
Public Hearing

before

ASSEMBLY LABOR COMMITTEE

“The Evaluation of the Workforce Development Partnership Program in 1994, 1995 and 1996; a status report from the State Employment and Training Commission on New Jersey’s implementation of the Federal Workforce Investment Act.”

LOCATION: Committee Room 9
State House Annex
Trenton, New Jersey

DATE: May 22, 2000
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Assemblyman George F. Geist, Chairman
Assemblyman Samuel D. Thompson, Vice-Chairman
Assemblyman Nicholas R. Felice
Assemblywoman Arline M. Friscia
Assemblyman Gary L. Guear Sr.



ALSO PRESENT:

Gregory L. Williams
Office of Legislative Services
Committee Aide

Patrick A. Stewart
Assembly Majority
Committee Aide

Jennifer Sarnelli
Assembly Democratic
Committee Aide

Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
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ASSEMBLYMAN GEORGE F. GEIST (Chairman): Good morning everyone, and welcome to this special session of the Assembly Labor Committee. Today's Committee is at the call of the Speaker, and I'm very happy that the Speaker has enabled this very special public forum.

Today's public forum is a public hearing, and thus is being recorded. A transcript will be prepared and available to any and all interested in such a transcript.

Today, because the session is at the call of the Speaker, the Speaker has called several committees simultaneously, one of which is the Telecommunications Committee, of which I am a member, and on which agenda I am prime sponsor of legislation today. So, as Chairman of this Committee, I will temporarily defer to my excellent Vice-Chairman, Assemblyman Thompson, to continue the proceedings as I proceed to move forward legislation in Telecommunications Committee.

Today's agenda is one in which we look to the past to guide us to the future. The presentation of Dr. Van Horn will enable us to reflect upon a previous legislative initiative and to look to the future as we continue to invest in a workforce with the appropriate investment of legislative support for our implementation of the Workforce Investment Act.

Today's witness list is very distinctive and distinguished. As Chairman of this Committee, I welcome all those testifying today because it clearly is a class of the best and the brightest of New Jersey talent.

Today we will hear testimony from the leading voices as we prepare New Jersey for the workforce investment in the new millennium. I look forward to their testimony.

Today we will begin the proceedings, as I'm about to move forward to the Telecommunications Committee, with the presentation that I personally enjoyed. I thought this presentation was so remarkable and excellent that I wanted the members of this Committee to see what I saw and hear what I heard as we proceed. So today you're going to enjoy what I enjoyed, and that's this very special presentation from one of New Jersey's most talented. He is No. 3 on the witness list. He is the Director and Professor of the John J. Heldrich Center for Workforce Development, Edward J. Bloustein School of Planning and Public Policy, of our own Rutgers University. We welcome today the distinguished Dr. Carl Van Horn.

Thank you so much for being here.

Chairman Thompson, you're Chairman now. And I look forward to being back to this Committee as soon as possible.

Thank you.

CARL E. VAN HORN, Ph.D.: Thank you, Mr. Chairman.

I'm joined at the table by my colleague, Dr. Julie Whittaker, who is a labor economist and professor at the Bloustein School, and also, over to my left, Aaron Fichtner, who is running the machine today, but I guarantee you he is also a very talented researcher. And I appreciate very much the Committee inviting me, and members of the Committee, and the distinguished members of the audience to hear our presentation on the evaluation of the Workforce Development Partnership Program.

This evaluation was mandated by the Legislature when the law was passed in, I think, a very unusual and very wise decision by the Legislature to ask for a careful evaluation of this important program. And just to remind

you, I'll put up an overview, and I apologize for those of you who have to crane your necks to look at this, but you do have a sheet in front of you. So the sheet in front of you is the same as what is behind you, it's just not in color.

The Workforce Development Partnership Program is funded by taking part of the money from the UI trust funds, contributed by workers and by employers, and allocating that to two distinct programs.

One is called the Individual Training Grant Program. And that is grants up to \$4000 per person for those who exhaust their unemployment insurance people that have already gone on some six months of unemployment insurance, and need additional training. It also adds to that continued benefits of unemployment insurance while they're in training. And, during the period of our study, which was the '94, '95, '96 period, and then going forward from that -- and I'll explain that in a minute -- \$28 million of state funds were spent on that, serving approximately 9000 people.

The other part of the Workforce Development Program is called Customized Training Grant. And those grants are given to firms, labor unions, and consortia to help upgrade the skills of employees and individuals who are already working. The idea of being to, of course, avoid their unemployment, and also to help those firms become more productive and competitive, so that they remain New Jersey firms offering jobs and opportunities for people.

As I said, these two programs are distinct. The second one spent about \$48 million, so that's in addition to the \$28 million, on 226 grants to companies all over the state. And the companies are required to provide a match. They have to provide some cash or incoming assistance to match the

Federal -- I'm sorry -- the State money, and both of these programs are administered by the State Labor Department.

The evaluation that we conducted was under the auspices of the State Employment Training Commission. And the Commission was given the responsibility to hire a group to do that. We've worked with a technical advisory committee throughout the evaluation. Your own staff person, Greg Williams, was a member of that technical advisory committee, as were other members of legislative staff and members of the Labor Department and other departments of State Government. However, I want to emphasize that the report we present today is an independent report. We can't blame the technical advisory committee for any of our findings or anybody else. We speak independently on these evaluative findings, and that was the purpose of this evaluation -- was really to get an independent look.

I want to comment about what we didn't evaluate, which is, we did not evaluate another important component of the program, which are health and safety training and other activities that are funded by the WDPP. And I'm sure there are other evaluations of those activities, but we were not asked to look at that. We looked at the two larger components: The individual training grant and the customized training.

If you could put the next slide up, Aaron.

The evaluation methods that we used were-- First, I want to talk about the period of the study; '94, '95, '96 were chosen as the base years because we wanted to track this program over a three-year period, past the person obtaining the grant, past the firm obtaining the grant. One of the frequent mistakes that people make, if you will, about evaluating human

resource programs is that they expect it resolved immediately, in 30 days or 60 days, when in fact, when you're investing in an individual, if you think about it, if you -- you don't ask about the impact of a college education the day they graduate. Although, as a parent, we may hope they are immediately working, and have a great job, but we look down the road and say, well, over a period of time, has this been a good investment. And so the same thing is true for any kind of human resource program. So we wanted to take the long view and see what happened to people that do firms over the long run. And we started this evaluation in the fall of '97, and finished it in the winter of 2000, making a presentation at a public meeting of the State Employment Training Commission, at which your Chairman was present as a member of that Committee.

In terms of how we looked at this-- Just briefly, looking at individual training grants we used to evaluate the wages and employment history of people going through that program, the unemployment insurance wage records-- As you may know, all individuals that are covered by unemployment insurance are -- the companies are required to submit information about the wages paid and their payment and their employment, and that is a way of really having a pretty accurate record of what happens to people down the road.

We also constructed a comparison group. And I'm going to talk about this throughout the presentation, so let me explain what I mean by a comparison group. When you evaluate a program, you would like to know what would happen if a person didn't get this training, didn't get the services -- What would their experience be like? -- so that you have some way of

comparing those who have experienced the program versus those that haven't. It's a standard technique in social science, and one that really allows you to make very good comparisons between what might have been versus what was. And in this case we constructed a comparison group of people, who inasmuch as we could, were the same as the people who went through the Individual Training Grant Program, except for the fact that they didn't go through the program. So they're the same in terms of age and gender and education, and of course, they were all unemployed and had exhausted their unemployment insurance, but for one reason or another, they were not enrolled in the Individual Training Grant Program.

The way in which these two groups of people, those in the program and those not in the program, differ is, at the front end -- is probably that the State Department of Labor people interviewing them felt that they needed additional training in order to return to productive employment. And so they made that kind of judgement. It's also a voluntary program, it's not an entitlement, and individuals don't have to be enrolled in this. So people who went into the program were volunteering to spend some time getting training, and the average training was about six months. So we use that comparison group -- and I'll be talking about that later. You'll see about -- to compare the grant recipients versus those who weren't in the comparison.

We also conducted direct telephone surveys with 2000 of the recipients. Fifteen hundred of them we called twice, at two points in time, and we also called another 500 once, those who went through the program in 1997.

Now, with the Customized Training Grant Program, we used a different method. This is a program that is based on aid to the firm and the

individual. And we surveyed almost half of the firms -- a little more than half of the firms that received the grants, and speaking to the CEO or the person responsible for running the program there. We also interviewed 300 individuals who were in the program and its on-the-job training component, and we looked at their UI rates records as well.

And finally, we did in-depth case studies of nine firms. It's not possible to construct a comparison group of the Customized Training Grant Program, because in fact, these were all unique decisions made at the time. Well, let me basically get to the -- what we think is the principal finding, and that is that people who participated in the Individual Training Grant Program generally did as well or better in recovering their lost wages, and they did better in finding new jobs than the comparison group. And that is the similarly unemployed individuals who did not participate in the program. And I show you that graphically.

If you -- for those of you who are looking at the chart, the upper one is the comparison group, and the colored line -- I'm color blind, so I don't know what color it is -- are the people in the program. And we measured this, really, in two ways. First, we looked at -- we took as a starting point when they were actually registering for unemployment insurance, so the point at which they're unemployed. And then we also took as a starting point what happens after they finished their training. And basically, there are differences of opinion in the profession about which of these is a better measure, and so we really wanted to show you both. But in either case, if you see -- if you look at the top set, there's a near tie there, and what that really says is that people in the program over a three-year period recovered about 91 percent of their

wages. And if we look at it from the standpoint of their -- when they finished training, they recovered more than 100 percent of their wages, and better than the people who were not in the program.

Now again, to give you some way of comparison for this, these are individuals that we're talking about here who are in the program, who have experienced dislocation, they've lost their jobs they have had for a long time. And it's not like they turn on a dime and immediately get the next job and start making a lot of money, so it's a difficult thing. We know, from much -- a lot of research that's been done around the United States, when people lose their jobs, it's very difficult to recover the wages that they made before they lost their job. So the fact is, we do not expect people to immediately turn around and start making 100 percent of their wages. And what this shows is that, over a period of time, this program has been of assistance in helping people become whole in terms of their wages, and in fact, if we look at the bottom chart, doing a little bit better than they were before. I should point out, these are all inflation-adjusted numbers, so we're comparing apples and apples here over this period of time.

The other way to look at the Individual Training Grant Program is employment rates. And once again the people in the program, no matter how you measure it, are more likely to be employed than those who weren't in the program, when we look down the road three years. Now, you may be saying to yourself, "Why is it only 68 percent -- or 65 percent or whatever -- who are employed?" The reason is that these numbers reflect those people that we can capture under the Unemployment Insurance Wage System. The Unemployment Wage Reporting System, as good as it is, does not capture

people who work in Pennsylvania or Delaware or New York. It doesn't include people who are in the military. It doesn't include people who work in certain religious institutions. And it doesn't include people that are self-employed. So, when you look at that group of people, we have no record for them as to what happened to them. But we do have a record for the other 80 percent -- some people who went through this program. And we find, as I said, that they are doing better than people not in the program.

Now, we also looked at a number of subgroups, and what we found was that women and people with lower formal education benefited more from being in the ITG Program than other types of individuals enrolled in the ITG Program. Approximately 62 percent of them are women, throughout this period, and they tend to do better than men in terms of their wage recovery. And if you look at the next chart, you'll see that point -- in wage recovery, 8 percentage points better, if we take the post-UI registration point, and employment rate -- also doing 7 points better than the people in the comparison group.

Now, we also looked at those without a high school degree. This is a small part of the population that were in the program. They did not -- they do not have a GED or a high school degree, and those people did particularly well being enrolled in this program, as you can see, in terms of wage recovery. They gain substantially more than if they hadn't been in the program, and they're more likely to be employed. And again, what this shows is that, when people are administering the program, they ought to be thinking about these kind of characteristics of who's going to benefit most from the

public dollar investment. And we find that women and people with the least formal education really get a big boost out of this.

We also, as I said, ask people directly what they thought about the program, and the two bars are really just the two points in time. (referring to slide presentation) And what you see here is that almost two-thirds of the people who went through this program are very satisfied with their experience, and a lesser number at somewhat satisfied. So, when you add it together, it's 90 percent, basically, expressing satisfaction. There aren't a lot of government programs that get 90 percent satisfaction that I'm aware of, and this indicates, we think, a pretty strong satisfaction. Even people whose wages did not increase from their previous standing express satisfaction in this program. So, in other words, they felt that, perhaps, they would have fallen farther had they not been enrolled in this.

Now, switching to the Customized Training Program findings, the basic punch line here is that the grants were awarded to firms with less than 1000 employees, in the manufacturing sector, that would not have otherwise invested in training. And that's very important, because one of the questions one asks, of course, about any sort of investment in a private sector training program is, "Well, are we just giving them money for what they would have done anyway," in which case is probably not a terribly good investment of our dollars. And furthermore, larger firms tend to have their own money set aside for training, and so do firms in the IT industry. Whereas historically, we know that, in the manufacturing sector and in small firms, they tend not to invest in training. So what's happened throughout, if you look at, overall, the entire grant experience here, is that we believe that these moneys have been properly

targeted to the firms that weren't investing in training, in order to influence their behavior in a positive way.

We also found that the firms and consortia tended to use the customized training funds to provide assistance to people who had the lowest levels of formal education and who had received little or no formal training before. So these were not going into grant -- into agencies that, kind of, switch from one training, funded by the private sector, to another grant-funded training, but instead were really introduced to training for the first time. And we went around and visited a lot of these places, as we indicated, and talked directly to people on the production line and confirmed this in a variety of different ways.

Now, we asked firms, as I said in a survey, what their perception was, and a majority of firms were very satisfied with the CT Program and believed it played a significant role in assisting them to increase productivity, profitability, and market share. And nearly all of the firms said that they would recommend this to another company, again in a remarkable statement, that an involvement in a government program they're willing to recommend to another private sector firm. Two-thirds of them said the grant had a significant positive impact on their company. And this is just a graphic way of showing that -- the Pac-Man, again I'm color blind -- the big part on the left there (referring to the PowerPoint presentation) is the two-thirds of the firm saying a significant, positive impact.

What this shows is simply the impact that the CT grant had on the human resource practices of the firm before and after, the left side, the before, and the right side, after. And the most important thing to look at there is the

leftmost bar, which is the number, or shall we say, the percentage of firms that provide training on a regular basis to all employees. As you can see, beforehand they reported that only approximately a little less than a third were providing training on a regular basis to their employees. After receiving the CT grant, we have almost two-thirds saying they're doing this on a regular basis. And again, another of the Legislature's purposes in enacting the Workforce Development Program was to influence the behavior of the firms. And I think this is, among other things, the evidence that that, in fact, has occurred.

One of the other things that was of concern when the law passed was that giving CT grants to firms would help convince companies to remain in New Jersey. We did not find that to be the case. And I think, perhaps, when you think about it for a minute, the principal reason for that is that the firms that got these grants were primarily firms who were pretty deeply rooted here to begin with. In other words, they've been here for a number of years, they were ongoing concerns, and they were -- but they were having difficulty surviving in this particular environment. These were not the sort of marquee firms that move around and pick up and go from here to South Carolina or Sri Lanka or something. These are firms that were functioning in New Jersey and having a tough time. And so the fact that the grant did not influence their decision to stay here, it simply reflects the fact that they were either going to be in business or not in business. And many of them told us the grant helped them remain in business.

It does, on the other hand, appear that the grant helps influence firms to relocate here in a small way. And I don't want to overemphasize this finding because, in our entire study, there were only 10 firms that had moved

from out-of-state to New Jersey. So you can't make a long tale out of only 10 cases, but there is some evidence that the grants that were provided by the State Department of Labor did influence them. They told us that. And I would say that this is part of the -- and I know all of you, ladies and gentlemen, are used to this, the interstate competition between New York, Pennsylvania, and other states for business location, and so to some extent having the grant is part of the normal arsenal that one needs. But it isn't a major factor, we don't think, in influencing firm location.

Aaron, if you can go to the next slide.

In summary, what we find is that the ITG Program and the CT Program are beneficial to people and to firms that receive the grants. We, as I said, interviewed people who got the CT grants, and they told us that it was beneficial to them, that they had not received training before, and now they did. We also looked at their UI wage records, that is the people in the CT firms, and we found that their wages went up by 11 percent, inflation adjusted.

So looking at this both from the individual of an employer -- from the standpoint of an employer and an unemployed person, or from the standpoint of a company, we find that this was a beneficial program, and that the programs, at least in the part that we looked at, are in fact fulfilling the purposes for which the statute was enacted. And we think that it's an important accomplishment for the State of New Jersey. And I want to emphasize that our evaluation methods are rigorous, that we looked at this 16 different ways, and we really -- no matter how we looked at it, we kept coming up with a positive conclusion. And it's our job to try to ask those tough questions, but we concluded that both of these programs are functioning well.

And I-- We welcome any opportunity to answer any questions that you have. We have a 300-page report sitting behind you, or on your desk. You are welcome to look at that, but if anything occurs to you now or afterward, we're happy to answer your questions, Mr. Chairman.

ASSEMBLYMAN GEIST: Thank you, Dr. Van Horn.

Does anyone have any questions for the distinguished doctor?

ASSEMBLYMAN THOMPSON: I do.

ASSEMBLYMAN GEIST: Vice-Chairman Thompson.

ASSEMBLYMAN THOMPSON: I do have a number of questions that's going to take a little while here.

You noted in your executive summary that the Legislature required that an outside evaluation be performed on a regular basis, and I gather the program has been in place for about six years. It took you about two years to complete this evaluation.

Do you know what the plans are for the next evaluation? That is, is it going to be done now on an annual basis, or will there be another gap of several years?

Do you have any idea?

DR. VAN HORN: We have not concluded our conversations with the SETC about that, Assemblyman, but we've been asked to continue evaluating the program, and monitoring it into the future, yes.

ASSEMBLYMAN THOMPSON: Have you been able to give suggestions to them on data they might accumulate or maintain, in order to be able to expedite your next review so that -- rather than taking two years you

can do it in less time, because there's more of the data you need already in place, or something of that nature?

DR. VAN HORN: Well, I think that the answer is yes, and I think that, Assemblyman, the experience of evaluating this program has helped not only State government, but also Rutgers University develop the expertise to do this kind of evaluation.

The use of UI wage records is an extremely valuable tool, but it's not a simple matter to figure out how to use them effectively and carefully. We have, I think, 60 million records in our computer at Rutgers now, and there are a number of issues, including guaranteeing security and confidentiality, when you handle that kind of information. And so it took a while to develop that routine and rigor. But now, I think we're in a position to respond more rapidly, but I also want to emphasize that I think both kinds of evaluations need to go forward at the same time. One is one that gives, perhaps, more rapid feedback, but the other is continuing to look in the long-term so that we don't reach short-term judgements. If you look at this--

ASSEMBLYMAN THOMPSON: Well, what I'm thinking here in terms of, okay, now you're looking at the results of three years ago, which you can get for this year--

DR. VAN HORN: Yes.

ASSEMBLYMAN THOMPSON: --each year, as you go along--

DR. VAN HORN: We can certainly add a--

ASSEMBLYMAN THOMPSON: Yet you are looking at least three years, but you have that data to get this year rather than, you know, a year or two down the road.

DR. VAN HORN: Yes, sir.

That's correct, sir, yes.

ASSEMBLYMAN THOMPSON: Now, grants under the ITG Program, grants that are roughly 2000 to 4000, were given to individuals. A number of them signed up at county colleges, or they signed up with training schools or one thing or another.

First question is, were they given this 2000 lump sum, and they used it to pay their tuition or something? Or what did the money cover, and how was it allocated?

DR. VAN HORN: The average grant was really closer to 4000. And the awards were given predominately through proprietary schools; private, for-profit training institutions, about two-thirds; another third in community colleges or four-year institutions. And they're vouchers that pay for an approved training program.

ASSEMBLYMAN THOMPSON: Okay, they were vouchers. They took two of whatever program they signed up and so on.

DR. VAN HORN: It's not cash, that's correct.

ASSEMBLYMAN THOMPSON: So it was simply paying the cost of the program, not anything to live on or anything of that nature?

DR. VAN HORN: That's right, but there were, sir-- With the ITG Program, one also received continued unemployment insurance benefits. In other words, past your six-month termination point--

ASSEMBLYMAN THOMPSON: Right.

DR. VAN HORN: --which we think is an important component of this program that allows people to have the wages or money to continue to live while they are doing training.

ASSEMBLYMAN THOMPSON: I didn't notice, and maybe they are on some of the other pages -- you know, I didn't go through the 300 pages -- but do you have information on the percentage of individuals that did not complete their training program?

DR. VAN HORN: I don't know off the top of my head, but we'll get you the answer to that question.

ASSEMBLYMAN THOMPSON: In other words, were there a substantial number that initially signed up, and then they dropped out at some point, maybe they got a job, or for whatever reason. Because of course, this would affect your statistics when you speak of the ones that signed up versus the ones that don't sign up. If they're dropping out--

DR. VAN HORN: Well, again, we look at everybody from the starting point on forward, whether they drop out or not, in terms of evaluating the success of the program.

So, in other words, it's not like if you drop out you get taken out of the evaluation. You're still in the evaluation--

ASSEMBLYMAN THOMPSON: But it would impact the wages and how they're paid and etc.--

DR. VAN HORN: Absolutely.

ASSEMBLYMAN THOMPSON: --if they did or did not complete the program.

DR. VAN HORN: But they remain--

ASSEMBLYMAN THOMPSON: Perhaps that's a factor that should be considered there.

DR. VAN HORN: But they do remain in the--

ASSEMBLYMAN THOMPSON: There are individuals who completed the program versus those that didn't.

DR. VAN HORN: Right.

ASSEMBLYMAN THOMPSON: When we got into discussing the wage recovery-- First, a question about how this was figured and etc.

For example, the ITG recipients, they recovered 91 percent of the preemployment wages when adjusting for inflation after three years. When we say 91 percent of their preemployment wages, is this based upon taking the average wage of all members of the group and comparing it with the average wage before hand, or is it-- Exactly what do we mean when we say, or how do we measure that they recovered 91 percent of their preemployment wages?

DR. VAN HORN: Do you want to explain that?

JULIE M. WHITTAKER, Ph.D.: Actually, you're exactly right. We took the average--

ASSEMBLYMAN THOMPSON: I'm sorry, what?

DR. WHITTAKER: Yes, you are correct, in that we took the average three years after declaring unemployment and compared it to the average wage one year before declaring unemployment in that ratio.

ASSEMBLYMAN THOMPSON: It might be also useful, then, to generate the percentage of individuals that achieved 100 percent of wage recovery, because of course, if you had a few that really got much higher wages than they had before, or a number that got much lower, then it would cause

distortion here, and your overall success rate, really, is based on numbers of individuals that achieve it rather than what was the overall average for everybody. So you might want to consider that in your future studies.

The differences in a number of cases were relatively small between the comparison group and the ITG individuals, like 2 and 3 percent in many instances.

What -- with the population of the sizes that you had here, what would we consider to be statistically significant differences?

DR. WHITTAKER: That would actually depend on any particular statistic.

ASSEMBLYMAN THOMPSON: I'm sorry?

DR. WHITTAKER: It's just going to depend upon which statistic you're talking about.

DR. VAN HORN: Which comparison?

ASSEMBLYMAN THOMPSON: Well, here I'm relating to wage recovery and also the subsequent discussion of the number that had achieved employment. So those two sets of data--

DR. WHITTAKER: Again, statistical--

ASSEMBLYMAN THOMPSON: --the overall as opposed to subgroups, when we're considering the total or the population in the study versus the total for the comparative group?

DR. WHITTAKER: Again, that's going to depend upon -- it's a statistical flaw that you have to deal with, and it would depend on -- what particular subsample you are dealing with.

DR. VAN HORN: The short answer, though, is that most all of these are statistically significant. There are a couple that aren't when you get into the subgroups, but basically, the large numbers are statistically significant. These are very large data sets we're talking about. So small differences even of a couple points are still--

ASSEMBLYMAN THOMPSON: If we say that, then we see sort of an anomaly here, that three years after a job loss, 68 percent of ITG recipients were employed and jobs recovered by, etc. But for three years after completing training, those that completed training, 65 percent were employed. So you had a smaller number of those that completed the training that were employed than of those that didn't complete the training?

DR. VAN HORN: That's right.

ASSEMBLYMAN THOMPSON: Both being ITG groups.

DR. VAN HORN: Right.

ASSEMBLYMAN THOMPSON: We're talking 3 percent here, so if 3 percent is significant, then you have to explain it. But if 3 percent is not significant, well you know, then it's within error.

DR. VAN HORN: I wanted to comment on one point on that, Assemblyman, if I may.

The -- come back to a point I made earlier. In evaluating those differences, the people who went through the ITG Program were judged, at least by the Labor Department people that were talking to them, to be not prepared in a demand occupation. In other words, they didn't have the skills to go out and get a job with what they had in their portfolio, so that -- the program is suppose to pick, I mean, and intended to pick, people who might

have more difficulty down the road than those who weren't getting into the program.

ASSEMBLYMAN THOMPSON: Yes, I recognize that, but that is if we do consider the populations to be different, and different in favor of suggesting that the study group potentially had more problems than the overall group. Then yes, that would say that, even if they hold level, then you are more successful with your study group. But if this is the case again -- in a review that was done by some, they said perhaps next time you need to tweak your comparative group a little better to get a closer comparative group versus that group. Then you can really see what the difference in the two is, as opposed to we were saying, well, we think there's probably some difference here, which says that if we break even, we're ahead.

DR.. VAN HORN: Right.

The difficulty of that is that in order to get a true comparison group you have to allow people to be randomly assigned to receive services, and that really gets into, for many people, difficult political and ethical judgments about denying services to certain individuals who volunteer to get them. We're happy to conduct such an evaluation--

ASSEMBLYMAN THOMPSON: Could the unemployment people tell you -- are there individuals that they consider to be essentially -- with all these people that were ITG almost unemployable, could they identify others that were similarly -- well, would have a lot of difficulty getting jobs? That's what you would really want--

DR.. VAN HORN: They could, but I wouldn't like--

ASSEMBLYMAN THOMPSON: And then not necessarily you take everyone, but to gather them randomly out of that group.

DR.. VAN HORN: I prefer not use that method, because I think it would be relying on their judgement as opposed to the random method. That would be much better.

ASSEMBLYMAN THOMPSON: In your short, one, which is postemployment wage recovery measured from the time an individual files for unemployment insurance benefits, immediately, the first quarter -- immediately after being unemployed, the group that the ITG recipients -- their wage recovery rates and employment, etc. -- were far lower than the comparison group. I assume this is because most a significant proportion of your ITG group went into training, and therefore their wage recovery one quarter after unemployment is -- well, again, here it's, about 43, 44 percent versus 60- something percent for the comparison group. Is that -- what accounts for that, basically, again, because--

DR.. VAN HORN: Yes, sir. You're absolutely right--

ASSEMBLYMAN THOMPSON: --probably a great portion of them are in training?

DR.. VAN HORN: You're absolutely right. They all are in training, and of course, they are also receiving unemployment insurance benefits so that they're being encouraged--

ASSEMBLYMAN THOMPSON: That counts as part of their wages?

DR.. VAN HORN: --to stay out of the labor market rather than go into the labor market.

ASSEMBLYMAN THOMPSON: That's -- when you look at the posttraining wage recovery chart too, and you figure that -- you said average training was 5.8 months, so say 6 months, two quarters. So you look at the third quarter, that's where they have completed training, and at that point in time the wage recovery rates are essentially the same as the comparison group. Once they get out of -- while they were suffering while they were in training, as soon as they get out of training they immediately jump up to the same level as the comparison group.

DR.. VAN HORN: Right.

ASSEMBLYMAN THOMPSON: Sorry to be so -- carry on here, but I did come up with a lot of questions as I was going through this.

Your comparison there of individuals with lower levels of formal training -- the benefits they receive was a very, very significant plus that you found there.

DR.. VAN HORN: That's right.

ASSEMBLYMAN THOMPSON: I was impressed with that.

I think I only have one more comment or question. And that's a suggestion. When you got to the CT evaluations, there were nine firms that you did in-depth case studies on. You also report that over half of the firms surveyed, 54 percent, reported the training would not have occurred without receipt of the grant. But you say nearly all of the firms studied in-depth reports -- reported the training would have occurred in their firms even without the grant. So next time you may want to balance that a little better of firms that would and would not have conducted their training without the CT grant.

Again, that's all my questions.

I was very impressed by the depth of your study, and it's obvious the work that went into it. I'd like to commend you.

DR.. VAN HORN: Thank you very much, sir.

ASSEMBLYMAN GEIST: Thank you, Vice-Chairman Thompson.

Any other questions or comments from the other members of the Committee?

It's been a pleasure, Dr. Van Horn.

DR.. VAN HORN: Thank you, sir.

Thank you, Mr. Chairman.

ASSEMBLYMAN GEIST: Thank you.

As we just reflected upon the past, now we look to the future. And today I'm proud to present someone that I call my Chairman. I serve as a member of his Commission, the State Employment Training Commission, and I noted that Governor Whitman just reappointed you for another term, and I congratulate you.

And I welcome to our Committee, my Chairman. He is John J. Heldrich, Chair, State Employment and Training Commission.

Come on up, Chairman.

And your excellent Executive Director, Henry Plotkin.

JOHN J. HELDRICH: Well, thank you, Chairman Geist.

It's a real privilege to be here, plus you are a very good Commissioner.

ASSEMBLYMAN GEIST: Thank you.

MR. HELDRICH: You have a copy of, I guess, the comments I was going to make, and what gives Henry, my Executive Director, grey hair is

that I normally deviate from what's prepared for me. And so I'm going to -- during the Knick game last night, I made some notes that I think are pertinent for this Committee to hopefully fully understand.

I just happened to be reading *The Kiplinger Letter*, which is, by the way, a very good business letter that I've utilized for many, many years. I just would like to read a short passage from it. And this is to their clients, which are business clients.

The growing task for business: Retraining workers, honing skills, and keeping employees current with rapidly changing workplace technology. A whopping 75 percent of today's workforce needs retraining just to keep pace. There is plenty of help available, better focused than before. Local boards to steer Federal funds to the right areas, colleges striving to offer training targeted to your company, and more on-line assistance. Check out revamped Federal programs that let's states mold training to needs. New law this year will pull a hodge-podge of unwieldy efforts into one, enabling communities to retain workers for hometown industries. Local businesses will have a say in how training money is spent. Area Workforce Investment Boards are being created, I don't like this word, to dole out funding. They must be ready for July, staffed primarily by a balance of business, labor, and the community.

Now is a good time to get involved where boards are being put together and easier access to help. One-stop centers in every local area, acting as points of contacts for businesses needing advice and assistance, can help and figure out what training is needed and steer firms to providers. Some states have a head start on overhauling training programs. Indiana, Utah, Texas, New Jersey, Vermont, Kentucky, Louisiana and Florida got Federal approval

to move first. And that's a credit to this Committee, and to our Legislature and administration, that we move rapidly and aggressively to start to implement a program that's coming down the road.

I'd just like to take a 60-second swing around the Work Development Program, or the Workforce Investment System. I've been involved since the late '50s, and it's interesting to keep in perspective that in the '60s, we had the Manpower Development Act -- Training Act -- very significant. It was focused, though, on a need at that specific time. In the '70s, we had CETA, Comprehensive Employment Training Act. And we're all familiar with CETA. And that's when I kind of refell in love with the whole concept of a Comprehensive Employment Training Act.

As you know, we experienced problems with CETA, and in the '80s we went to JTPA. And this was the first breakthrough, when the business community was brought in as a partner in the process. And now we have the '90s, with the Workforce Investment Act, which must be implemented by July 1, 2000.

This Act was modeled, in many major areas, from what we had already established in our State of New Jersey. And I just want to briefly touch on that, that it was in 19 -- well, it was during Governor Kean's administration, that I was -- he called me down and said, "John, what's wrong with our Workforce Development System?" And I remember saying -- and I had no axe to grind -- I said, "It's in shambles." I mean, we had uncoordinated -- no plans, and before I knew it I was on a task force, and out of that came, by executive order, the first Commission. And then it was codified into law during the transition between Governor Kean and Governor Florio.

Now, what's very important, I think, for all of us to continually understand, that this is a major systems change, the Workforce Investment Act, in the following areas -- and I picked out just the key areas, and I was jotting this down -- when we have a decentralized system, and that's meant that we have pushed this system down to the states and down to the local communities.

Secondly, it's being driven by technology, and technology changes. So the ways we did things in the past are on their way out over time. And it is a partnership. It's a partnership between -- and in fact, I put it in the context that, when you talk about Workforce Investment Boards now in our counties throughout the state, and a few of them are collaborating, you're talking about a microcosm of the Commission because it's the same type of model, except it's applying their talents to their local areas.

Another significant change, and in some ways the most difficult, is cultural change. The new system we have in now is a market-driven, consumer-oriented system. And that's going to take time to adjust to, because there is a customer service component, and no more are people in this state, and the people that administer this -- the whole thing has been turned upside down, in the sense that you're here to serve. And we have to be efficient and turn out efficient product. And we're going to measure the results, the measurement of outcomes. You had some evidence of that today with the Workforce Development. You can see, it's not an easy -- it's a complex process. We have built in here the beginnings of a concept that has applicability now, as we move on to evaluate other programs.

And the third major change, I term, is capacity building. When you have a cultural change and a system change -- and I implemented, way back in my days at Johnson and Johnson, worldwide systems that required major cultural change. And when you have cultural change, it means you have to constantly be training and retraining and train again, so everyone starts to understand what the system is. I often say, you know, it would be wonderful when I talk to people, and you say Workforce Development System, and they really knew what you were talking about. Because it's not like saying, you know, when you say McDonald's, you think of Big Mac. Well, when you talk about Workforce Development, you know, it kind of hangs around out there, and some very narrow interpretations to very broad interpretations. So that requires a constant process of education, training, and development in what's taking place.

Now, let me sketch what I consider the major issues as we move forward into this new century. First off, the mismatched demands of labor market and the skills of the workforce are continuing to grow. So it's not a -- it's not something that has a silver bullet solution. It's one that -- hopefully that, through this Committee and the Legislature and the Commission and all the people involved, that will keep our focus on our policies and programs that will close that gap.

The other is literacy. Forty percent of our workforce population are in the lower two levels of the literacy scale, from a major study that this Commission completed. It's not the only study the Commission -- we have been studying this for 20-something years. So it's a high-priority area, and unless we address that with the proper resources, we are going to split our

society between the knowledge worker and the unknowledge worker. That's not United States, that's not our objective. So we have to keep a high-profile, high-priority attention to the literacy issue. And there have been some positive State movements here with the establishment of the Council for Literacy, which will be under the wing of the Employment Training Commission.

Another major issue, which is always an issue, Federal and State funding. None of this is going to happen unless the resources are put there. If I may make the analogy again, and I'll use the Quality Assurance Program that I happen to be responsible for, one of the things in getting established at Johnson and Johnson -- we literally put 23,000 employees through a one-week basic education and training program. Because what we were doing, we were changing the culture of the way the company looked on quality.

I grew up in manufacturing, and we always used to say, "That's quality control." Quality crosses all lines, all divisions, and all people that are working together. Now, under that heading, the following areas, in my judgement, should be our key focus.

One, it is the proper administrative funding to the programs and particularly the administrative side of this Act. The one thing that Congress left out in the Act is the administrative funds to provide the support systems to fully and effectively implement this Act. We're going to have to find ways to accomplish that. The one-stop system is a high priority area. It's a high point of the Workforce Development System, and we have one of the best in the country. We were up first and in on that.

Workforce Investment Boards is another critical area, and another issue that you'll be hearing constantly more from us of what our needs may be.

Capacity building, I mentioned it, and measurement of outcomes, which you have seen an example of, with Dr. Van Horn, on the Workforce Development Act.

I just wanted to deviate from what was written to try to pull as succinctly as I could together -- and I have to admit that Workforce Development is a passion with me. I'm looking around this room, and I have to tell you a quick story.

About a year and a half ago, about 50 people here at the State level, I was pushing for the importance of capacity building, and I'm in this room, and I said, "You know what we need is -- we need a 90-day wonders, we need to train." And everybody is looking kind of funny at me, and I said, "How many of you were in World War II?" Well, no one was in World War II. Well, I felt like the comedian that tells a joke and no one has laughed, but I turned that around because that was the vehicle -- the analogy I was trying to make was, when I was in World War II, and well, we ran short of second lieutenants, they were the frontline guys. They said we needed more and more and more, so they accelerated the officers' training program, and you got 90 days training and, if you passed the test and passed the training for 90 days, you were given your bars and you were shipped overseas as a second lieutenant, by the thousands.

Again, what we need here in capacity building, we need a commitment, literally of thousands. I mean, to train and develop, you know, a few hundred people, I'm going to say 10 years from now will cover this area, you know, you really say we don't want what we are doing.

So it's going to take a massive, and continued -- massive effort, and steps have been taken there, and Henry can address that, or I'll address it if there are any questions.

I'd just like to close with this statement, and everywhere I go, whether I'm talking to one person or 1000 -- and I feel very strongly about this -- and someday I hope we can have this room jammed with people that recognize that the Workforce Development System is the key. It's an imperative to our economic and social well-being in this State, if not for the nation. And that's what drives me because I'm convinced that education, and training, retraining in jobs, over the next 10 years, if this system is implemented well, we can reduce our social cost substantially, because there is no key -- no substitute as self-sufficiency.

I just want to put this framework in, that this is what the Workforce Development System is about, and where we are going. We can answer specific questions, and we can give you an update. And I would now like to open it to questions, and Henry and I will field them accordingly.

ASSEMBLYMAN GEIST: Any questions for Chairman Heldrich?
Vice-Chairman Thompson?

ASSEMBLYMAN THOMPSON: I'd just like to offer a comment. I've known Mr. Heldrich for quite a few years, and I think we are extremely fortunate to have an individual of his experience, his expertise in this area, based on the years with Johnson and Johnson, subsequently serving, as he said, with Governor Kean, heading up various State commissions and authorities, etc.

I think we are very fortunate to have an individual of your ilk heading up the SETC. I think you're doing a fantastic job, and I just want to express our appreciation for all that you have done for the State and our citizens.

ASSEMBLYMAN GEIST: Thank you, Vice-Chairman Thompson.

I'm going to ask OLS's Greg to pass through the membership -- the attendance report for all the members to sign.

Any other questions of the Chairman?

As we proceed, in transition to your testimony, to the excellent Executive Director, for those in attendance, as well as the members, can you give a brief synopsis as to what the Commission constitutes, its objective, its legislative policy, just to inform us for purposes of the record, as well as those in attendance.

Thank you.

HENRY A. PLOTKIN, Ph.D.: Thank you. It's a pleasure to be here, especially with Chairman Geist.

The State Employment Training Commission was created by this Legislature in 1990. It is the first legislatively established, public-private partnership with responsibilities to oversee the Workforce Investment System. When John said earlier about Federal law being modeled after State law, that was a major template for what the Federal government ultimately did.

Our major legislative responsibilities are, first, as a policy making body, we do not implement programs, we don't get involved in operations, or that we work with those who do run programs. Our goal is to offer our best thinking, as a Commission to the Governor or to the Legislature, so they can

begin to develop workforce policies. And that was the spirit in which we developed a unified state plan, in which the framework for the New Jersey Workforce Policy, and then particular plans, as John alluded to, the one on literacy that we developed. We developed one on gender parity and one on persons with disabilities and other kinds of topics.

We have now, under the Workforce Investment Act, a very particular set of obligations to fulfill. The major set of obligations is to develop a planning process and a policy making process to make real in New Jersey.

To do that we've submitted two major plans: One, a current vision for New Jersey, and the other one, a more operational plan to the Federal government, which we expect to soon get final approval on. We've gotten partial approval up to now.

And that's really the major in a nutshell. But one of the -- the other one that I just want to emphasize is most important, is this Commission works best when we're a table around which the public sector -- the private sector sit down and figure out what to do. And that's true for all the way we do business. In our evaluation committee -- in all committees, it's really getting that dialogue going between major State agencies, local agencies, and the private sector. That's the best way to make policy.

ASSEMBLYMAN GEIST: Brief question for those in attendance, as well as the record.

The Chairman just read the recent report that listed New Jersey amongst the nation's leaders.

How did we attain such recognition?

It's time to brag. (laughter)

Go ahead.

DR.. PLOTKIN: I think -- I think, actually, Assemblyman Thompson probably said it best already. I think it's -- John Heldrich gets lion's share of that credit. The one thing this Commission takes seriously is the partnership between the public and the private sector and the idea of private sectoral leadership.

I'm a great fan of government bureaucrats. I think they do a terrific job, but on this issue, unless the demands of the labor market rolling forward are talked about by the private sector and that kind of wisdom gets penetrated into State programs, public programs, I think it doesn't work. So that's one reason.

The second reason, I think, is the fact that we developed in New Jersey -- not that we always agree on everything -- a consensual model. We don't just move forward with things, we really try to get everybody around the table to walk forward. We were only, I think, one of six or seven states that submitted a unified plan. Now, if that means other states got much quicker hits than we did in certain areas, that means that every major partner, as defined by the Federal Government and translated the policy by major State agencies, from Commerce, through Education, through Human Services, through Labor, all were involved in our planning process. Even more significant, individual Federal plans that they would have submitted normally, they didn't. Instead, they put it all under the umbrella of the unified planner. And I know this might sound a little bit bureaucratic, but the significance of major state agencies saying our welfare-to-work plan, our School-to-Career plan, our plan on housing and urban development, that's all part of one New

Jersey vision and one New Jersey voice, I think, is really the best of what we do. And the reasons for it are leadership from the private sector and the fact that we really work with the Legislature, the Governor's office, and all the other major agencies to get them to sit down together, and that's really what I think the key is.

ASSEMBLYMAN GEIST: Thank you.

Any other further comments from our witnesses?

Chairman?

MR. HELDRICH: Chairman Geist, I'd just like to comment on your question.

This did not evolve from one person. It evolved from an acceptance of the concept that we had to revamp our Workforce Development System. And also it's very critical, I've lived through this, that there was bipartisan support. And what was enlightening was that there was -- that the arguments that take place on how we do things and implement things, that the fact that we needed to do something to improve the effectiveness and efficiency of our Workforce Development System brought us up early.

We went through -- I mean, someone had to get it started. It started with the study that was done under the Kean administration. Then came the election. And I mention this because this is very critical that the -- here we are with a new administration coming in under Governor Florio, we're on the threshold of passing legislation to codify this into law. And I've been through, you know, executive orders. They come and go, depending on-- And it was so critical that we were able to accomplish that and it was signed by Governor Kean during his last year in office -- last months in office, rather.

And then that conceptualization was taken another step forward under the Florio administration. And now under the Whitman administration, we've made the most substantial progress because the groundwork had been laid, and our Governor made some very early important decisions.

And now we're moving into -- I mean this to me, and I probably shouldn't be saying it, this is a long-term. I think what's very key here, that we have to look out, say 10 years from now, and be able to look back and say the way we ran this business no longer exists. And it was a result of the cumulative impact of doing the right things at the right time, maybe in different ways with some different twists, depending on which administration's in power, but that the focus is never lost.

And I just wanted to mention that. And we're off to a wonderful start.

ASSEMBLYMAN GEIST: Thank you, Chairman.

Any other questions?

Vice-Chairman Thompson?

ASSEMBLYMAN THOMPSON: You indicate, in your proposals and so on, that one of the things that you anticipate doing is modifying or increasing the management -- the membership of the Commission in order to meet the requirements of the Workforce Improvement Act and all the other center's programs that come under one-stop shopping, with the recommendation that you end up with a Commission that is 51 percent private industry.

What is the total membership of the Commission at the present time? And what would you anticipate you'll need to expand to in order to be able to do this?

DR.. PLOTKIN: The current membership is 34. And we think it will have to be increased to 51 members, which I think -- we could if we wanted to, because we were grandfathered in as a Commission under the Workforce Investment Act. It just seemed to all of us, and we talked a lot about this, that we should, in fact, move toward the 51 percent private sector, because that's what they were asking the WIBS to do, and that we should minimally be parallel to the WIBS. So we'll move toward 51 -- probably 51 members when we get done with it all.

ASSEMBLYMAN THOMPSON: In fact, I believe you indicated in there that you -- that is, the report indicates that is -- thought possible that you might take some movement towards this through working with the Governor's Office in advance of the legislation and be able to accomplish a fair amount--

DR.. PLOTKIN: With the cooperation of this Committee, we would like to consider doing that, yes.

ASSEMBLYMAN THOMPSON: I have to say, I am a great advocate of the one-stop shopping approach, because this is quite similar to the New Jersey EASE Program that has been established for seniors in order to get -- to find everything they need, with regards to health care and social services and so on, with one call. And I think it's a great, great direction that you are going.

Thank you.

ASSEMBLYMAN GEIST: Any other questions for the Executive Director? (no response)

Thank you both.

MR. HELDRICH: Thank you, Chairman.

ASSEMBLYMAN GEIST: As has been emphasized about partnerships, private sector, public sector partnership, today is another one of those remarkable days where we bring labor and business together.

Today's witness list includes representatives from labor and business.

Today, I'm proud to present someone who is making her debut in testimony. She has been selected as one of the best and the brightest by the newly reelected President of the New Jersey State AFL-CIO. I'm sure she'll live up to his rave reviews as she makes her debut.

We welcome President Wowkanech, and congratulate him again on four more years, and to your secretary-treasurer, Laurel Brennan. And today you're proud to present to our Committee your new voice to our Committee.

Welcome, President Wowkanech.

C H A R L E S W O W K A N E C H: Thank you, Mr. Chairman and members of the Committee.

I, too, am privileged to be here today, and recognize the great significance of the work you have done with this Committee over the years on the Workforce Development. I, too, share the sentiments of my colleagues from Rutgers, Dr. Van Horn and Dr. Plotkin, and of course the dean of it all, Mr. Heldrich.

I think today is a very, very important day for us here in Trenton. Downstairs, earlier this morning, we talked about the future of the State's Transportation Trust Fund. And now we're upstairs talking about the future of the training of our workers. I think it's very apropos that, if we want to make New Jersey to be a very good place for people to live and raise their family and maintain our business here and attract new business, it's just incredible that we're doing both of the these hearings on the same day. Because while we're concerned about our bridges and our tunnels and our highways and the ability to get our product to and from market and our workers to work, the other side of it is, we need to have a very, very competent and highly trained workforce. And as the previous speakers have indicated, with the changes in technology, and even possibly this week what might be discussed in Washington, D.C., with the inclusion of China into the trade, it could impact significantly on many of the industries that are here. And we need to have a very, very competitive workforce. That's what we as labor believe in.

We set out a long time ago to work with our colleagues not only in government, but in business, to form this partnership. And I thought it would be appropriate -- I don't want to go on because I have Traci DiMartini here today, and I thought it would be very appropriate for her to testify, because she is graduating tonight, and in fact, she will be addressing her graduating class, as well as her professors from the Bloustein School. And she'll be getting a degree in public policy. And she's been studying quite a bit about the training programs and the needs of labor and business in the state.

So, at this time, I'd ask Traci DiMartini to give the remarks on behalf of the State Federation.

Thank you.

ASSEMBLYMAN GEIST: Thank you, President Wowkanech.

Welcome, and congratulations.

TRACI DiMARTINI: Thank you.

Thank you very much.

Thank you, Mr. Chairman and members of the Committee, for the opportunity to come before you today to speak about the New Jersey State AFL-CIO's perspective on the implementation of the Workforce Investment Act.

As President Wowkanech said, my name is Traci DiMartini, and I am a legislative affairs coordinator for the New Jersey State AFL-CIO, which represents over 1 million working families in the State of New Jersey.

There are a variety of issues that we could address today with regard to the Workforce Investment Act, but in the interest of time I would like to focus on two specific themes. However, we wish to stress that the issues I will raise today are by no means meant to be exhaustive, but rather illustrative.

The New Jersey State AFL-CIO would like to continue to work with the Legislature, the Department of Labor, the State Employment Training Commission, and other interested parties as this issue moves forward.

The first theme I will address focuses on the importance of devising and implementing standards to protect the spirit of the Workforce Investment Act. These standards include, but are not limited to, creating

living-wage job opportunities for all residents, enforcing prevailing wage and union sign-off laws already on the books in New Jersey, and monitoring the use of placement, or temporary agencies, in the state.

The second theme I will address is the need to develop partnerships between labor and the business community at the local level in existing firms and industries. The purpose of these partnerships will be to facilitate the active involvement of both labor and business to ensure the successful implementation of WIA in every New Jersey community.

The New Jersey State AFL-CIO cannot overestimate the importance of setting stringent standards to guarantee the Workforce Investment Act in order to provide a high road toward self-sufficiency for all New Jersey workers. The purpose of the Act is to provide workforce investment activities that increase the employment, retention, and earnings of participants, and to increase their occupational skill attainment, which will improve the quality of their life and their competitiveness for the nation's economy. The AFL-CIO is willing, ready, and more than able to assist in outlining the standards necessary to ensure that New Jersey implements WIA according to these purposes.

Issues regarding earnings and self-sufficiency are key components in this Act, and neither can be achieved without legislation guaranteeing workers a living wage. WIA explicitly provides training money for intensive services that are supposed to be available to all workers, but we need to define what self-sufficiency is defined as. An individual cannot achieve economic self-sufficiency if he is working at a job that pays at or merely slightly above the minimum wage. It is unrealistic and is also unfair to proceed with Workforce

Development programs without ensuring that workers will receive a wage that is sufficient to support himself and a family.

Support for this idea is not new. It exists throughout the country. Legislators in many states, including New Jersey, and members of Congress are acutely aware of the fact that current minimum wage laws are inadequate and do not allow people to earn enough to provide the bare minimum necessities needed to support an individual, let alone an entire family. New Jersey has one of the highest costs of living in the nation. It is approximately 20 percent higher than the rest of the country. We should be leading the charge for wages that will provide a decent standard of living and make work a rational and rewarding economic decision, instead of making work appear to be an economic burden.

To that end, it is also imperative that any legislation enacted contains language applying the State's existing Prevailing Wage Law to any training program where it is applicable. New Jersey's existing Prevailing Wage Law complements WIA's call for self-sufficiency. The State should set standards to ensure that WIA programs do not undermine existing worker safeguards and wage protections. No WIA sponsored activities should ever violate, or even betray, the spirit of existing prevailing wage laws or safety and health regulations.

It is also necessary to ensure that any future activities funded by WIA will not impair existing contracts for services or collective bargaining agreements. Included within the existing Workforce Development Partnership Program Act is a prerequisite known as the union sign-off provision. This provision requires unionized employers to secure the written consent of the

designated worker representatives of their employees before implementing any customized training programs. These existing provisions need to be reaffirmed so that there is no ambiguity about their applicability under WIA.

Placement agencies or temp agencies, as they are more commonly known, are another area where stringent oversight and regulation is needed. Many for-profit temporary agencies attempt to recruit employees from training programs but fail to offer workers decent wages, benefits, or the chance to be placed with a reputable company for a long-term employment.

One of the main pitfalls in the current system is the emphasis of employment over training. The emphasis should be on getting people good jobs, and if this requires training, so be it. WIA needs to work to dismantle the systemic problems that currently riddle the employment system. Allowing temporary agencies to employ individuals without providing them the training that is so necessary that will lead to good wages and good benefits only serves to harm individuals who use these training programs. It also violates the purpose of WIA and will only serve to harm all workers, their communities, and ultimately, the entire State of New Jersey. The State of New Jersey needs to adopt minimum best practice standards so that placement agencies must meet them in order to operate, and such standards should be given the force of law.

Privatization is the final issue I wish to address today with regard to standards. The State needs to safeguard against the privatization of employment services so that it will preserve the integrity of the training and services it provides to its residents. The public sector is by far the best vehicle for which to provide these services. The public provision of employment

services will ensure that all citizens receive the training necessary to be competitive in today's economy. Privatization will only serve to exclude the least skilled, and thus the hardest to serve individuals who indeed need the most training and the most intensive services.

The Legislature can help ensure that all localities meet their responsibilities in this regard by writing into law the One-Stop Customers' Bill of Rights contained in New Jersey's five-year implementation plan. This was submitted last year to the Federal government. And it should also strongly affirm its commitment to provisions in the Wagner-Peyser Act that require publicly funded employment services to be provided by qualified Civil Service employees.

The second theme we would like to address today is the need for partnerships at the local level to ensure maximum participation of labor and industry within the county Workforce Investment Boards, or WIBS. The successful placement of individuals into living wage jobs with training will only occur if labor and business collaborate and assist the WIBS in developing policies and procedures specific to each locality. Let me use an economic analogy to illustrate this point. In terms of supply and demand, labor controls the supply of workers that the private sector demands. Labor has had a long, well-established tradition of education, skills training, and upgrading for its members. Unions place an extremely high priority on training and education, and this ensures that we have the best trained and highest skilled workforce. This investment is nothing new to organized labor. It is a lifelong commitment that keeps workers committed, competitive, and employable. Unions have been in the business of education and training much longer than Workforce

Investment Boards, and our knowledge and expertise should be utilized at every level.

The New Jersey State AFL-CIO has recently enunciated a series of proposals in this regard, and we hope the Legislature will consider, during its deliberations over the implementation of WIA, our suggestions. Several of these proposals have already received informal support from the New Jersey Business and Industry Association, as well as the New Jersey Chamber of Commerce and other employer organizations. And others have also been developed with the State Employment and Training Commission, New Jersey SEED, and Prosperity New Jersey. We hope that all of them will receive respectful consideration by the Legislature.

First, we have proposed that a joint labor-management oversight committee be established to set guidelines for the distribution of existing and proposed Workforce Development Partnership Funds. These funds originate from business and employee contributions. Both the business and employee contributions, and the business organizations that we have consulted, and the over one million affiliates that the New Jersey State AFL-CIO represents all strongly believe that those who contribute to the funds should have representatives on an oversight body, which can help ensure that these funds are well spent.

Second, the New Jersey State AFL-CIO, in cooperation with the SETC, has developed a proposal that envisions the creation of a firm-based Employment and Skills Development Partnership. This will map out all the best, existing, and proposed employment and training pathways available to all. Such sectoral partnerships have already been set up in other parts of the

country, with great success. The record of these partnerships are described in several publications, two which I have brought with me today.

The first was issued by the national AFL-CIO's Working for America Institute. The second publication comes from the Wisconsin Department of Workforce Development. I will be happy to furnish the Committee, through the Chair, copies of these publications.

Four industry clusters currently account for one-third of New Jersey's employment and are projected to account for two-thirds of the state's job growth during the next ten years. These clusters are: information systems and technologies; transportation and distribution networks; medical technologies and services; and the hospitality and entertainment industry. Fostering the creation of Employment Skills Development Partnerships in each of those clusters will do much to provide the nascent Workforce Investment System with a clear agenda for its work. Such sectoral partnerships can work closely with local WIBS, and with the regional WIB planning bodies envisioned by the SETC, to ensure the successful implementation of a world-class Workforce Development System right here in the State of New Jersey.

I would like to thank the Chair and the members of the Committee for this opportunity to express the views on behalf of the New Jersey State AFL-CIO and the many affiliated unions representing over 1 million working families. We look forward to the opportunity to work closely with you on these matters.

Thank you.

ASSEMBLYMAN GEIST: Thank you, and what an excellent debut.

MS. DiMARTINI: Thank you.

ASSEMBLYMAN GEIST: Welcome to our Committee.

Congratulations, President Wowkanech, on your recruiting, continuing your best and brightest standards.

Any questions for Traci or President Wowkanech? (no response)

Very well done. Thank you for your thoughtful analysis and testimony. It's being reviewed by OLS.

MR. WOWKANECH: Thank you.

ASSEMBLYMAN GEIST: Thank you.

Jeffrey Stoller, Vice President, New Jersey Business and Industry Association.

After Jeffrey, we will move to Tamara Primas-Thomas.

Welcome, Jeff.

J E F F R E Y S T O L L E R: Good morning, Mr. Chairman.

How are you?

ASSEMBLYMAN GEIST: Great.

MR. STOLLER: Just want to thank you for taking the time and the Committee's time to focus on this issue. Obviously, our interest in the Workforce Development Partnership Act goes back many, many years. And we're very pleased that the Committee is taking the time and effort to work with the State and different groups interested, and as you take a look at that and see how that has been performing.

I wanted to focus today on that particular program and share with you some of the feedback I've been able to get over the past few weeks, at your request, to reach out to the companies who've been involved with that program

over the past few years with customized training initiatives, and to give you the mostly good, and just some of the comments as well, in terms of some ongoing concerns, things we could do to make it better. But largely, the feedback has been tremendously, tremendously positive. This is a program that people believe, in the business community, has had a great impact, that has worked for both employers and for employees in the state. And really, this Committee should take special pride in that record of success. It was this Committee that really launched this initiative back in '92, with the joint support of Business and Industry Association, AFL-CIO, and other business and labor groups. But it was really AFL-BIA that sort of went arm in arm, from Committee to Committee, and made sure that the Legislature understood just what a top priority this was.

Essentially what happened back then was, the State was in the midst of a recession. It came to us and said, "Look, we have a \$2 million program of customized training that is doing a tremendous deal of good work, but we wish we could commit more to expanding this program, and working with Assemblyman Roma and others -- Greg Williams, of course -- we were able to both build a very broad coalition that encompassed everyone.

In fact, one of my sharpest memories of the beginning of this program was the day I brought it to our human resource committee. And one of our most conservative and outspoken members emerged as the most passionate advocate for this approach. He was so impressed with what the limited funds of the previous Workforce Development, customized training kind of program was that he agreed that we should take a bold step and make what at that time was unprecedented commitment of employer contributions

and employee contributions to make sure that more money was going to displaced workers, or to employers who were concerned that if they didn't get some additional help and training, that in a year or two their workforce would be obsolete, in terms of their skills, and then faced a growing prospect of unemployment, and not the kind of unemployment they could remedy by simply walking across the street. We're really beginning to see a lot of industries in transition, and this was a private sector response to that.

The features that attracted us to the proposal then have proved to be some of its strongest features: The fact that we've customized training -- In many cases, we're looking at close to 100 percent placement, as opposed to other kinds of training programs; the fact that we were specifically writing into the proposal from the start that we weren't going to train a lot of people who had, perhaps, lost jobs in an obsolete area, and simply retrain them for a job that was going to become obsolete almost as soon as they finished the program. We committed to making sure that the lowest income that anyone would earn, I believe, was set at \$10 an hour, if they came through this training.

We made sure that if you were unemployed, and were in the midst of an ongoing training program, that you were not going to suddenly see your UI benefits cut off and have to give that up. And of course, one of our great hopes, which has proven to have been carried out, was that this commitment by the State, by putting forward this money on behalf of labor and business, was going to inspire other employers, especially those multistate employers, to see that New Jersey was serious about making a commitment to retraining, and that this was going to make a difference, in terms of people's economic decisions, in terms of location, in terms of leveraging more funds from the

companies themselves. Because again, one of the things we made sure went into this proposal was that it wasn't a free ride, that it wasn't simply a grant program, that employers that were serious about making a commitment to training were going to have to put up some kind of money or training or in-kind contributions to make sure that it happened.

Again, the figures that I have seen from the Department of Labor most recently, when we met with the Committee just last week, are very encouraging. The figures we saw were that 216,000 workers have been retrained under this program, that more than 2000 companies have been able to qualify for grants and put them to use with matching funds, that \$164 million in grant moneys have been distributed through this approach, and that this has leveraged \$265 million from the business community.

Those are tremendous figures. Those are tremendously encouraging, and the feedback that it has inspired is really quite striking. The employers that have been part of this program, in many cases, are eager to try again in new areas and to reapply if they qualify.

We had a chance with this Committee, not these members of this Committee, but I think several years ago we went to a nearby site where this program was in effect, and they said what I'm hearing today, which was that both the union leadership at that site and the employer said it was one of the most positive labor management programs they had ever undertaken together, that it led to a lot of other good things in the workplace beyond just training.

We've been hearing praise in recent weeks from the employers who found that it is a very versatile program, that, now looking at basic skills preparation, they are now considering things such as using the computer,

reading blueprints, and so forth, to be basic skills in many of these industries. But it's also being put to good use in areas like English-as-a-second-language training, literacy training, ISO qualification, which is moving a lot of our smaller and midsize companies, as well as the large companies, into growth areas with trade, international trade, a lot of great opportunities there. This program and the money that we've set aside is being put to good use for that.

And again, we are really impressed with the fact that this can be used to leverage more private sector dollars, that it isn't simply something that begins and ends with a contribution being made by the employees and employers of New Jersey, that this is getting the employers to see that New Jersey is serious about this approach, is willing to make a commitment. And I'm very encouraged by the significant amounts of money and contributions that are coming back.

Just briefly, there are some problem areas, areas for improvement with this program, and we'd be glad to work with this Committee in seeing what needs to be addressed. We are concerned that, as the years have gone on, what began as some small set-asides in the program for safety training and so forth have now been expanded to see some significant diversions away from the core purpose, which we always saw as making sure that the displaced workers and the customized training for employers was the main focus of this money.

In recent years, we've seen amounts of \$40 to \$45 million going off to assist the Work First New Jersey program. Again, a worthy program, a program we support, trying to help people going from welfare to work and make that a permanent transition. We certainly support that program. But

our concern is that that wasn't the focus of this training, and that it's a different program and it should have a different funding source.

So again, we can at least see the connection, in that literacy is a major part of that training preparation for the basic work skills you'll need -- is part of that. So again, even with that diversion, we can see a connection. We are more alarmed by proposals, everything from economic development ideas to, you name it. I'm now being floated quite seriously at trying to make some connection to that money. We really ask the Committee's help in working with us to help other groups that would like to use that money to connect with other funding sources. This is a time in our State we're fortunate to see, I think, every quarter, when the revenue estimates come in, the money is higher than the estimates were. It seems a strange time to be reaching into a program that has been so effective, that has such a tremendous impact, and diverting it even for worthy programs.

So we hope that one of the things that we can work with you and the Department of Labor in the future is to do more to promote this program. We still believe that, even after seven or eight years, there are many companies that don't understand that they can qualify and take advantage of this program because we believe -- and I certainly think it was the thinking of us back in '92. We did set a cap at one point, and I forget what it's now around -- at what, \$90 million? If it ever got that high, we would revert the money back into the main fund. We never dreamt that we'd even come close to reaching that cap. We never believed that if this program was made visible to the business community, and to the displaced workers of New Jersey, that we would finish the year with more than 15 cents left.

So I believe that more has to be done, and so do our members. We believe that this is money that should be used for this purpose, and we should advertise it.

Another concern that we heard over the past few weeks from companies is that it often still takes quite a number of weeks or months to process the applications and qualify for the money. Now, I understand from the Department of Labor that they're hoping to move this on-line in September of 2000. We hope that that is a step that will help speed the process. We also hear that one thing that's helped employers tremendously is where vendors who, in fact, may be providing the training service for some of the customized training actively assist in preparing the application, as well. And when they have the knowledge that many of the first-time applicants don't have, if there is anything that we could be doing collectively or individually to help the employers connect with vendors who have that expertise or encouraging the vendors to acquire that expertise, and provide that grant writing service, I think is something that could speed up the process considerably. We simply would like to see the money move as quickly as possible.

So that's it, in summary, Mr. Chairman, a positive report from the private sector side. But again, our suggestion is that we be vigilant, and that we defend this fund with all of our might and make sure that this money is being used for its intended purpose, and that we do as good a job as we can of promoting its existence and making sure that everyone who can take advantage of this program will, in fact, do that.

So that's it.

Thank you very much. I apologize for not having prepared written remarks, Mr. Chairman, but I was going to do that Friday when I found myself delivering a luncheon speech in your behalf, so please consider that as a substitute.

ASSEMBLYMAN GEIST: Thank you, thank you.

MR. STOLLER: And I do appreciate the Committee's time.

ASSEMBLYMAN GEIST: Question -- AFL came forth with the concept of a joint labor-management oversight committee to set guidelines for the distribution of existing and proposed Workforce Development Partnership funds.

MR. STOLLER: Yes, that's been a proposal from President Wowkanech that we've been discussing for a number of months. It's certainly received positive response from the business community. I think we're in the process of sitting down with the Department of Labor, the Employment Security Council, and others to see exactly what form that kind of oversight could take. But it's definitely an interesting approach. We definitely share everyone's concern that this money is, in a real sense, money that would not ordinarily be available for State programs.

If it had not been for the commitment of AFL, and BIA, and others to move the legislation that allowed this special kind of diversion in the first place, that money would go straight into the fund and would be there. But we felt that it was important enough to try to do something with this money. And having made that unprecedented commitment -- a commitment that many other states and employer groups would never have made -- we feel

very strongly that things must be done to make sure that we are at the table, labor and business, in terms of seeing that that money is being used properly.

So I think that something very positive will come out of that proposal. We hope to see some movement on that, I hope, in the very near future.

ASSEMBLYMAN GEIST: I would like if your Association and AFL-CIO could continue to inform the members of this Committee on this discussion for oversight. I know the Department of Labor is here today in presence, and I'm sure they're listening to the Chairman's comments about the need to establish better accountability on these Workforce Development Partnership funds.

So it's a theme that we share and an interest that we share.

If you are going to be submitting any testimony further for the record, we'd be glad to incorporate that to balance the well-articulated statement of policy from the AFL-CIO.

MR. STOLLER: Absolutely.

ASSEMBLYMAN GEIST: She's going to be a new challenge for you, Jeff.

MR. STOLLER: We're already friends.

ASSEMBLYMAN GEIST: Okay, good teamwork.

Thank you, Jeff.

MR. STOLLER: Thank you very much, Mr. Chairman.

Thanks to the Committee.

ASSEMBLYMAN GEIST: Today, in preparation for the Committee hearing, OLS had prepared a witness list for the Chairman on those that prior to today had declared their intent to participate.

I know there are some new witnesses today, and I appreciate that. And many are in attendance, and I appreciate that as well.

If there is anyone interested in testifying, please let OLS know so we can incorporate you on our witness list. The slips of declaration of intent are important, so the Chair knows who is interested in participating.

I'm going from the original list for purposes of courtesy, since some have declared their intent prior to today.

Tamara Primas-Thomas, Garden State Employment and Training Association.

Welcome to our Committee.

T A M A R A P R I M A S - T H O M A S: Thank you.

ASSEMBLYMAN GEIST: Can you let our members know about your Association?

MS. PRIMAS-THOMAS: Yes, I'd like to --

ASSEMBLYMAN GEIST: Thank you.

MS. PRIMAS-THOMAS: --first of all, thank you, Mr. Chairman and distinguished members of the Committee.

Good morning, my name is Tamara Primas-Thomas, and I am division head for the Gloucester County Division of Workforce Development/ Department of Economic Development, and currently serving as president of the Garden State Employment and Training Association. It is my pleasure today to offer testimony on behalf of GSETA.

The Garden State Employment and Training Association is a statewide professional organization representing New Jersey's Workforce Development Employment and Training, and Workforce Investment Boards.

The mission of our Association is to promote leadership, knowledge, and the advancement of the New Jersey's Workforce Readiness System and its professionals. Our membership includes all local, county, and city WIB executive directors, and administrative agencies for the Job Training Partnership Act.

GSETA is strong in its support of a unified approach to the delivery of workforce development programming for the citizens of New Jersey. The citizens demand, and they deserve, coordinated, cost-effective, and results-oriented services. It is with this thought in mind that I offer these comments.

Beginning July 1, 2000, the Workforce Investment Act mandates significant changes in the public Workforce Development policies and practices of Federal, State, and local agencies. The new law requires complex changes and the establishment of many new systems by July 1 of 2000.

The Garden State Employment and Training Association, representing the local perspective and the primary point of contact for service delivery to job seeker and business customers, is concerned with the serious problems affecting funding of local adult, dislocated worker, and youth programs under WIA.

Specifically, our local programs have historically expended 100 percent of its JTPA Title III dislocated worker funding, and in many instances referred clients across county lines, where funds may be available. This action

allowed our clients to access training funds expediently rather than have their unemployment exhausted prior to receiving classroom training.

In addition, some local areas jointly administered the JTPA Title III Program and the WDP Program to provide a better coordinated effort of accessing funds for the dislocated worker. The counties who received both JTPA Title III and WDP are: Middlesex, Cumberland, Gloucester, Monmouth, Morris, Ocean, Passaic, and Union County.

As indicated in the budget response by New Jersey Department of Labor, this coordination of programs by the counties has given us the flexibility to utilize both programs, but at the same time allows the dislocated worker to reenter the labor force as quickly as possible. All of the above counties are expending WDP funds at an accelerated rate with increased enrollments, and in some instances are presently awaiting additional available WDP funds due to impending client waiting lists. All of the above counties are administering the program without having received any WDP administrative funding.

Though the process works, there are many issues that arise for those clients who don't receive funding grants -- training grants due to WDP limitations. Some examples are, one, many have less than a 26-week UI claim, which makes them ineligible for extended UI benefits while in training, and therefore cannot participate. The extended UI benefits account for a large degree of incentive for the laid-off worker to enable them to attend school, since they usually don't enter the system until the 22nd to the 26th week of their initial claim. This may address the issue or problem of New Jersey's high UI exhaustion rate;

B) Some clients have identifiable skills. However, the need for upgrading those skills allows the dislocated worker to become employed in a commensurate salary position. A large percentage of the clients that we counseled were making a high level wage prior to their layoff and are looking to receive a job making the same or similar amount of wages; and

C) The cost limitation of \$4000 has made it difficult to approve the laid-off worker for training, since many courses exceed that amount, such as increased tuition with county community colleges. These issues, in some cases, did not present a problem if the county also had JTPA Title III funds, since there is no cost limitation.

Our client caseload reflects that the laid-off worker does not possess, in particular, the necessary computer, technical, or academic skills to either advance in their profession, or they've been working in a job that has now become highly technical.

The new law requires the use of Individual Training Accounts, ITAs, for serving selected adult and dislocated workers. After reaching an annual funding level of more than \$40 million in FY 1998 and FY 1999, the Federal dislocated worker training funding was reduced to \$36.3 million in the current fiscal year. And the United States Labor Department has since announced that WIA dislocated worker retraining funds for New Jersey will again be reduced, by FY 2001, to \$30.8 million, the lowest level in five years.

As indicated in the New Jersey Department of Labor's budget response, approximately 4500 to 5000 fewer clients will be served. WIA does not have summer youth funding; therefore, some counties will not be able to run a summer youth program. And of course, staff layoffs are anticipated in

some of our local areas. Locally, we will experience a minimum of 60 percent cut in overall youth programs to include both year-round and summer youth. Many of our local school districts, agencies, and community-based organizations, who have participated in providing our youth with a summer enrichment experience, have reached out to us, only to be told that the summer youth employment and training program has been eliminated and/or will be operating at a reduced level.

The limitation of funding for our local areas has prompted GSETA to propose to you why WIA presents the opportunity to truly integrate WDP into the local one-stop delivery system, resulting in full utilization of funds, customer focus, high quality services to New Jersey residents, and no duplication of effort.

Our membership would like to suggest the following strategies to integrate WDP and WIA in New Jersey. Many of these recommendations are based on a 1999 United States Department of Labor study, "Findings from the Career Management Account Demonstration."

Since the new law requires the use of ITAs as defined, the ITA is essentially a voucher, which shifts decision making authority from staff to customer. The mechanics of the process and how the payments are made can vary, but should not affect this basic principle. Research has shown that a customer's behavior changes when they know that a specific amount of money has been set aside for implementing a self-directed career plan. This shift in authority also results in a change in the role of staff from directing and approving training choices to guiding and supporting a customer's self-directed research and planning process. Accountability for outcomes and placements

also shifts from staff to customer. New accountability systems must be established for the customer. For training vendors, which historically have viewed the funding agency as the customer, they must now focus on the individual customer as the primary decision maker in the process.

The WDP system, in effect, will parallel the WIA system. And viewing the duplicate systems from the standpoint of the customer, occupational training vouchers will maximize customer service, while insuring financial control and appropriate safeguards. If WDP funds were allocated on a yearly basis to each local county or city, this, in effect, would result in better expenditure levels on a statewide basis and help to expedite customer choice and services.

We also request that consideration be given to the eligibility factors which make it difficult for our citizens to access WDP training opportunities. GSETA is prepared to initiate the program consolidation process by acknowledging the role of other agencies, such as the employment service, in their specific roles of labor exchange, job development, and professional service group development. The local one-stop operator will act as the vehicle for delivery of consolidated employment and training services; therefore, WDP should be another funding source for the individual voucher account. This will enable local flexibility and program integration, which provides seamless customer service.

While we may be unaware of the legalities involved, it seems that, with the large amount of WDP funds that remain unexpended and a serious decrease in the amount of moneys and the availability of services for youth, the New Jersey WDP unspent funds could be used for youth programs during the

summer months. The WDP funds earmarked for TANF should be expanded to include summer enrichment programs for the youth receiving TANF assistance.

Lastly, GSETA urges the Committee to review all youth funds available to the State, and WDP funds being transferred to other State departments, by ensuring that all unexpended funds are allocated locally to ensure that our local citizens receive full access of program-funded resources and services that are available to them, and to not deny anyone who is in need.

Again, I thank you for the opportunity to testify on behalf of GSETA. I urge you to consider these points, and that you involve the association in the further review and implementation of these strategies.

We look forward to an even closer relationship and better coordination of Workforce Development services.

Thank you.

ASSEMBLYMAN GEIST: Thank you. And we look forward to closer interaction with you and your Association.

The reason for today's forum is to enable, through this hearing, a record. After today, we will provide to all witnesses a copy of the transcript. The members will receive a copy of the transcript. All receiving a copy of the transcript will have an opportunity to participate in any legislative concepts for consideration on how to move forward.

So today's words of wisdom will enable some new ideas for tomorrow, and I appreciate your personal presence today. Pleasure meeting you.

MS. PRIMAS-THOMAS: Thank you.

ASSEMBLYMAN GEIST: I receive your letters. I'm sure the members do. Keep up being an excellent voice, and thanks for your debut here today.

MS. PRIMAS-THOMAS: Thank you.

ASSEMBLYMAN GEIST: Any questions for Tamara? (no response)

Thank you.

Alan Kaufman, CWA.

If there are any others that desire to participate, please let the Chair know, through OLS. We thank you for your attendance and your interest.

Good morning.

A L A N K A U F M A N: Good morning, Chairman.

I appreciate the opportunity to speak. I, too, didn't provide any written comments. I like to listen to what people have to say, and then sit and think about how what has been said sort of squares with the experience that we've had as we represent the workers in the Department of Labor who do employment training service -- folk -- rehab-- And so I'd like to add a little bit to the comments that were along the same lines that were provided by the AFL-CIO.

I think one of the things that was said by the AFL was a question of quality of jobs, good jobs, jobs with good wages and benefits. And on the other hand, I heard someone -- I'm not quite -- I didn't hear exactly everything that was said, but one of the people from Rutgers said something about the power of the market and market driven forces.

And in our experience there is a real difference between what the market will do, given its own devices, and the quality of jobs -- jobs with good benefits. This isn't even a perspective of -- solely a perspective of unions. George Soros, who is one of the premier financiers, wrote a book, *The Crisis of Global Capitalism*, where he took to task his colleagues in the financial world and talked basically about how the teachings of Economics 1A, where you leave the market -- in the invisible hand of the market, by itself to -- and everybody maximizes their own self-interest -- will produce the optimum result. He said it just isn't true. You need interventions. And so the union is one intervention. I think the Legislature is another source of intervention. In our dealings with the State and the Department of Labor, we see talk about market forces, and we get proposals about changing our compensation systems that deal with market forces. That means, for the most part, to lower wages.

We've seen Governor -- and it could have been any governor -- Governor Whitman is not the only governor to do it -- say that a woman working in the DMV agencies at \$22,000, \$23,000 with health benefits was making too much money for the market. Due less, the workers at the inspection stations who went to work for Parsons made similar wages, but they certainly lost their pensions, they lost family health coverage, they lost sick time, vacation time, they lost a lot of things. So even the Department of Labor -- the Department of Labor will keep people working at 34-and-a-half hours for years and years and years, because why? If given the 35 hours, they get health benefits.

So I think the emphasis on whatever is necessary to be done within this whole process is that we're talking about creating jobs with self-sufficiency.

I -- one of my first public service jobs was Illinois Department of Employment Services, back in the '60s. And I think the minimum wage then was \$1.25 or \$1.05 or something like that. And we were -- we used to sit around and talk about it. What are we doing here? Taking people to \$1 an hour jobs, you know, but the \$5 an hour now, as we know, is worth less than that \$1. So, you know, we're talking about \$5 an hour. It's ridiculous.

So the idea of maintaining standards -- the standards should be pushed way beyond where they are, but the talk about maintaining standards, and whatever is necessary to build in standards so current standards are eroded, is very important, because we certainly see, if from a point of view of a union dealing with a state, that there is a constant attack on our standards. And the Supreme Court is on a roll now, undermining the Federal Labor Standards Act, the Americans with Disability Act that just was a decision on workers' comp, giving employers more power there. FMLA, you know, you go in now -- if there's a violation of the Fair Labor Standards Act, or the Americans with Disabilities Act, a state worker can't sue in Federal Court, and you can't sue in State Court. They've totally nullified the whole law so that to the extent -- and the unions -- the unions do need allies in the -- and working people, I'm not talking about-- We need allies all the way from the unions and the Legislature to do what is necessary to maintain standards. So I think that that is a really important thing that needs to be built into this.

And the other aspect that the AFL mentioned was the whole question of privatization. It's very difficult to get a handle on what the picture -- I can't really get a good picture of what this new system's going to be like with the WIB boards and who's going to run which WIB board and what is the

role of the workers that we represent now and doing the work in employment services, in training and both rehab, in those WIB boards, and those-- We're having a WIB board director who is directing State workers. Are they just going to phase out the workers from the state? It has certainly happened. It certainly happened with welfare reform. There is a whole move that you get government -- it's privatization, but it's sort of like government by contract. It's just like the people up at the top -- the top bureaucrats do a lot of contracting, and the state and the public workforce gets lowered. I know there's Wagner-Peyser stuff, but I think that -- I would like some clarification -- I don't know if the Committee could help in, you know, what is a picture of these WIB boards? What's going to be the role of the Department of Labor? They are sort of very passive about providing a picture of what that's going to be. In the past they've talked about how to -- they are going to rework job descriptions and stuff. I said, "What is that going to be?" They have to see what the WIB boards do. Well, their -- I don't know who's running the show and how it's going to done.

So we are worried about the aspect of privatization now and going forward, and the whole question of public control and accountability, to make sure that what we're doing here is more than just treading water and getting people into low-end jobs or even jobs which are in technology, which are higher skilled but still without intervention, and just being left to whatever the market driven forces are. We're just as underpaid now, in 2000, as they were when I was working the employment service in 1960, when you had a \$1 an hour or \$5 an hour. It should be much more than that.

So I think the whole question of good quality jobs with benefits that are sustainable -- sustainable living standard -- so not only for the people we serve, but for the people we represent.

Thank you.

ASSEMBLYMAN GEIST: Thank you for your testimony. As I just assured Tamara, the purpose of today is to listen and learn before we legislate. You'll get a copy of the transcript. So will the Department of Labor. I'll be interested in their response to some of the questions of today, and we'll do further review.

So I appreciate your participation, so we can get to some answers to some of your questions.

MR. KAUFMAN: Thank you.

ASSEMBLYMAN GEIST: Thank you for being here.

Today's public hearing was one in which we invited everyone to participate, and I see many of you in attendance, and you're listening carefully, and I appreciate your involvement. You're very welcome to interact with the Chair, so I know who you are in the future, and I welcome you to our Committee at all times.

I know of only one other witness. If there is anyone else who has not yet declared, please let us know so we can include you on the list.

I see a wave in the back. We will add you on to the list.

Carolee Adams, Eagle Forum of New Jersey.

Welcome to our Committee.

Thank you for being here.

C A R O L E E A D A M S: This is the first of three -- first of three today.

ASSEMBLYMAN GEIST: Great.

We're glad we're No. 1.

MS. ADAMS: I'm in an unusual forum, and I take, perhaps, a different tact than what most of the people here have discussed before. However, I would like to reflect a little bit upon my history and why I feel I am knowledgeable in the field in which I speak.

I have been an officer for an international bank. I managed 60 people, portfolio of \$1 billion or more, and it was a private sector job. So I'm used to what I feel is necessary in a good employee to come forward to work for me.

Secondly, as a parent and as the President of Eagle Forum of New Jersey, which is noted not only in the State, but in the country as a leading advocate of family values, proeducation issues-- And perhaps I take the different tact here today that I wanted to address primarily the educational aspect of the Workforce Investment Act. I do have concerns with it overall, and I seem to agree with some of the concerns that some of the prior testimony has revealed.

Now, unfortunately, the printing presses went dry. I only found out about this meeting over the weekend. So all I have to give you are three complete packages. And this is not my testimony today. I have participated in testimony about School-to-Work, School-to-Career, for a period of approximately, maybe six years. I attended the National Governor's Summit on Education as a member of the press. I've attended many forums down in D.C. -- Henry Hyde seminars, on these issues. Eagle Forum has reported extensively on the Workforce Investment Act, and with a group of other

grassroots concerned parents, board of education members, and others, we have testified up and down the state, regarding School-to-Work in particular. And some of you, I'm sure, are already aware of the School-to-Work resolution that was presented and signed by some of you, presented by Scott Garrett and Guy Talarico.

I know the Workforce Investment Act is not necessarily considered to be a School-to-Work primary tool, but it is. The School-to-Work system incorporates the Workforce Investment Act, and in the packages -- in the three complete packages that I have to give you, which I know you will read, you'll find an 18-page letter, written from Marc Tucker to Hillary Clinton in 1992, which outlines all of the issues that we speak of today, including the Workforce Investment Act.

Surprisingly, I guess some of the time I hear concerns mentioned by businessmen, probably far more eloquently than I, because they are involved in it on a day-to-day basis. But here within this 18-page letter where Marc Tucker outlines all of the things that we're talking about, and which preceded the Workforce Investment Act passage, it says here that, "Everything we have heard indicates virtually universal opposition in the employer community to the proposal for a 1.5 percent levy on employers for training to support the cost associated with employed workers gaining these skills, whatever the levy is called. We propose that Bill take a leaf out of the German book. One of the most important reasons that large German employers offer apprenticeship slots to German youngsters is that they fear, with good reason, that if they don't volunteer to do so, the law will require it."

“Bill” -- he means Bill Clinton -- “Bill could gather a group of leading executives and business organization leaders and tell them straight out that he will hold back on submitting legislation to require a training levy providing that they commit themselves to a drive to get employers to get their average expenditures on frontline employee training up to 2 percent of frontline employee salaries and wages within two years” And it goes on further. That’s just one small paragraph of a very lengthy letter.

I would ask that each of you would please carefully read this 18-page letter, because what it indicates to me and to many others across the country, that the School-to-Work system, the Workforce Investment Act is truly a significant change in the way our country operates. We are now going to be a managed economy. Our children are basically to be educated for that economy rather than for their own individual and personal attributes.

I believe you’re a policeman -- is that correct? Are you still?

ASSEMBLYMAN GUEAR: Recently retired.

MS. ADAMS: Oh hallelujah! My father, too. And you know the skills that went into police training years ago and to your line of work have markedly changed over the years. In fact, *Time* magazine, just this past week, I believe, their front page issue was the 10 jobs that will leave us in the decade ahead and the 10 jobs that will come on board. Unfortunately, my son, who wanted to be a stockbroker, he is out of the game, because there will be no more stockbrokers. In fact, teachers will be outdated because of distance learning. And in the growth industries, there are things such as the genetic engineering that many have sincere hopes and questions about.

So things change very, very rapidly. So for us to determine for our children and/or for government to determine what is best long term for individuals and/or for children, I think, is decidedly pompous and certainly not effectual. Usually, people are most apt to help themselves, of course, considering that there are many who are truly down and out. And I think that my father having been a member of the -- was it the CCCs? -- and spent his years up in Maine lumber camps during the depression, and my grandfather having lived through -- excuse me -- through the depression, I understand that there are some needs for workforce assistance. Pat Roma designed, as I understand, a very beautiful bill initially with workforce development. But Workforce Investment Act takes a different turn. Within the testimony, what I've edited from my six Rubbermaid boxes full of stuff about School-to-Work is just three little -- four little pieces of paper, one of which is the Marc Tucker-Bill letter. The second is the testimony that I gave at a public hearing, March 4, 1999, before the Department of Labor, regarding the strategic five-year unified State Workforce Investment Plan, and that was a 20-minute speech, and I'm not about to take you on that woeful journey right now.

The third is a position paper that I wrote opposing exemptions to child labor laws. And the fourth one is an awful letter to the editor written about how a Workforce Investment Board executive director should not have a job at \$75,000 per year.

This is -- there is a decided need for labor to be successful. There is a decided need for business to be successful. There is a decided need for children to be well trained. Here I have with me -- and I don't have a copy, but just one -- and it shows the "State of the State Standards" for the year

2000 for New Jersey. It is put together by the Fordham Foundation. The Fordham Foundation is headed by Chester Finn. Chester Finn was an Undersecretary of Education for George Bush, I believe, and it shows that in New Jersey our core curriculum standards rate a D+. In fact, they're one of the most abysmal in the country. In English -- 1998 and the 2000, he has compared them both -- English is FF, History is FF, Geography is FD, Math is CC, and Science, hallelujah, is AA. Now, these are just the core curriculum standards, not the implementation of them, and certainly not the testing of them.

So here we are, putting our children through quite a lot of nonsense when the standards themselves are so horribly rated, and you may wish to read that. And these copies are free. You can get them -- as many as you want by calling the Fordham Foundation, and I supply you with one today that I have.

So therefore, we have children who cannot read, who cannot write, who cannot add or subtract. The education director of the New Jersey AFL-CIO attended the School-to-Career Summit along with me, and I did not know who he was until after the summit. During the course of the summit, he spoke to the people who were giving the particular workshop in which we attended. The workshop was concerning -- let me think now -- it was about -- it was headed by somebody from the New Jersey Chamber of Commerce and somebody from Prudential Insurance, and it was about School-to-Work.

The education director of the New Jersey AFL-CIO basically said that, based upon the liberal years of his liberal education that he had -- the liberal learning that teaches us to think for ourselves and to apply our many

skills to any possible job that may come our way -- he called this new system a travesty.

Now, that was one man's opinion. I don't know if he represented his organization in that, but he was particularly referring to the pre -- excuse me -- the pregraduation, the K-12 grades, that this should not be in any K-12 grades. In addition to the fact, the gentleman from the CWA, who spoke about his concerns about the Workforce Investment Boards -- I have very strong concerns about the Workforce Investment Boards. I attended the Bergen County Workforce Investment Boards on several occasions, not under the new executive director, and I will say that the common complaint was, "Where are the businesses?" There was a tremendous amount of input from educators and from government bureaucrats, but not from any businessmen.

So I also attended the One-Stop Career Summit -- One-Stop Career Summit, I guess, in Camden, New Jersey. The common complaint was, "Where are the businesses?" The room was packed with State employees, State employees who were fearful of losing their jobs, I do believe, "Where are the businesses?"

So indeed, if this is a partnership-- Where are the businesses? It is the perspective of those of us who are parents and taxpayers that this is a plan that has terribly gone astray and will hurt the United States economy. There was a Department of Labor Commissioner who resigned in principal protest over the implementation of the Workforce Investment Act and School-to-Work system. I sincerely think that many of us should reconsider our support for the Workforce Investment Act in its current system.

Within this testimony that I gave last year -- a year ago March, I outlined how the Workforce Investment Act was approved -- it was approved by a handful of people at very last minute, and had followed the grassroots, great success in defeating the Careers Bill. It came back as the Workforce Investment Act, and we lost out on this one.

Supposedly, the Workforce Investment Act was to take so many different government programs and put them under one umbrella and save us a lot of money, and of course, that may or may not happen. But nevertheless, in its process we still continue to destroy the freedom on which our country was based.

And I'll just conclude with the words that I mentioned here in my testimony and leave the rest for you to ask any questions.

Rather than implement School-to-Work in the Workforce Investment Act, the Department of Labor Commissioner from North Dakota resigned in principal protest. Within the State of New Jersey, with the state flag then unfurls with the motto "Liberty and Prosperity." I urge state legislators to consider such an act of patriotism, promulgated by the concerns that this seamless web of government will stunt the future of our economy, our business community, our children, and our general citizenry.

State legislation must be written to destroy this un-American Workforce Investment Act. One Missouri bill includes these statements, this new system, which is not in the best interest of the people, which will not streamline government, but will result in a huge new bureaucracy, which would result in unknown additional cost to taxpayers for increased services, such as

expanded counseling for all citizens and taxpayer subsidies of up to 50 percent of employers' job training services.

I urge the citizens of New Jersey to rise up and be counted at the polls, refusing to vote for anyone who supports this new system, this overreaching government nanny state that will do irreputable harm to our state, our children, and ourselves. Instead of platitudes, we demand action so that each and every one of us will truly enjoy liberty and prosperity throughout the coming years.

I hope you accept these comments with my -- in all humility, I offer them. I'm hurried and I'm rushed because I do not have a composed testimony, but certainly, should there ever be a need for such a composed testimony, I will come forward with one with perhaps a greater streamlined approach. But I do have this to give you in the meantime and trust that you will understand that this is not Germany. This is not a German apprenticeship system. I mean, German apprenticeships work better where there is welfare rather than work. And the schools right now, although not mandating it for children, mandate it for districts, and therefore the grants will go to districts that raise their hand and say, yes, I want it. And ultimately, then our children will be encouraged to develop career tracks too early in their life and will not be properly educated in all facets of their life, in the prime of their life.

Thank you.

ASSEMBLYMAN GEIST: We have a quorum call in 15 minutes, and we have one more witness. Anyone wanting to supplement the record can do so. All members have been recorded in for quorum call through the Speaker Pro Tempore, but we are going to strive to attain the quorum call.

Debby Fuoco.

Is that the right annunciation, Debby?

DEBBY FUOCO: It's pretty close.

ASSEMBLYMAN GEIST: Fuoco? (indicating pronunciation)

MS. FUOCO: Fuoco.

ASSEMBLYMAN GEIST: Nice meeting you, welcome.

MS. FUOCO: Yes, you too.

ASSEMBLYMAN GEIST: Thank you for your sensitivity to our schedule.

MS. FUOCO: I did not prepare any statement--

ASSEMBLYMAN GEIST: No problem.

MS. FUOCO: --today. I just came down when I had learned about this. I was coming down anyway. I got down here a little bit early so I could come in and listen. And as a school board member for the past nine years, I now serve on two boards for the past three years. And I have been following the School-to-Work issue in New Jersey very closely, and I also have been very involved and testified a number of times before the State Board of Education regarding the now accepted standards and assessments in the State of New Jersey.

And I think, you know, if you have not heard this before, you will certainly hear it again and again and again. New Jersey's school system is being drastically changed. New Jersey School Boards Association, when I attended the delegate assembly this past Saturday, in one of their proposals regarding the assessments, is asking the Legislature to remove the requirement for New Jersey's children to select a career and to have a structured learning

experience prior to graduation. That is a part of the standards and assessments. It is now going to be a requirement for graduation from New Jersey's schools in order to get a diploma.

I don't speak as well as the previous speaker and with that type of depth that she brings to this, but the cost will be astronomical. One of the things that we have seen regarding the Workforce Investment Boards is that, of the 11 career clusters that have been identified by the State of New Jersey, only 8 have been identified by our local WIB for children to select from. Sussex County, if you've ever been to Sussex County, is a very rural area. Recreation is not one of those career clusters that has been identified for my county. Recreation employs a lot of people in Sussex County.

There are a lot of problems with this system, and I hope that you will take a very close look at how New Jersey's public school system has been placed into the unified state plan for workforce development.

And I would like to see us return to academics. You know, we see a lot in our schools now with the violence, and more and more looking into children's thought processes and their attitudes and their beliefs. And we are taking our focus off of education and virtue and citizenship. And I feel very strongly that we cannot -- a decision for a child to participate in a vocational program needs to be made by that student and his or her parents. It cannot be made by a Workforce Investment Board, by the State Department of Education, by the Commissioner of Education, by this Legislature, or by the Governor. It must be made by the parents and by the child.

ASSEMBLYMAN GEIST: We appreciate your appearance here today. We will share with you a copy of the transcript.

Welcome to Trenton.

MS. FUOCO: Thank you.

ASSEMBLYMAN GEIST: We'd be glad to have you back.

MS. FUOCO: And could you please address the parking problem here. (laughter)

ASSEMBLYMAN GEIST: To all of those of you in attendance, if any of you are interested in receiving a copy of the transcript, please let Greg Williams of OLS know. Of those of you who remain silent, you always have a voice in this Committee.

I appreciate your personal attendance, your patience, your listening, and thank you for being here today.

Today's meeting will be a catalyst for consideration. All the members will be receiving the transcripts during the summer, and we welcome your input as we proceed.

Thank you so much for being here today.

Have a good day.

(MEETING CONCLUDED)