

**National Association of State Workforce Agencies**

*March 13, 2008*

*Washington, DC*

Good afternoon and thank you for inviting me to speak today. As most of you know, this is just my third week as the Acting Assistant Secretary. I have already had the pleasure of meeting with the local Workforce Board Chairs and I am happy to now be meeting our state partners.

Part of starting any new job, particularly in government, is learning about the achievements and successes of an agency. In getting up-to-speed on ETA, there are five areas where I believe there has been significant progress in over the past several years. We need to take a moment to remember and celebrate these achievements.

First, we have become a system much more driven-by and responsive-to employer needs. It wasn't that long ago that the Chamber of Commerce's study found that 95% of employers it surveyed had never used the workforce system. Since then, nearly every state and workforce area in the country has added business services representatives to their staff and focused on outreach to employers.

And at the national level, ETA established a Business Relations Group and engaged employers across 14 major sectors of the economy. We have now made that Business Relations Group a part of our office that administers the workforce investment programs, institutionalizing our focus of engaging employers in the same way state agencies have.

Second, despite the challenges we faced in engaging some of our required partners, we have expanded our overall focus and built strong partnerships. This includes connections to community colleges, universities, economic development organizations, and foundations where none existed before. These new partners have opened opportunities to the individuals we serve and brought creativity and innovation to our system.

Third, we are now not only reacting to the economic conditions of our area, but working to get ahead of the curve. The WIRED Initiative is a part of this strategy and now, so too are our mini-WIRED investments that we call Regional Innovation Grants.

States have been leaders in this approach with examples such as Grow Wisconsin, the Regional Skill Alliances in Michigan, and other similar targeted grant opportunities focused on growth.

Fourth, we have improved and expanded our services to youth. After relying for years on summer jobs programs, there are now a host of expanded services and career pathways available to the youth that we serve. From apprenticeship programs in cutting-edge industries to career academies in high schools, states and local areas have found creative ways to reengage the region's youth and set them back on a path to career success.

At the federal level, we spent years working with the host of other federal agencies that fund youth programs on a coordinated delivery approach. This has aligned millions of dollars and provided a much greater impact than WIA or any other program alone could have delivered.

And fifth, ETA has worked hard with both NASWA and the state workforce agencies to reopen the lines of communication and better understand the issues that each of us face.

Each of these is important accomplishments, both for the system and the individuals and employers that we serve. I hope that we will continue to build on them in the months ahead.

Of course, the other part of learning a new job is seeing where the challenges and opportunities lie. As some of you may know, I came to ETA after several years as the Deputy Assistant Secretary for Policy at the Administration for Children and Families. And prior to that, I was the Director of Faith-Based and Community Initiatives at DOL.

Those positions focused on populations that have had a difficult time engaging in the economy, including welfare recipients, single parents, out-of-school youth, and ex-offenders. I believe that the system calls them the “hardest-to-serve.” I certainly understand why this is the case, but I also know that they are the most in-need of the services our workforce system provides.

Some have suggested that focusing on this population is inconsistent with ETA's overall approach to serving high growth industries. I could not disagree more for reasons relating both to the demand and supply side of the equation. From the demand side, I believe there is general agreement that from a demographic standpoint, we don't have a single worker to waste. With the aging of the U.S. population, industry, government, education and civil society will be under increasing pressure to assure that we maximize our human capital. That means populations that have been disconnected from the workforce will be needed more than ever in the coming decades. From the standpoint of sustaining economic growth, we will have to work harder to assure that these workers are equipped with the skills they need to participate in the economy.

There are also supply side reasons that we are going to have to focus on these hard-to-serve populations. From a moral and ethical standpoint, I don't believe there is such a thing as a dispensable human being. In order for the United States to remain true to its principles that all men and women are created equal, we will have to give more thought and effort to integrating our hard-to-serve into the mainstream of our social and economic life. Families will have to be strengthened to do a better job of raising their kids. Schools will have to do a better job of educating poor and disadvantaged children. Civil society organizations will need to do more to mentor and assist individuals, families and children living in difficult circumstances. And, yes, the workforce system will have to do more to provide effective

training and support services to these populations. Working together, we can help these populations gain the first rung on the career ladders of our rapidly changing economy. These should be matters of special urgency for all of us. I can tell they are for me, and they will be a focus of my work over the next 9 months.

Obviously, the problems of poor Americans can be very complex and extend well beyond the need to acquire skills and a job. That is why a collaborative approach, integrating other programs serving these individuals, is required. We have begun to open doors at Federal agencies such as HHS, Education, and Agriculture, but the real opportunity for innovation is at the state level.

Some states have already combined the WIA and TANF structures into a single delivery system. Others are working closely with drop-out programs and alternative education. I hope that you will continue to push the envelope in improving coordination with these programs. A comprehensive, skills and employment-based approach is the best way to help these individuals begin to build a career and reach prosperity for them and their families.

Working with other programs and resources and finding new and innovative solutions takes on greater importance given our current environment. As you are all too aware, the WIA system recently saw a significant rescission in funds and budget levels have been flat or decreasing in recent years. Given the fiscal realities, this is not likely to change in the foreseeable future.

However, we are also seeing a big potential change on Capitol Hill. A Trade bill is currently working its way through Congress that could add hundreds of millions of new dollars into workforce training. The details are still to be decided, but we are certainly encouraging Congress to use the existing WIA and One Stop system as the means for delivering such an expanded program.

We have also seen an increase in the participation of the philanthropic community in talent development. The recently established National Fund for Workforce Solutions brought several high profile foundations together to support creative workforce programs.

While these are both challenges and opportunities for us at the program level, there is a larger issue that we all must face. For the past few years, employers have been looking far and wide for available workers. With demand at such heights, the job of finding employment for individuals has been relatively easy. Now that the economy is slowing, we should expect to find more job-seekers and fewer employers at our door.

This is going to place a greater importance on three key areas:

First, we need to understand what is happening in our economy and how to respond to it quickly. Even though the overall economy is slowing, there are still sectors that show

strong growth such as health care and those sectors focused on exports. That means that jobs will still be available, but they might not be in the areas that we have focused on in the last several years. As state leaders, you will need to help the locals understand this dynamic using data, workforce information, and your understanding of the larger economy.

Second, how can we translate the skills that job-seekers have into the jobs that are now available? There has been a strong cross-fertilization of skills across jobs and industries, meaning that workers may be qualified and prepared for jobs in other industries. We should be prepared to help them articulate how their current skill set applies to available jobs. And we should be thinking proactively of how to help broker the skill sets of workers in troubled industries with those that are still experiencing growth.

And third, how can we be better prepared when the economy starts growing again? New growth opportunities always emerge during downturns, so staying in contact with our economic development partners and understanding what new industries are forming in our states is critical. This will accelerate our recovery and provide opportunities earlier for the individuals that we serve.

Each of these areas is about being creative and working smarter. Over the last several years, we have proven that we can adapt to changes in the economy. But those changes do not stop and globalization has only accelerated the pace of change. I am confident that with the leadership of the men and women in this room and the hard work of all of our

partners, we can continue to equip workers for the demand-driven system that we've created together over the past several years.

I look forward to working with you in the months ahead and I hope that partnership between NASWA, the states, and ETA continues to strengthen. Thank you for inviting me today and for the opportunity to speak.

...Applause...

I'd be happy to take some questions and I have Doug Small here with me to field any that I haven't crammed for!