

**STATEMENT OF
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SECRETARY OF LABOR
BEFORE THE
COMMITTEE ON EDUCATION AND LABOR
UNITED STATES HOUSE OF REPRESENTATIVES**

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Introduction

Chairman Scott, Ranking Member Foxx, and members of the Committee, thank you for the invitation to testify today. I am pleased to appear before this Committee for the first time as Secretary of Labor, to outline the Biden-Harris Administration's vision for strengthening the Workforce Innovation and Opportunity Act (WIOA) and for supporting the critical work of the Department of Labor in the President's Fiscal Year (FY) 2022 Budget. Since being sworn in as Secretary of Labor in March, I have been privileged to meet virtually and in person, with people throughout this country on what the Labor Department must do to Build Back Better. I appreciate the opportunity to share here with you, our vision for meeting the moment and connecting America's workers and job seekers, particularly those from disadvantaged communities, to high-quality, good-paying jobs.

WIOA was signed into law in 2014 with the goal of transforming and modernizing the public workforce system, to better reflect the needs of the 21st century economy. Our economy and labor market have undergone significant changes since the passage of WIOA. These changes, coupled with the need to respond to the devastating effects of the COVID-19 pandemic, require transformative solutions, such as those offered by the President in the American Jobs Plan (AJP) and the American Families Plan (AFP) and further outlined in the President's Budget. As Congress considers reauthorizing this law, there is a historic opportunity to strengthen and build on the core principles undergirding both WIOA and the President's plans and to incorporate many of the innovations offered in the AJP. I am eager to work with the Committee to fully realize WIOA's potential and truly meet the needs of the 21st century economy and its workers.

As the members of the Committee are well aware, the potential impact of our workforce development programs under WIOA has been inhibited by deeply inadequate funding. As a nation, we have repeatedly failed to sufficiently invest in our workforce infrastructure. The United States currently spends only about 0.1 percent of its gross domestic product on workforce policy, compared to an average of 0.6 percent spent by other wealthy nations. This chronic underfunding is a significant barrier to preparing workers to remain competitive in the global economy, and is an impediment to helping workers find high-quality jobs.

The President recognizes the critical role workforce development plays in strengthening our economy and increasing our competitiveness on the world stage. That is why he has proposed a

historic investment of \$100 billion over 10 years in workforce development, much of it dedicated to building the capacity of our current workforce system. These investments in evidence-based innovations in workforce development, many of which were incubated through WIOA funding, will help meet the growing needs of employers and bring more workers into well-paying, middle-class jobs. These programs are complementary to the core functions of the current system, and through the American Jobs Plan, we hope to build on WIOA to continue to scale what works.

The President and I are also deeply committed to equity and have made it a central component of our WIOA recommendations, and the budget overall. Many communities continue to be marginalized as a result of systemic racism and persistent economic inequities, in opportunity as well as access to critical workforce development programs and in-demand jobs, such as those in the growing infrastructure and clean energy economies. The President's commitment to ensuring women, people of color, individuals impacted by the justice system, persons in recovery from mental health and/or substance use disorders, and people with disabilities, among other underrepresented communities, can access and obtain good-paying, high-quality jobs is central to building back better—and is a core goal underlying WIOA.

However, we also recognize that training alone is not enough. Training must lead to good-quality jobs – jobs that pay family-sustaining wages with wage progression, benefits, access to paid leave, opportunities for career advancement through training and education, and an assurance that workers can use their voice to improve pay and working conditions. Without equity and job quality as the foundations of the Department's work, we are left with a structure that perpetuates low-quality jobs; that undermines the economic security of working families; and stalls our economic growth and competitiveness.

That is why, in addition to calling for investments in the workforce system, the President's FY 2022 Budget proposal, takes initial steps to provide the first comprehensive update to the Unemployment Insurance (UI) system in decades; includes new investments to rebuild the Department's capacity to protect workers' rights, benefits, and health and safety; calls for reauthorization of the Trade Adjustment Assistance program; and protect workers' paychecks by increasing funding for the Department's enforcement agencies. I look forward to discussing these proposals more in-depth with the Committee, as well.

WIOA

The focus of WIOA reauthorization should be the advancement of strategies that allow workers and job seekers to secure and retain high-quality jobs. The Administration's recommendations focus on four core priority areas: (1) aligning with key proposals outlined in the American Jobs Plan; (2) expanding access to quality training and services aligned to quality jobs; (3) improving data, transparency, and accountability to promote equitable outcomes; and (4) better integrating workforce, education, and public assistance systems to reach and deliver for workers and regional economies.

Aligning WIOA and the American Jobs Plan

The Administration sees several areas for potential alignment of WIOA and the workforce proposals outlined in the American Jobs Plan. For example, WIOA encourages states and localities to develop and use sector partnerships; allows local areas to use funding, as appropriate, for subsidized employment for transitional jobs; and authorizes Registered Apprenticeship programs to automatically appear on states' Eligible Training Provider Lists (ETPLs). However, current system funding and structure do not allow workforce grantees to implement these evidence-based strategies at scale and WIOA could go even further to support these activities.

The American Jobs Plan seeks to build on the foundation that WIOA provides, and we encourage the Committee to ensure alignment across WIOA and the American Jobs Plan, wherever possible. This may include using established WIOA definitions or performance metrics in AJP programs, or promoting alignment with complementary initiatives such as the Registered Apprenticeship program. We also urge the committee, in some key areas, to establish new, permanent programs in WIOA, as outlined in the AJP.

Specifically, the Administration is calling on the Committee to increase access to sector-based training through a new WIOA-authorized Sectoral Employment through Career Training for Occupational Readiness (SECTOR) program. In the transition from the Workforce Investment Act of 1998 (WIA) to WIOA, the Committee recognized sector partnerships – which bring together the workforce system, employers, unions, labor-management partnerships, and training providers to develop high-quality training programs that prepare workers for in-demand jobs – as a promising strategy. WIOA should build on that progress by establishing a new SECTOR program to support the formation and expansion of sector partnerships. WIOA should also dedicate funding for this program to ensure there are resources available to state and local areas to take on the start-up costs associated with these promising models, and ongoing resources to fund training programs' expansion over time.

We are also calling on the committee to authorize a new Community College Training Partnerships Program to expand access to high-quality training for in-demand skills and advance career pathways. This program would build on the successful Trade Adjustment Assistance Community College and Career Training (TAACCCT) program established under the Trade Act, increasing the capacity of our nation's community college system to deliver high-quality workforce programs that lead to good jobs. Currently, though WIOA state plans must describe how states are engaging the community college system as partners, there is no dedicated Federal funding within the statute for workforce programs within community colleges.

Finally, we urge the committee to permanently authorize the Reentry Employment Opportunities (REO) program, which provides adults who are or were incarcerated and youth involved or at risk of involvement in the justice system with quality workforce education and training, job placement services, and wraparound supports to enable their entry into career pathways. WIOA currently includes “ex-offenders” in the definition of individuals with a barrier to employment, but funding for the Department's reentry programs currently is provided, as directed by Congress, through the annual appropriations process under the general authority in

section 169 of WIOA. The Administration believes that reentry programs will be strengthened – and continuously improved based on the best available evidence – if they are permanently and specifically authorized as a national program in the WIOA statute.

Expanding Access to Quality Training and Services Aligned to Quality Jobs

In addition to supporting critical investments outlined in the American Jobs Plan, WIOA reauthorization should also promote equitable access to training as a means to connect more Americans to quality jobs. Since FY 2001, substantial declines in overall DOL funding for the WIA and WIOA formula funds – from \$3.49 billion to \$2.85 billion, respectively – have contributed to a grossly underfunded system that too often is forced to deliver lower-cost services rather than more robust training programs. WIOA reauthorization can reverse these trends and strengthen the critical role the public workforce system plays in financing and assuring the quality of postsecondary training programs and credentials.

WIOA should emphasize training strategies with a track record of effectiveness in leading to positive outcomes for workers and employers. Registered Apprenticeship is an important example. WIOA can help support equitable expansion of Registered Apprenticeship and greater alignment between the workforce system and Registered Apprenticeship as envisioned by the National Apprenticeship Act of 2021 (NAA). The workforce system can support pre-apprenticeship programs by connecting underrepresented populations to apprenticeship opportunities, particularly in the building and skilled trades. It can also help expand Registered Apprenticeship in new fields such as manufacturing, health or behavioral health care, green energy, and information technology. This may include funding to support related technical instruction costs, critically needed supportive services for new apprentices, or working directly with program sponsors to engage new employers.

WIOA reauthorization should also take steps to strengthen youth career exploration and engagement in Job Corps by expanding access to high-quality training options aligned to quality jobs and career paths, particularly through Registered Apprenticeship, and supporting innovative, evidence-based approaches to education and training for at-risk youth.

WIOA reauthorization should similarly focus on supporting more equitable access to paid work experiences, on-the-job training, and work-based learning for workers and youth to build the experience, professional networks, and social capital needed to connect with and advance within quality jobs. WIOA reauthorization can explicitly underscore the role workforce development boards can and should play—in partnership with K-12 districts, unions, labor-management partnerships, Career and Technical Education, and technical and community colleges – as intermediaries that ensure equitable access to paid-work-based learning opportunities for youth, especially those with significant barriers to employment.

The Administration believes if WIOA reauthorization is going to promote high-quality training, it must prioritize strengthening the role of Eligible Training Provider Lists in setting clear, strong quality standards for what are often shorter-term training programs designed explicitly to prepare workers for jobs. This includes taking steps to ensure states are establishing, enforcing, and publicly disclosing clear quality criteria for the labor market value of training programs and

credentials. Those criteria will help move us toward more equitable labor market outcomes across participants, higher job quality, and greater industry engagement and co-investment in training programs.

Finally, to support equitable access to quality jobs, WIOA reauthorization must expand the critical role of the workforce system in integrating training with comprehensive services as well as further opportunities for educational and career advancement. A core priority of the AJP is to increase investment in comprehensive and career services for dislocated workers, critical to ensuring equitable access and success within training programs by helping workers confront structural barriers, including affordable access to transportation, child care, and/or accessible technology for individuals with disabilities. WIOA reauthorization should also ensure every dislocated worker is able to access career services and supports available to them before, during, and after participating in a training program to support connection to a quality job. Moreover, there is an opportunity to integrate WIOA with programs that help support internet connectivity and access to technology devices, such as the FCC's Lifeline Benefit. The COVID-19 pandemic has only underscored the criticality of access to internet and devices for individuals to be able to enroll, participate in, and complete training and other workforce programs.

WIOA reauthorization should further expand access to training programs designed specifically to meet the multiple learning and socio-emotional needs of workers and key populations. This includes the expansion of Integrated Education and Training (IET) models where participants receive simultaneous instruction in basic skills such as math, reading, or spoken English, as well as training for a specific occupation or industry. Immigrants served in Integrated English Literacy and Civics Education (IELCE) should have differentiated services for pathways to citizenship and pathways to careers. WIOA reauthorization can also establish stronger linkages and ensure sustained support for programs meeting the needs of people returning to their communities post-incarceration.

Improving data, transparency, and accountability to promote equitable outcomes

The Administration strongly believes that WIOA reauthorization should ensure that disadvantaged groups, including people of color, low-income individuals, justice-involved individuals, and individuals with disabilities, are achieving strong labor market outcomes. In order to understand whether WIOA programs are in fact achieving their critical mission, performance measurement, transparency, and accountability must be hallmark principles of the public workforce system.

Establishing a more transparent system starts with enhanced data collection and better data use. Performance outcome information is only as strong as the data systems on which reporting processes rely. Unfortunately, the current WIOA data collection system is fragmented and inefficient, and does not incent a focus on job quality. The Administration is therefore proposing several steps to improve data quality, which will help workers, employers, and policymakers make better and more informed decisions. The Administration is calling on Congress to establish a new Workforce Innovation Network of Statistics, or WINS, at the Department of Labor, which would have stronger authority to collect and disseminate performance data to give workers and employers a better understanding of how these programs are working. WINS would assume

responsibility for collecting WIOA program data from states and pairing it with wage and other outcome data provided by states and other Federal sources to produce more than just state and local performance reports, but also data analysis, detailed disaggregation by target populations, public workforce programs and provider statistics, and evaluation of workforce programs. The result will be not only continued transparent information on WIOA program outcomes but also a deeper understanding of training provider outcomes and interactions among programs available to states, employers, job seekers, career counselors, and other critical partners. This will also help us better track longer-term outcomes such as worker retention and wage progression.

To achieve better transparency and accountability, the Administration is also calling for improvements to the common performance measures. The Administration believes that foundational employment and earnings measures should be reported on by all WIOA programs, given that the achievement of labor market outcomes is a core goal across the system. We also propose adopting a pre-program employment and earnings measure and longer-term employment and earnings measures (measured at one, three, and five years after program exit) to ensure workers served by the WIOA system receive services that will lead to long-term and improving employment trajectories in good-quality jobs. The Administration believes that new information is also needed on the quality of WIOA participants' job placements. The Administration also believes that measures across all WIOA programs should be not only disaggregated by race, ethnicity, gender, income, and geography, but that states and local areas should be held accountable for the performance outcomes of their most vulnerable groups.

Finally, we need to continue to do more to learn what works and for whom. WIOA reauthorization should promote a comprehensive evaluation and evidence system by reinforcing the importance of dedicated funding for evaluation in the Department's budget and tying the goals of these evaluation funds explicitly to the objectives of system improvement and innovation. Any funds to test new training or service delivery models should also be tied to evaluation strategies to assess how well these efforts equitably meet the needs of workers and communities. This is especially critical now as states and local areas look to adapt and learn from steps taken to meet the needs of workers and regions during the COVID-19 pandemic.

Better Integrate Systems to Reach and Deliver for Workers and Regional Economies

Local workforce boards, training providers, and Federal agencies that administer training grants agree that better integration of services, sharing of information, leveraging technology, and expanding program reach can strengthen the workforce system. WIOA reauthorization can take important steps to break down silos and encourage system and program alignment toward delivering equitable outcomes for workers and communities, and regional economies. It can also allow for greater coordination with the SNAP and TANF systems, as appropriate. The Administration believes putting equity at the center of WIOA demands strengthening cross-program governance, enhancing system alignment, and supporting innovative local partnerships and services to reach workers and communities, and make it easier for them to navigate services and supports.

We could expand our reach and better serve workers and jobseekers if the statute allowed the WIOA programs to more flexibly provide services traditionally available through American Job Centers in new settings. This could include supporting demonstrations that allow AJCs to co-locate and offer services to job seekers at libraries, community-based organizations, and educational institutions to provide services traditionally offered at AJCs. This new approach could increase equity by reaching hard to serve populations. Leveraging technology by allowing virtual visits and services can help serve people in a way that best suits their ever-changing work and life needs. WIOA should clarify that investments in technology and tools are foundational and direct program expenses, particularly those that make it easier for jobseekers to understand what opportunities are available to them – including the skills that are in-demand, the providers that successfully train workers in those skills, the expected earnings and benefits for jobs that match their competencies, and the level of funding and support they can expect to receive.

In the transition from WIA to WIOA, the law emphasized a dual customer – employer and worker – model. However, the current state and local workforce board structure does not sufficiently reflect the dual customer nature of the system. Business representatives chair state and local boards and represent a majority of board membership, while worker representatives represent not less than 20 percent. The Administration recommends rebalancing boards to prioritize worker voice, and to reflect the many critical stakeholders in the system. We also propose including separate officials representing the Vocational Rehabilitation (VR) program and the AEFLA program, as mandatory voting members of the State Board to ensure that the needs of individuals with disabilities and those with low levels of literacy are met through the workforce development system.

FY 2022 Budget

DOL promotes the welfare of workers, job seekers, and retirees by helping them improve their skills, find work, and regain stability after job loss, injury, or illness; and by safeguarding their working conditions, health and retirement benefits, and pay. The FY 2022 Budget request includes critical initiatives to: protect workers’ rights, health and safety, and wages; strengthen the Federal-State unemployment compensation program; support training opportunities that provide pathways to the middle class; fully enforce employment anti-discrimination laws; and more; and also calls on Congress to reauthorize the Trade Adjustment Assistance program.

The FY 2022 Budget rebuilds DOL’s capacity with critical investments to reverse years of declining staffing levels that harmed the Department’s ability to fulfill its mission on behalf of workers, job seekers, and retirees.

Unemployment Insurance

The Unemployment Insurance system has served as a critical lifeline over the last year, helping nearly 50 million workers stay afloat during a pandemic and economic crisis and putting over \$700 billion into the economy – and staving off an even deeper recession.

Yet this crisis only further exposed longstanding challenges in UI. Overburdened and outdated state UI systems kept millions of workers from getting benefits quickly and left many unable to

access to the program, and also left the system vulnerable to fraud. The current crisis has also shown that regular UI benefits in most states are far too low, leaving families without the resources they need to make ends meet in times of economic crises. Additionally, millions of workers who lost income due to the pandemic and recession were ineligible for regular UI benefits. All three of these systemic problems, cumulatively, only exacerbated longstanding racial, ethnic and gender inequalities embedded in the UI system.

The Biden-Harris Administration has taken stock of these challenges and has developed a set of high-level principles for the FY 2022 Budget that should guide future efforts to reform the UI system. Those principles include ensuring adequate benefit levels and duration for unemployed workers; ensuring the UI system can ramp up quickly and automatically in response to recessions; addressing the lack of access to UI for workers misclassified as independent contractors, low-income and part-time workers, and workers with non-traditional work histories; shoring up UI trust funds; investing in expanded reemployment services; and improving UI program access and integrity.

Protecting Workers' Rights, Benefits and Safety

Over the past four years, the Department's worker protection agencies have lost 14 percent of their staff, limiting their ability to perform inspections and conduct investigations to protect the health, safety, rights and economic security of workers in America. A lack of enforcement makes workers more vulnerable to workplace violations. The President's Budget reverses this trend by proposing over \$300 million in additional funding for the Department's worker protection agencies, including \$73 million for the Occupational Safety and Health Administration, \$67 million for the Mine Safety and Health Administration, \$35 million for the Office of Federal Contract Compliance Programs, \$31 million for the Wage and Hour Division, and \$37 million for the Employee Benefits Security Administration.

The American Jobs Plan further bolsters the Department's worker protection agencies with an additional investment of \$7.5 billion in mandatory funding over ten years. These increases will strengthen enforcement capacity, combat worker misclassification, expand whistleblower protection programs, and increase outreach and compliance assistance.

Protecting Workers' Rights as Employees

As part of the Administration's commitment to supporting good-paying, high-quality jobs with a free and fair choice to join a union and bargain collectively, the President believes it is essential to ensure that workers are properly classified as employees. Misclassified workers are deprived of a long list of legally-mandated benefits and protections, such as minimum wage, overtime pay, workplace health and safety protections, unemployment and workers compensation insurance, and the right to organize and bargain collectively.

During the COVID-19 pandemic, Congress created a new unemployment insurance benefit to ensure independent contractors—many of whom were likely misclassified—could put food on the table and keep a roof over their heads. Employers who misclassified their workers and didn't pay into unemployment insurance got a free ride.

The Administration is committed to ending the abusive practice of misclassifying employees as independent contractors, which deprives these workers of critical protections and benefits. In addition to including funding in the Budget for stronger enforcement, the President has called for the adoption of the ABC test in federal laws, where appropriate, urged the creation of substantive violations for misclassifying workers, and both stiffer penalties and tougher enforcement. The President strongly supports the Protecting the Right to Organize (PRO) Act, which would strengthen the employee test under the National Labor Relations Act, ensuring millions of misclassified workers the rights to organize and bargain collectively they are owed. He also supports extending civil rights protections and other nondiscrimination provisions to all workers regardless of their classification.

In addition to ensuring that workers are properly classified, this Administration is committed to ensuring that workers are able to organize and bargain successfully with their employers. I am proud to join Vice-President Kamala Harris in co-chairing the White House Task Force on Worker Organizing and Empowerment. This is an issue that is personal to me and my family's story. My father's membership in the Laborers Union, Local 223 in Boston, was our family's pathway to the middle class. My parents went to workplaces that were safe, and provided them with a decent wage, health insurance, and a pension so that they could retire with dignity. And years later, I followed in my father's footsteps into the construction industry and joined the same union, and enjoyed those same rights and benefits. These are not abstract policies – they are life-changing rights. And while I am Secretary of Labor I intend to fight to ensure that all workers who wish to join a union have the opportunity to do so.

Trade Adjustment Assistance

While not the purview of this Committee, I want to offer the Administration's strong support of the House Ways and Means Committee's efforts to reauthorize another critical workforce development and income support program, Trade Adjustment Assistance (TAA). TAA provides workers displaced by international trade with resources and opportunities to transition to new careers. It also provides workers with access to training and a suite of supportive services, including case management, job search allowances, relocation assistance, and extended income support. While the current TAA program is authorized through June 30, 2022, a sunset provision will take effect on July 1, 2021. At that time, TAA will revert to more restrictive eligibility criteria, covering only manufacturing workers and excluding those in service sectors, and a reduced annual training cap. Without reauthorization, a termination provision will take effect on July 1, 2022.

The Administration strongly supports congressional efforts to pass either a short-term clean reauthorization before the program reversion on July 1, 2021 or a long-term reauthorization that includes mutually agreeable reforms to ensure that trade-affected workers receive effective training and adequate supports and services to transition to a good job.

Conclusion

Under the leadership of President Biden, we are turning the page at the Department of Labor, returning to our core mission, and working to build back better. I look forward to continuing to work with this Committee on the American Jobs Plan, reauthorization of WIOA, enactment of the FY 2022 Budget, and many other priorities. Thank you for the opportunity to testify today and I look forward to your questions.