if we are to develop a workforce development system that is responsive to the needs of our citizens, businesses, and industries.

Consistent with this approach, we encourage the Committee to strike language in Section 105 on page 27 from lines 2-12, and retain the language in the Workforce Investment Act found in Section 116(a)(1)(A)(i)(ii), and striking from page 27, from lines 13-25, and page 28 from lines 1-5 and inserting the following language.

“(B) CONSIDERATIONS.—In making the designation of local areas, the Governor shall take into consideration the following:

- “(i) Automatic designation for local/regional areas that are a single political entity of 300,000 or more;
- (ii) The extent to which such local areas are consistent with labor market areas”
- (iii) The extent to which labor market areas align with economic development regions”
- (iv) Whether such local areas have the appropriate education and training providers to meet the needs of the local workforce.
- (v) The distance that individuals will need to travel to receive services provided in such local areas
- (vi) Whether such local areas are multiple political entities that enter into voluntary consortia agreements in regional labor market areas
- (vii) The extent to which such local area has a history of effective workforce development activities, including successful performance and fiscal integrity
- (viii) Whether such local areas are rural in nature and having a consortia agreement among local and/or regional elected officials that includes the following criteria:
 - (aa) Extent local area matches labor market;
 - (bb) Extent to which local area matches economic development regions;
 - (cc) Capacity of providers to meet skills need of the region, and;
 - (dd) Distance that individuals would have to travel for service”

We also remain deeply concerned about the single state re-designation language in Section 105, which grants Governors unilateral authority to create single state systems. This issue has been at the heart of ongoing tensions in a number of states where Governors have attempted to condense their state into a single state system, despite a current prohibition to do so without the consent of local areas.

Previous attempts to impose balance of state systems in Ohio and Indiana were subsequently reversed by the states after the balance of state WIB’s resulted in poor performance outcomes. Since 2006, a rider in the Labor-HHS appropriations bill has been included on a bipartisan basis, to prevent states that were not already operating in such a manner from moving to single state systems, in order to ensure this delicate balance of state and local power is maintained.

As a result, we urge the Committee to maintain this carefully crafted balance in state v. local authority, and consider striking the language beginning on page 28 on line 19 and continuing through page 29, line 7.

We would suggest inserting the following language on page 28, line 19:

“(b) SINGLE STATES.—The Governor of any State that was a single State service delivery area under the Workforce Investment Act as of July 1, 2012 may designate the State as a single State local area for the purposes of this title.”

Program Consolidation

We support efforts to integrate employment and training programs in a way that reduces administrative and related costs, and enhances flexibility to serve the neediest populations. However, H.R. 803 gives states the flexibility to all but eliminate these programs, and leaves localities with little or no flexibility to respond to emerging economic realities and business needs. The use of WIA funds must be limited to workforce development activities. However, as currently drafted, H.R. 803 would grant decision-makers broad authority to use WIA funds for non-job training purposes.

In most states, WIA is the only funding available to local workforce areas for workforce development activities, and the use of these funds for purposes other than workforce development would severely hamper the ability of local elected officials and workforce boards to address critical workforce needs.

Therefore, we urge that the proposed amendments to Section 501 of the Workforce Investment Act (see Sec. 142. State Unified Plan) be removed in their entirety, with special attention given to (e)(2) which can be found on page 172, lines 13-22. Such a provision would grant governors the ability to eliminate programs and to use federal funds in ways for which they were not intended.

Youth Funding Mechanisms

Currently, this country is facing a youth employment crisis, with young people three times more likely to be unemployed than adults, and youth employment at its lowest level in sixty years.

Despite these alarming statistics, H.R. 803 entirely eliminates designated funding for services to low-income youth with barriers to employment. While H.R. 803 enables local areas to serve youth ages 16 and older through the Workforce Investment Fund, it concentrates on services provided through the One-Stop System, rather than on services designed to help our most vulnerable youth get back on track.

The proposed consolidation of WIA Youth Activities formula funds into a single adult focused Workforce Investment Fund fails to adequately address the clearly significant needs of low-income youth.

Any workforce development reauthorization bill should include significant reinvestment in youth, with a specific funding percentage, dedicated to young people with low educational attainment and poor connections to work— including support for secondary school completion strategies, well-organized summer jobs programs, alternative education, occupational training, supportive services, adult mentoring for young workers, and comprehensive guidance and counseling. This specific focus would ensure that youth develop the skills to be productive workers, learn about the path to sustainable careers and economic self sufficiency.

In consideration of this, we urge the following changes to Secs. 111, 112 and 113:

- Retain Chapter 4 “Youth Activities” from the Workforce Investment Act with its separate line item funding, allotments and allocations;
- Revise the state allotment formula to reflect only “unemployed, long term unemployed and economically disadvantaged adults;”

- Revise the local allocation formula to reflect only “unemployed, long term unemployed and economically disadvantaged adults;”
- Revise page 80, lines 8 through 13 to read: "(1) In General.—The Governor shall, in accordance with this subsection, reallocate to eligible local areas within the State amounts that are allocated under subsection (b) for employment and training activities,”

We strongly support enactment of a bi-partisan workforce development bill that is responsive to emerging economic realities and business needs. The reauthorization of WIA is essential for preservation of critical workforce development funding, and a most important investment in our nation’s economic future. However, we are unable to support H.R. 803 until Congress is able to address these significant concerns.

We thank you for your commitment to these issues, and look forward to working with you on this important issue.

Sincerely,



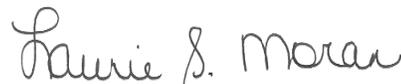
Michael Nutter
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Laurie Moran
Board Chair
The National Association of
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Cc: U.S. House of Representatives