

**STATEMENT OF  
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UNITED STATES DEPARTMENT OF LABOR  
BEFORE THE  
SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE INVESTMENT  
COMMITTEE ON EDUCATION AND LABOR  
UNITED STATES HOUSE OF REPRESENTATIVES**

**NOVEMBER 20, 2019**

Chair Davis, Ranking Member Smucker, Members of the Subcommittee, thank you for the invitation to testify today. As the Assistant Secretary of the Employment and Training Administration (ETA), I am keenly aware of both the challenges we face, and the promise our agency has, to help grow America's workforce. It is an honor to serve each day with the mission of remembering the 34 million forgotten men and women of America who are not currently in the workforce and strengthening American families through the dignity of work. When the economy grows for everyone, as it is right now, opportunities open for all to succeed.

Successfully helping people find a job is only possible because of the strong economy created by this Administration's focus on removing barriers to opportunity for all Americans. Since January 2017, more than 6 million jobs have been added to the economy.<sup>1</sup> The unemployment rate has remained at or below four percent for 20 straight months.<sup>2</sup> The African-American and Hispanic unemployment rate is at its lowest level ever recorded.<sup>3</sup> The unemployment rate for those without a high school diploma has fallen to historic lows.<sup>4</sup> Unemployment for adult women has hit its lowest rate since 1953.<sup>5</sup> And, in a remarkable achievement, for 18 months there have been more job openings in the United States than there are job seekers,<sup>6</sup> a testament to this Administration's pro-growth agenda.

The mission of ETA is to contribute to the more efficient functioning of the U.S. labor market by providing high-quality workforce development, labor market information, and income maintenance services primarily through state and local workforce development systems. I am fond of telling our team that all of our actions must further at least one of the following

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<sup>1</sup> Bureau of Labor Statistics, *Economic News Release* (Nov. 1, 2019), <https://www.bls.gov/news.release/empsit.htm>.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> Bureau of Labor Statistics, *Unemployment Rates and Earnings by Educational Attainment* (Sept. 2019), <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>.

<sup>5</sup> U.S. Dep't. of Labor, *Statement by U.S. Secretary of Labor Scalia on the September Jobs Report* (Oct. 4, 2019), <https://www.dol.gov/newsroom/releases/osec/osec20191004>.

<sup>6</sup> Bureau of Labor Statistics, *Job Openings and Labor Turnover Summary* (Oct. 9, 2019), <https://www.bls.gov/news.release/jolts.nr0.htm>.

objectives: increase opportunities for our customers; enhance accountability of our grants and contracts; or improve outcomes for those we serve. To carry out this mission, ETA manages a vast array of programs and services and works closely with Federal, state and local partners, including the private sector, to equip the American workforce with the tools to remain competitive in today's global economy.

For example, to address the ongoing health crisis related to widespread abuse and addiction to prescription opioid painkillers, the Department has made available the Disaster Recovery Dislocated Worker Grant funding. To date, the Department has made available up to \$96 million and has awarded grants to 18 states and the Cherokee Nation to help people affected by opioid addiction rejoin the workforce.

The Department is also committed to second chances and a pathway to work to help improve public safety. In Program Year 2018, ETA awarded \$85.9 million in Reentry Project grants to 45 non-profits working to improve employment outcomes for adults and juveniles formerly involved in the criminal justice system.<sup>7</sup> For those looking for a second chance, we stand ready to support their transition back into society.

As with all of our programs at ETA, our mission is to help develop the next generation of workers' skills and help provide career-enhancing opportunities. Around the world, and especially in Europe, apprenticeships serve as a strong foundation of the economy. In Austria, Germany and Switzerland, for instance, 55 to 70 percent of young people begin their career with an apprenticeship.<sup>8</sup> In contrast, apprenticeships make up only 0.3 percent of the overall workforce in America.<sup>9</sup> There is evidence that investing in apprenticeships in the US are effective at increasing earnings potential. A study of Registered Apprenticeships in 10 States found that participants had significantly higher employment rates and earnings compared to nonparticipants.<sup>10</sup> The opportunity for job-seekers and employers is clear as the United States looks to fill the over 7 million current job openings.<sup>11</sup> Since January 2017, we have added more than 640,000 new apprentices. We are excited about the tremendous growth in apprenticeships across the country.

How we respond to an ever-changing economy must be innovative, focusing on multiple pathways and outcomes rather than missing opportunities because we get stuck in routines or patterns. In order to fulfill the promise to America's workforce, we must have a top-to-bottom

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<sup>7</sup> U.S. Dep't. of Labor, *U.S. Department of Labor Awards \$85.9 Million for Reentry Projects* (July 17, 2019), <https://www.dol.gov/newsroom/releases/eta/eta20190717>.

<sup>8</sup> Stuart Eizenstat and Robert I. Lerman, *Apprenticeships Could Help U.S. Workers Gain a Competitive Edge*, URBAN INST. (May 08, 2013), <https://www.urban.org/sites/default/files/publication/24611/904583-Apprenticeships-Could-Help-U-S-Workers-Gain-a-Competitive-Edge.pdf>.

<sup>9</sup> See Task Force on Apprenticeship Expansion, "Final Report to the President of the United States," May 10, 2018, 17, <https://www.dol.gov/apprenticeship/docs/task-force-apprenticeship-expansion-report.pdf>.

<sup>10</sup> Reed, D., Liu, A., Kleinman, R., Matri, A., Reed, D., Sattar, S., & Ziegler, J. (2012). *An effectiveness assessment and cost-benefit analysis of Registered Apprenticeship in 10 states*. Oakland, CA: Mathematica Policy Research. <https://clear.dol.gov/study/effectiveness-assessment-and-cost-benefit-analysis-registered-apprenticeship-10-states-reed-et>.

<sup>11</sup> U.S. Dep't. of Labor, *Job Openings and Labor Turnover Summary* (Oct. 9, 2019), <https://www.bls.gov/news.release/jolts.nr0.htm>.

re-imagination of how job-seekers interact with our workforce system. We cannot stagnate or accept failure when the livelihood of American workers is on the line.

There are several ways that our agency is aggressively working toward that goal with current and future projects. This year, the Department launched efforts to expand apprenticeship pathways to equip workers with the skills needed for the next generation economy by committing \$100 million for our Closing the Skills Gap grant solicitation.<sup>12</sup> We emphasize skill-building because after the completion of a Registered Apprenticeship, the average starting wage is \$70,000 and 94 percent of apprentices will retain employment.<sup>13</sup> Programs like these provide immense benefit to job-seekers and employers alike.

We believe the appropriations history demonstrates that Congress shares our enthusiasm for apprenticeship. Since first appropriating \$90 million in Fiscal Year (FY) 2016, Congress has increased resources every year for the apprenticeship appropriation, most recently providing \$160 million as part of the FY 2019 appropriation. The President's Budget continues a proposed investment of \$160 million in FY 2020. Using the appropriated funds, we have invested in States, industry partners, and intermediaries, which has helped fuel the historic growth in apprenticeships. This administration's commitment to growing the apprenticeship model cannot be disputed. The Department has further expanded apprenticeship by using H-1B training grant funds to scale the model through sector-based strategies in advanced manufacturing, information technology, and health care.<sup>14</sup> These investments are paying dividends -- in FY 2018 alone, we added an all-time high of 238,000 new apprentices. Though the final numbers are not yet available, we have already exceeded this record number of new apprentices in FY 2019. The Department is also engaged in rulemaking to establish Industry Recognized Apprenticeship Programs, with the hope of further expanding access to high-quality earn and learn opportunities across the country.<sup>15</sup>

Growing the American workforce and providing individuals with the skills needed for the next-generation economy can only be accomplished when we all work together. Whether it is through large employers, state workforce agencies, small businesses, community colleges, historically black colleges and universities, or tribal colleges and universities, leaders at the local level have a significant impact on the lives of our neighbors and community members.

Prior to my confirmation as the Assistant Secretary for Employment and Training, I served as the Executive Director of the Kentucky Office of Employment and Training. As such, I am the first Assistant Secretary in more than 20 years that served at the state level prior to joining ETA. My experience in that role has provided a unique appreciation for the need for more effective communication between federal, state, and local employment agencies. It is those on the front lines who are often most aware of the needs of the communities they serve and who

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<sup>12</sup> U.S. Dep't. of Labor, *Notice of Availability Of Funds And Funding Opportunity Announcement For: Apprenticeships: Closing The Skills Gaps* (Sept. 24, 2019), <https://www.doleta.gov/grants/pdf/FOA-ETA-19-09.pdf>.

<sup>13</sup> Employment and Training Admin., *Quarterly Workforce System Results: Apprenticeship* (2019), <https://www.doleta.gov/performance/results/pdf/Quarterly-Workforce-System-Report-PY-2018-Q2.pdf#page=8>.

<sup>14</sup> U.S. Dep't. of Labor, *U.S. Department of Labor Makes Major Announcements on Apprenticeship Expansion* (June 24, 2019), <https://www.dol.gov/newsroom/releases/eta/eta20190624>.

<sup>15</sup> *Apprenticeship Programs, Labor Standards for Registration, Amendment of Regulations*, 84 FR 29970 (June 25, 2019), <https://www.govinfo.gov/content/pkg/FR-2019-06-25/pdf/2019-13076.pdf>.

can provide crucial leadership and input when determining how resources can most effectively be used. I envision an approach that empowers state workforce agencies to be proactive, and to have ETA's regional offices serve as a resource to them. There currently exists immense flexibility and resources for state and local agencies that wish to take advantage of them and, as I am invited to speak to groups and join discussions across the country, I share the Department's commitment to work with and support innovative states and localities as they seek to identify and implement solutions to better serve our customers: the American workforce.

While I believe strongly in the benefits of this decentralized approach, ensuring the ultimate success of workforce development programs requires proper oversight and data collection to ensure funds are being spent effectively. When I joined the Department in July of this year, I surveyed available data about the cost effectiveness of our workforce programs. Unfortunately, I found that many of the barriers I encountered in Kentucky with regard to data collection and performance were not an isolated experience but an obstacle shared by workforce development agencies throughout the country. What I learned only confirmed what my experience working at the state level taught me. There is no existing tracking system which can reliably measure the cost effectiveness of the dollars we spend on job training. In particular, the available data are too disparate, and there are gaps in the existing data, which makes it impossible to accurately determine the average cost to educate a job-seeker and produce a positive outcome. So although the Workforce Innovation and Opportunity Act now requires states to report on the average cost per participant, states may not be in a position to do this meaningfully or consistently across states. Data integrity also affects how quickly federal, state and local workforce agencies can adapt to an ever-changing job market and determine the types of services needed. Ultimately, improving how data are collected and used will have a positive impact on our economy and the American worker. Every moment wasted by inefficient or incomplete processes is a moment that we are not helping someone out of work find a job. I think this is an area we can all agree deserves our attention, and I look forward to collaborating with the members of this subcommittee to improve data collection and enhance outcomes for the American workforce.

As I conclude my testimony, I want to emphasize the important work being done by ETA to expand opportunity and economic advancement for the American workforce and the importance of carrying out this mission in a way that is faithful to the American taxpayer. I read with interest your invitation to appear today as some of the concerns raised in your letter were issues we have been working on for the past few months. Shortly after arriving at the Department, I was made aware of a possible misapplication of Training and Education Services (TES) appropriated funds. TES funds are appropriated to expand opportunities related to the Registered Apprenticeship program. It was brought to my attention that between mid-2018 and early 2019, TES funds may have been expended to directly support activities related to Industry-Recognized Apprenticeship Programs. Immediately upon receiving this information, I directed ETA to take appropriate corrective action. ETA, in consultation with career and non-career staff from the Solicitor's Office, the Departmental Budget Center, the Office of Apprenticeship, and the ETA front office reviewed the work that had been performed under existing contracts, and ensured that expenditures for this work were obligated against the proper appropriation accounts. Based on the facts known to us at this time, we believe the issue has now been corrected. While

this particular use of TES funds predated my arrival at the Department, as the head of the ETA, I can assure the members of this subcommittee that this is not an issue I take lightly.

The Office of the Inspector General (OIG) is investigating this matter and ETA intends to fully cooperate with the OIG to ensure full transparency. ETA is committed to working with the OIG to identify corrective measures that would avoid a similar situation in the future. As we move forward, I am committed to ensuring that the TES funds are properly obligated and have directed my office to work closely with DOL's budget officials, the Solicitor's Office, and other appropriate DOL Offices to develop additional protocols to ensure that funding is used appropriately at all times to support ETA's programs.

As the Assistant Secretary of Employment and Training, it is an honor to serve the American people alongside the hard-working staff at the Department of Labor. I look forward to working with Congress to lift up all Americans through the dignity of work.