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**Testimony to the House Commerce and Economic Development Committee
Re: House Bill 852**

Thank you very much to the committee for allowing me time today to speak to this bill.

Also thanks to the committee for bringing attention to workforce development needs and your desire to seek better coordination of our education workforce system for the benefit of all Vermonters.

My comments today come to you from the perspective of someone who has had the benefit of seeing the workforce development system from the inside and the outside. First having served on regional Workforce Investment Boards in Vermont, as Commissioner of the Department of Labor, as Deputy Secretary and Director of Economic Development for the Agency of Commerce and Community Development and as Executive Director of four different regional development corporations in Vermont.

My comments are also grounded in many years of the practice of economic development and working with employers and training providers to help develop a workforce with the ultimate goal of better skills for Vermonters to enable them to earn higher wages.

I am not in a position to provide a section by section review today. However I'm happy to follow up with written comments on various section.

I would like to start with a few framing comments.

In my mind the ability to prepare Vermonters for meaningful work has two major components: education and training.

If one accepts those two major components, there are two different "systems" for each of these components. The "education system" consists of pre-K through Grade 16 with opportunities for lifelong learning. Programs in the system are generally longer-term, result in obtaining a certificate, diploma or degree of some sort. Education provides the foundation to be lifelong learners as well as specific skills and knowledge for careers.

The workforce development system consists of short-term training opportunities, typically given to adults, which can also result in a certificate but rarely if ever a degree. Training provides specific skill development versus a foundational education. I would submit the workforce development system is not designed to provide the foundational skills that only an education system can provide.

You are rightfully attempting to address both systems. The bill does not directly tackle the pre-K through 16 system, but rather attempts to provide a much-needed forum for state government and the private sector working in both systems to collaborate and to better deliver services. Again, the ultimate goal is better skills for Vermonters so that they can obtain higher wages.

Many of the skills needed in today's work force are derived through education, longer term foundation building. For example, we continually hear from employers about a shortage in the state and this country of engineers, machinist, technicians, direct health care providers, skilled managers, organizations and systems people, project managers and much more. These are not skills you build in a six or 12 week training program.

One could argue the lack of availability of these skills is a "failure" of the education system. A challenge is

rapidly changing technology and organizational dynamics, which is difficult for an education system to adapt to and address quickly. Hence the need for training.

I would also argue our education system is challenged by vague or unclear expected outcomes and goals for. We are still debating the question of "what are we educating our people for." Are we preparing students to enter the workforce? Are we preparing students to enter the world? I have yet to see unanimity on the answer that question. Meanwhile, employers are looking for skilled labor here in this country and this state. Therefore we remediate and enhance the workforce with the necessary skills through short-term workforce development and training activities.

I ask you to keep this ideas in mind as you work on this bill. I do not believe it is your intent to try to realign the pre-K through 16 system in this bill. But rather provide the venue, namely the State Workforce Investment Council, for the two systems to collaborate for better outcomes. This is really vital. I applaud your effort to reconstitute the Workforce Development Council. The language appears to incorporate all that necessary elements of the federal Workforce Investment Act (WIA). While still trying to provide appropriate "teeth" for that council to do its work. Giving this Council teeth is really critical. My experience with the Council is it is a group of incredibly well-intentioned and bright people trying to wrestle with a huge variety of complicated issues. We need to provide them with teeth and direction.

You should also name the state agencies to be involved: Agency of Commerce and Community Development, the Department of Labor, Agency of Education but you should include the Lifelong Learning division which includes the career and technical centers. Agency of Human Services including Creative Workforce Solutions, the State colleges, UVM and other private higher education institutions. Also the Agency of Agriculture (added post testimony). Members should be the Secretary, Commissioner, Chancellor and President level or designees at the Deputy or Director but not lower than that. You need people able to make changes to programs that are within the administrative capability of Agency and Department leadership.

Consider also a representative of the superintendents and/or school boards associations.

I believe your intent to have the Council establish a plan for workforce development is spot on. The language appears to reference all the federally required elements of WIA. The plan must ALSO Address clear goals for the outcomes of the State workforce development system. It should further have clear goals as to how the workforce system better interacts with the education system. That plan MSUT address those needs as well as the federal needs.

Specifically, there need to be clear goals around career exploration for students while they're still in school. Students need to have internships, co-ops, and other methods and venues for better understanding careers available here in Vermont, and the pathways needed to attain those careers. Career pathway mapping needs to be expanded and linked between the education and workforce systems.

We also need to assure there are opportunities within the K-12 education system for students to acquire skills and certificate programs they could use beyond school. A clear example is other states that enable students to graduate from high school with all coursework completed necessary to obtain an electrician's or plumber's license. They then only need the work experience portion to then test for licenses.

The plan should also provide strategies to better align our technical and career education system with the workforce needs of our state and our regions. Specifically, there should be regular annual opportunities for sharing data on growth occupations in the region with governing boards of technical centers and school boards. That occupational data could should contain information as to the coursework needed to pursue a specific occupation/career. This information is readily available now through the US Department of Labor's O-Net system. However rarely do schools seek utilize O-Net or other occupational information.

The plan must contain clear goals on assuring our workforce development programs are providing the short-term training needed to update skills and pursue job openings.

The plan should address strategies to expand apprenticeship opportunities throughout the state. It should recognize that not every apprenticeship needs to be a registered apprenticeship, but contain the elements of a registered apprenticeship program of job-based educational opportunities with wage increases as skills are obtained.

There are dozens of other goals the plan should address. If this bill can articulate a few critical goals, it will give a place to start in the plan development. PLEASE assure the plan addresses state workforce needs and seeks to align or workforce and education systems.

I'm not sure the methodology or language, but you really need to make the State Workforce Investment Board a powerful board where attendance is critical by appropriate state leaders, private-sector employers, and those in the workforce development system. The idea of having the Council chaired by a business Leader is right on. But we need to somehow assure that the appropriate Commissioners and Secretaries attend on a regular basis. That any delegate to the council is no lower than the Deputy or Director level. We need to have decision-makers on this council who can make change happen within their administrative capability. Likewise, not every business representative needs be the CEO. In fact, the director of human resources is many times going to be far more valuable in this discussion, or the training manager. You also need to be sure multiple sectors are represented.

I encourage you to ask the Commissioner of Labor to create a special position to work with the Council and make it their primary job. You need someone who is dedicated to the research the Council will need, coordination and collaboration on the regional levels and well as administrative needs of the Council. Allocate state dollars if needed to augment WIA dollars.

In addition, I would recommend you make "workforce development leader" workforce development leaderS, plural. They should be the Commissioners of Labor and Economic Development and the Secretary of Education. They are the three that must be coordinating programs, needs, and help develop a system. It is through their evaluations and strategy development as you have outlined in the bill and sharing of information that will provide true coordination. Those three present the best opportunity for a conversation of more "global" needs of the workforce, as well as sharing of intelligence around workforce needs, employer needs and programs that work. The conversation and planning that will result of the three of those people collaborating cannot be understated. Plus this will help assure less silos and more collaboration. When all three are in the room or on the phone together, magic happens. If you ask, where does the buck stop with three leaders? Well the buck stops at each Commissioner or Secretary who is responsible for their respective programs. And the buck stops at all three to assure there is better coordination. (Testimony added in Q&A: Yes, one could be designated the "convener" to assure meetings are called, agendas set and progress made, but all three should be responsible for the work you outline.)

I would to talk about the changes in the Vermont Training Program (VTP) that could be interpreted to no longer make the program able to provide incumbent worker training. I fully respect the emphasis on training for new employees. However, beware the unintended consequences. I can provide examples of companies that need to provide training to incumbent workers in an effort to retain those workers. This is primarily due to rapid changing technologies. In many cases they are not adding new employees but rather retaining current employees.

One example is a company in my area that is bringing in new equipment and needs to train machine operators to become machine programmers and troubleshooters. No longer can he afford staff will only know how to turn on and off a machine. The staff need to know a program that machine, troubleshoot when things go wrong so that there are no lapses in production. Such training will provide individuals with greater skills so he or she can earn higher wages. If we're not able to provide this kind of training, we may leave employers with no opportunity other than to lay off that unskilled worker and search for a new worker with the proper skills. I don't believe that's an outcome were looking for.

Jamie Stewart of the Rutland Economic Development Corporation (REDC) provides the example of Hubbardton Forge. Hubbardton had laid off workers as a result of the recession and the significant downturn in the housing industry, and were operating with only their most skilled and senior employees. Mid-way through the recovery GE in Rutland had a significant increase in jobs paying approximately 60% more than the regional average wage for production workers (starting wage \$26/hr. w/full benefits). Applicants to GE were required to have at least 3 years' experience in manufacturing. Hubbardton Forge employees were ideal candidates, and like many of the local employers, they lost some of their top people. With the support of the VTP, they were able to collaborate with the local technical center to create specific training to upgrade the skills of their incumbent workforce. The employees moved forward and up with their careers, the company has continued to recover and is now growing, and the community has a healthy key employer providing quality jobs. REDC

assisted in matching Federal funds to the VTP funds to support Hubbardton so VTP dollars were leveraged at more than 3 to 1.

There are literally dozens of additional examples.

Please keep in mind that training of any type, invest skills in the individual. That employee now knows more as a result of training and he or she knew before the training. Those skills go with that employee where ever he or she works. In almost every case, those skills are ultimately transferable to other occupations and/or jobs.

Also, the Vermont Training Program (VTP) is one of very few tools we have in our economic development toolbox. The VTP and the Workforce Education and Training Fund (WETF) are the only two flexible workforce development programs in state government. They are the only tools we can bring to an employer to help them invest in training for skills for their employees that they carry with them. The shared funding helps create programs that might not otherwise happen.

It is one of the only programs that we can use as an incentives to existing and new companies. We are able to show companies invested in Vermont or considering investing in Vermont that the state is prepared to help train employees as we know those employees need skills to get and retain a job. It indicates the states' preparedness to assist with private investment in the workforce. Clearly new employers to the state enable new jobs and employees. Existing employers will have a collection of both.

Lastly, I would say that work to create a workforce development system BEST occurs on the local or regional level. We are the worker bees that ascertain the regional needs, and help bring the resources to bear to meet those needs. For example, we are conducting a "hiring inventory" in Windham County which we are sharing with Bennington County to ascertain from the top 50 employers their workforce needs in terms of numbers and occupations. We will then share that information widely with K-12 education, higher education and others as the "bogey" we need to meet to help our residents access these jobs and careers. BUT this work requires a full time effort. We are for fortunate to have the funding to have a full time Director of Workforce Development. Not all of us are in that position.

Where we need help is resources and to KNOW that at the state level, there is better coordination between state agencies and state resources. This coordination needs to be between systems, funding programs and also higher education. Further, that the coordination exists to be proactive to workforce needs, assure the education system has workforce needs built in such as career exploration, and these agencies will access federal funds and other funding opportunities to the system to serve all aspects of the workforce.

I will answer Representative Dickerson's question to the Commissioner of Labor of "what keeps you up at night? What keeps me up is where will the resources comes from to enable us to move the needle to better prepare our workforce?

Thank you again for the opportunity. I would be happy to answer any questions.

Q&A: Note: not a complete list:

Representative Cross: When in history did it become that the public sector is require to invest in worker training?

PMP response: When it became clear that:

- a) People could no longer rely on a career with one company but rather multiple employers.
- b) When technology started changing at a rapid pace.
- c) When we recognized the inability of our education system to keep pace with the changes in technology.
- d) When we recognized that investing in workforce training is an opportunity for our residents and a differentiator that keeps employers here and helps attract new ones.