



Appropriations Committee: HB 6350 (Department of Labor Budget)

Submitted by Dr. Alice Pritchard, Executive Director, Connecticut Women's Education and Legal Fund

February 20, 2013

My name is Alice Pritchard, and I am the Executive Director of the Connecticut Women's Education and Legal Fund (CWEALF). CWEALF is a statewide nonprofit organization dedicated to empowering women, girls and their families to achieve equal opportunities in their personal and professional lives. Throughout our 39-year history, we have worked to ensure that women have access to education and job training that lead to employment to support their families.

I submit this testimony on behalf of the Campaign for a Working Connecticut, which CWEALF has led since its founding in 2006. The Campaign shares an aligned vision: to promote Connecticut's economic competitiveness through the development of sustainable, effective workforce solutions to increase workers' skills and advance families to self-sufficiency. The Campaign works to accomplish this goal through a unique and diverse statewide coalition of over 50 members including education and training providers, workforce investment boards, advocates, unions and chambers of commerce.

The Campaign's 2013 Legislative Agenda calls for addressing gaps in workforce development spending including: increases in incumbent worker training and summer youth funding, targeting state financial aid to support technical training and supporting career pathways. CT already is lagging behind other states in addressing skills gaps and the proposed cuts to the CT Department of Labor (CTDOL) will only continue to diminish our ability to effectively recover from the recession.

The mission of the CTDOL is to protect and promote the interests of Connecticut's workers and assist workers and employers to be competitive in the global economy. In order to fulfill this mission, the Department needs a greater investment of state resources. While there are numerous programs to highlight, I am specifically going to address the Incumbent Worker Training (IWT) Program and STRIVE because these are excellent examples of cost effective programs that serve the state, employers and workers ensure people have the skills to meet current demands of the labor force. The need for the type of training these programs provide is immediate. For example, "(a)ccording to the DECD, Connecticut manufacturers have approximately 1,000 job openings for which they cannot find suitable candidates."ⁱ

The Governor and the state legislature have indicated a commitment to offering businesses supports and incentives to grow their workforce. However, the proposed DOL budget seems to be in conflict with this goal. Instead the budget calls for cutting programs like IWT and STRIVE. While streamlining programs to promote alignment and efficiency makes sense, eliminating and melding together disparate programs, will decrease program efficacy and increase consumer confusion. We need a balanced approach to improving the economic condition of Connecticut; investing in employers and job creation while simultaneously investing in the skills of the current and future workforce.

We are encouraging businesses to grow their workforce, yet Connecticut employers already report having particular difficulty finding qualified workers for middle-skill jobs. In a survey of Connecticut employers, 82% of those surveyed said they have difficulty finding qualified middle-skill workers in their industry, with the greatest challenges in skilled professionals/technicians and skilled machinists and other manufacturesⁱⁱ. Middle-skill jobs are positions that require more education or training than a high school diploma but

generally less than a four-year degree. Middle-skill jobs in managerial, professional and technical positions have replaced labor jobs as the backbone of many important industriesⁱⁱⁱ.

IWT is designed to upgrade skills of existing middle-skill workers or to advance low-skill workers into middle-skill jobs. IWT is a viable option for mitigating skill mismatches and meeting demand for technical workers while allowing employers to retain their current employees as demands change. In 2009 about 41% of all Connecticut jobs were classified as middle-skill, but only 37% of the state's workers likely had the credentials to fill them. Meanwhile, the demand for middle-skill workers will remain strong – by 2018 42% of all jobs will be middle-skill compared to 36% high-skill and 21% low-skill^{iv}. Ensuring opportunities are created for IWT to enhance middle-skill occupations is particularly important because these are well paying opportunities that support economic self-sufficiency.

Skills and knowledge change with increasing speed in our innovative world. For example, individuals born between 1946-1964 experienced half of their job related skills/knowledge becoming obsolete 12-15 years after it was received, whereas, it took only three years for half the skills/knowledge of individuals born between 1965 and 1984 to become obsolete^v. This means employees need regular training just to maintain their original level of competency and even more if they are to advance in their fields.

According to Harry Holzer, a former Chief Economist for the U.S. Dept. of Labor a key advantage of IWT is that the individual receiving training has already been hired, which reduces the risk of the company finding them unacceptable after training has been completed. Also he notes that IWT improves not only individual employee earnings but company productivity overall^{vi}.

It should also be noted that our worker education is already behind. In 2010 New Economy Scores, Connecticut ranked in the 76th percentile overall but only the 24th percentile in workforce education^{vii}. Eliminating IWT has the potential to lower our national ranking in this category. Already, in this region CT is being outspent by other states, Massachusetts invests \$19.9 million, Rhode Island invests \$1.7 million, while Connecticut only allocated \$900,000 towards IWT, that is, before the proposed IWT funding cut.

Connecticut needs long-term solutions to the budget problems. Services to the people who most need our assistance during severe economic times are being the hardest hit. Additional cuts will merely shift the burden to municipal governments and property tax payers. If Connecticut does not take action to support and growing the middle-skill workforce now it will only cost more money later. It is considerably more expensive to support a population that is unemployed, under-employed, or otherwise lacking economic security than it is to fund these effective training programs. The IWT programs are not handouts or free money; it is a public-private partnership that benefits all parties involved. The five Workforce Investment Boards, who implement the IWT Program report that for 2011 – 2012 there were almost 100 companies, more than 2000 employees and approximately \$1,152,000 in employer contributions. The state contributed approximately \$450,000. What does this mean? In the past year, for every dollar of taxpayer money the state invested to advance the economic growth of our state and the financial well-being of Connecticut families, the companies we partnered with invested twice that in their own funds.

Besides programs that upgrade skills of current workers, Connecticut needs programs that will ensure that residents have access to education and training to that will help them enter the workforce. STRIVE is an employment preparation program that focuses on the soft skills that are essential for individuals to get and keep jobs, and provides both job placement and post-placement support. Large percentages of the individuals who utilize STRIVE programs are single parents, ex-offenders, and/or public assistance recipients. With a 70-80% rate of job placement among graduates, STRIVE saves the state and taxpayers money by increasing the number of individuals paying taxes and decreasing public assistance payments. STRIVE calculates that between these and other benefits the program provides taxpayers a 400% return on their investment.

Targeting funding to specific populations to improve employment outcomes and rates is an effective strategy. We were encouraged to see that the Governor's budget proposes spending to "implement alternative and innovative strategies, policies and procedures designed to improve employment outcomes for needy families, under federal TANF waiver guidance." These programs provide adults with contextualized learning and other proven strategies to help them obtain and retain employment. Additionally, the budget calls for continued level funding for the CT Summer Youth Employment Program. In the past year almost 5,000 youth were served. While this is an impressive number, perhaps equally impressive and disturbing is that the number of eligible youth who were turned away (6,638) exceeded the number of youth served by the program^{viii}.

When we are too quick to make cuts to the very programs that directly support the economic well-being of our state and its residents – particularly families with low and moderate incomes, we undermine the long-term stability of Connecticut's economy and community. The Campaign for a Working CT has called for critical investments which target workers at different points in their careers because it is the prudent thing to do. Unfortunately, while CT is divesting in workforce training, other states and their Governors are making different choices that put them on a path to prosperity. For example, Maryland's Governor O'Malley proposed \$2.5 million in state general funds to support the new Employment Advancement Right Now (EARN) Program, an initiative that will foster workforce training collaborations between businesses and government in key sectors. Virginia's Governor McDonnell included \$1.75 million to support sector based career pathway initiatives through the community college job-training programs and their partners. In Rhode Island, Governor Chafee is proposing a \$3 million "investment" over two years for a subsidized work immersion and non-trade apprenticeship program.

Connecticut can and should make different decisions. I implore you to consider the impact that these additional cuts will have on workers and businesses and the economic recovery of Connecticut now and in the future.

ⁱ *Connecticut Manufacturing: Building on the Past, Creating Our Future*, Connecticut Business and Industry Association, 2012

ⁱⁱ Connecticut Workforce Development Council. , & Campaign for a Working Connecticut (n.d.). *The importance of today's incumbent worker training for Connecticut's competitive future*. Retrieved from http://www.campaignct.org/assets/uploaded/IWT-factsheet_334927.pdf

ⁱⁱⁱ Atkinson, R. D., & Andes, S. (2010). The 2010 state new economy index. Retrieved from <http://www.itif.org/files/2010-state-new-economy-index.pdf>

^{iv} Connecticut Workforce Development Council. , & Campaign for a Working Connecticut (n.d.). *The importance of today's incumbent worker training for Connecticut's competitive future*. Retrieved from http://www.campaignct.org/assets/uploaded/IWT-factsheet_334927.pdf

^v Connecticut Workforce Development Council. (n.d.). *Workforce investment issues*. Retrieved from <http://www.cwdc.org/issues-ws.html>

^{vi} Holzer, H. J. (2007). *Better workers for better jobs: improving worker advancement in the low-wage labor market*. Available from AB/Inform Global.

^{vii} Atkinson, R. D., & Andes, S. (2010). The 2010 state new economy index. Retrieved from <http://www.itif.org/files/2010-state-new-economy-index.pdf>

^{viii} Connecticut Workforce Development Council. (2012). *Summer youth employment summary*. Retrieved from website: http://www.capitalworkforce.org/documents/2012_SYELP_SummaryF11713web.pdf



Campaign for a Working Connecticut (CWCT) Mission:

The Campaign shares an aligned vision: to promote the state's economic competitiveness through the development of sustainable, effective workforce solutions to increase workers' skills and advance families to self-sufficiency. The Campaign works to accomplish this goal through a unique and diverse state-wide coalition, which includes education and training providers, workforce investment boards, organized labor, advocates and chambers of commerce.

Campaign Supporters:

1199 Training and Upgrading Fund
Access Community Action Agency
Bridgeport Child Advocacy Coalition
Capital Workforce Partners
Career Resources, Inc.
Center for Latino Progress
Chamber of Commerce, Central Connecticut
Chamber of Commerce, Danbury
Chamber of Commerce, East Hartford
Chamber of Commerce, Eastern CT
Chamber of Commerce, Glastonbury
Chamber of Commerce, Greater Meriden
Chamber of Commerce, Greater Mystic
Chamber of Commerce, Greater Norwich Area
Chamber of Commerce, Middlesex
Chamber of Commerce, Northeastern CT
Chamber of Commerce, Northwest CT
Chamber of Commerce, Windham Region
Charter Oak State College
Christian Community Action
CT AFL-CIO
CT Alliance for Basic Human Needs
CT Association for Adult and Continuing Education
CT Association for Human Services
CT Center for Advanced Technology (CCAT)
CT Coalition to End Homelessness
CT Voices for Children
CT Women's Education and Legal Fund
CT Workforce Development Council
EASTCONN

Eastern CT Workforce Investment Board
Finishing Trades Institute of Southern New England, Inc.
Greater Bridgeport Community Enterprises, Inc.
Greater Hartford Legal Aid
JUNTA for Progressive Action
Legal Assistance Resource Center of CT
Literacy Volunteers of Greater Hartford
National Association of Social Workers, CT Chapter
Naugatuck Valley Project
New Haven Legal Assistance
Northwest Regional Workforce Investment Board
Norwich Human Services
OIC of New London County, Inc.
Permanent Commission on the Status of Women
St. Luke's LifeWorks
Thames Valley Council for Community Action
United Community and Family Services
United Way of Meriden and Wallingford
United Way of Northwest Connecticut
Windham Regional Community Council, Inc.
Workforce Alliance
Workplace, Inc.
YWCA Hartford Region
YWCA New Britain