

**STATEMENT OF R. ALEXANDER ACOSTA
SECRETARY OF LABOR
BEFORE THE
COMMITTEE ON WAYS AND MEANS
UNITED STATES HOUSE OF REPRESENTATIVES
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Chairman Brady, Ranking Member Neal, and Members of the Committee, thank you for the invitation to testify today. I am pleased to appear before this Committee to discuss the Administration's efforts to help American job seekers develop the skills necessary to excel in the family-sustaining jobs of today and tomorrow. At the Department of Labor, we are creating opportunity for all Americans by expanding apprenticeships across all industries, streamlining traditional workforce education, and providing state leaders the flexibility to meet the unique needs of job creators and their local workforces.

These opportunities position American job seekers and working Americans to participate in the robust economic growth underway across our nation. 2017 was a year of significant growth for the U.S. economy and workforce. In its first year, the Trump Administration has delivered increased opportunities for working Americans, American job seekers, and American job creators.

The President's tax reform is promoting investment in the United States, strengthening the American economy, and putting money back into the pockets of hardworking Americans. Tax reform is also about job creation and opportunity. As companies have seen their tax burdens lowered, this has translated into greater investments in the American workforce and pay raises, bonuses, and benefits to working Americans across our nation—to date, over 500 companies have announced bonuses to over four million working Americans as a result of the President's tax reform. And the job creation effects of additional capital expenditures, repatriation of dollars, and competitive tax rates, have yet to be quantified.

Since taking office, President Trump has ushered in a renewed sense of economic optimism that has seen tangible and quantifiable results in our economy and our workforce.

- Since the election, the American economy has added almost 3 million jobs;
- In March 2018, for the sixth month in a row, the unemployment rate was at a 17-year low of 4.1 percent;
- In March 2018, the level of total nonfarm jobs reached an all-time high (148,230,000);
- In March 2018, average hourly earnings rose by 2.7 percent over the previous 12 months and the three-month average increase in earnings was the highest since 2009; and
- In February 2018, the number of job openings was 6.1 million.

2017 was a productive and busy year for the Department of Labor. If the first quarter of 2018 is any indication, this year we will increase the pace of our work on behalf of the American people. President Trump's commitment to working Americans and American job seekers is at the heart of the Department's work: Creating Jobs in America.

We have accomplished much on behalf of working Americans, American job seekers, and American job creators. We are hard at work to increase employment opportunities for all Americans, enforce safe, healthy workplaces for working Americans, and ensure that the Department's regulations make sense. I am proud and humbled to lead the Department of Labor in this critical work.

President Trump's priorities for the Department are to create jobs, more jobs, and even more jobs. An important part of that effort is creating favorable conditions to foster job growth in the United States—through common sense regulation, tax reform, and fair trade. An equally important part is creating opportunities for Americans to develop the skills to fill—and succeed in—the jobs of today and tomorrow.

Expanding Apprenticeships in America

The American workforce is the greatest in the world. The American workforce is skilled, hardworking, and innovative. To take advantage of opportunities, however, Americans must have the skills that the jobs of today and tomorrow demand. There are many paths to family-sustaining jobs. Apprenticeships are one way the Department is changing our nation's approach to workforce development.

High-quality programs—including apprenticeships—that instruct Americans in the trades deserve the same respect as traditional education options. The benefits of apprenticeships are well known: graduates of apprenticeship programs earn an average of \$60,000 per year; and more than eight in ten graduates remain in their employment nine months after completing their apprenticeships. This represents real, tangible opportunity for many Americans.

Consistent with the President's Executive Order on Expanding Apprenticeships in America, the Department is developing a framework for Industry-Recognized Apprenticeships that will be flexible and responsive to market needs, less bureaucratic, and more attractive to American job creators. These programs will not be micromanaged from Washington, D.C. This initiative will promote high-quality apprenticeships across all industries, including manufacturing, infrastructure, cybersecurity, and health care, among others.

In October 2017, after considering hundreds of applicants, I announced the members of the President's Task Force on Apprenticeship Expansion. Comprised of companies, trade and industry groups, educational institutions, labor unions, joint labor-management organizations, states, and other third parties, the Task Force is examining how to expand high-quality apprenticeship programs across all industries. The Task Force will issue a report to the President with its recommendations late this spring.

Expanding and Supporting the Workforce

In February, the number of open jobs in the United States was 6.1 million. The construction industry alone had 196,000 openings nationwide. Manufacturing had another 426,000 openings nationwide.

There are good, family-sustaining jobs available—many which do not require a college degree—that remain unfilled because willing Americans lack the skills to fill them. The “skills gap” not only prevents willing Americans from participating in America’s economic growth, but it prevents industries such as manufacturing, utilities, and technology, from maximizing their potential and unlocking further growth and opportunity. Americans across our nation are ready and willing to fill these jobs—the Department is hard at work to provide opportunities for all Americans to develop the necessary skills to do so.

One such program delivering opportunity is the Department of Labor’s YouthBuild program. Last year, I visited Truckee Meadows Community College in Reno, Nevada and saw the YouthBuild program in action. I was impressed. I toured an HVAC certification program where students learn theoretical knowledge in the classroom and develop practical skills in the workshop with the guidance of experienced instructors.

I often talk about the importance of measuring metrics that matter such as outputs instead of inputs. But at times, it is important to look at other metrics like individual impact. Sometimes, an actual discussion with program participants can provide a degree of context that no statistics can provide. While visiting Truckee Meadows Community College, I spent some time speaking with the students about the program, about how they became interested in HVAC, about where they see their futures. Some of them shared impactful stories. One student, in particular, told me how the YouthBuild program had changed his life: he had gone from homelessness and hopelessness to developing in-demand skills, living in his own apartment, making a living, and now seeing a future ahead of him.

The Department’s YouthBuild program provided this student the opportunity to learn the skills necessary to find a start in the HVAC industry—and he seized the opportunity. Last year, he was making about \$12 an hour. Today, he is making \$14 an hour. He is a few months away from graduating from the program with his skills certificate, he has medical benefits for the first time in his life, and he now plans to continue his education. He is looking forward to graduating as a certified HVAC technician, earning more, and working toward a family-sustaining future. His story is a powerful example of the opportunities that skills-based education can provide.

Too often, however, skills-based education is seen only as a secondary option, dismissed and stigmatized as a path that is “less than” success. A traditional four-year college education can be extremely valuable, but that is not always the case. For the students who fail to graduate or graduate only to find they are unable to find work in their field, the student debt they assumed reminds them that their degree may not have prepared them with the skills demanded by the modern workplace. We must ask ourselves: do we better serve students by providing them a full range of occupational options in high school—complete with average salaries, educational requirements, average times to completion, and average employment rates—for them to choose or by suggesting that they attend a traditional four-year college and assume student debt with the hope that they will find their calling?

Investing in America’s Infrastructure and The American Workforce

The President’s bold plan to invest in and strengthen our nation’s infrastructure—including modernizing roads, bridges, tunnels, and airports—will create more opportunities across the

United States for Americans to build their careers while building a stronger foundation for our nation. This is a great time to be a job seeker in America.

If Congress passes the President's plan, the investments in our nation's infrastructure will create jobs across our nation—from Key West, Florida, to Barrow, Alaska. But the gains will not be limited to infrastructure jobs. The President's plan will strengthen the economy and create jobs in sectors beyond construction, such as hospitality, food service, and retail as infrastructure projects break ground. Americans are ready and willing to fill these jobs, and they will need specialized skills to get hired, putting them on a path to family-sustaining jobs long into the future.

The improvements will also be felt by Americans driving over new and improved bridges, roads, and tunnels; Americans traveling through airports and seaports; and Americans who depend on our nation's infrastructure as the lifeblood of their businesses—our nation's miners and growers, makers and builders, movers and drivers.

More than 40 years ago, the New River Gorge was an obstacle to swift and smooth transportation in West Virginia. Crossing the gorge required a 45 minute drive down a narrow winding road to a small, aging bridge. Most drivers would add hours to their trip to avoid the New River Gorge entirely. Using American ingenuity, American steel, and West Virginian grit, a beautiful and record-breaking arch bridge was built that cut that 45 minute trip to 45 seconds. Improved infrastructure improves the quality of life for all Americans.

With the improvements to our nation's physical infrastructure, the President has also proposed important investments in our nation's workforce development, helping to ensure more Americans are prepared to excel in the new jobs that will be created. The plan features common sense proposals to make it easier for Americans to access skills-based learning by reforming a federal bureaucracy that is often too cumbersome and limits Americans from using federal assistance outside of traditional education.

The President's plan proposes four important workforce development goals and the Departments of Labor and Education are ready and willing to work together to advance the President's plan:

1. Making high-quality, short-term programs that provide students with a certification or credential in an in-demand field eligible for Pell Grants;
2. Reforming the Perkins Career and Technical Education Program to ensure more students have access to high-quality technical education to develop the skills required in today's economy;
3. Better targeting Federal Work-Study funds to help more students obtain important workplace experience, including through apprenticeships; and
4. Reforming occupational licensing requirements for qualified individuals seeking to work on our nation's infrastructure projects.

Returning Flexibility to the States

The Federal Government has more than 40 workforce development programs spread across 14 agencies with a total annual cost of \$17 billion. Despite changes in the most recent reauthorization of the Workforce Investment Act of 1998, now called the Workforce Innovation

and Opportunity Act (WIOA), the system remains fragmented at the Federal level, perpetuating unnecessary bureaucracy and complicating State and local efforts to meet the needs of Americans seeking workforce-related services. I am working with Secretary DeVos to develop a comprehensive plan to consolidate and reorganize Federal workforce development programs to ensure that American workers receive the highest quality services possible and are prepared to fill the high-growth jobs of today and tomorrow.

Providing States greater flexibility to administer resources efficiently and effectively is another way to better serve the individualized needs of Americans in various states and localities. To that end, the President's Fiscal Year 2019 Budget proposed broader waiver authority for the core WIOA programs, allowing the Department to trust our nation's governors with the responsibility of how best to operate their workforce systems.

Removing Barriers to Employment Through Occupational Licensing Reform

Today, there are more than 1,100 separate occupations licensed by at least one state. In 1950, only 1 in 20 jobs required an occupational license. Today, more than 1 in 4 Americans need a license to work. State licensing requirements have become increasingly burdensome and frequently create significant barriers to job opportunities for many Americans.

Occupational licensing not only creates artificial barriers to entry in many occupations across the United States, but it also stifles competition and impedes Americans' mobility between states. Military spouses and our nation's veterans, in particular, face these barriers more frequently. America's servicemen and women earn in-demand skills in the course of serving our nation. Too often, when they return home, they find their skills are not recognized and are told they need a state license to perform a job they have been doing for years in the military. Military spouses, too, may be subject to different state-specific licensing requirements each time their spouse receives a new posting, in many cases every two to three years.

The Department recently announced the next round of competitive funding grants to States to help address and encourage occupational licensing reform. States that are awarded the funds will objectively analyze their relevant licensing criteria for potential portability issues and determine whether licensing requirements are overly broad or burdensome, including requirements that present barriers to specific populations, such as returning military veterans and spouses, individuals with criminal records, and displaced workers.

My advice to state and local officials in this regard has been consistent and repeated: if licenses are unnecessary, eliminate them; if licenses are necessary, streamline them; and, if licenses are honored by one state, consider honoring them in yours with reciprocity.

Supporting America's Veterans by Helping Veterans, Service Members, and Spouses find Family-Sustaining Jobs

In 2017, the veteran unemployment rate was at its lowest since 2001 at 3.7 percent. In May 2017, President Trump signed the Honoring Investments in Recruiting and Employing American Military Veterans (HIRE Vets) Act and established a program that will go into effect in Fiscal

Year 2019 to recognize employers that recruit, retain, and employ veterans, and that support our nation's veterans.

In February, the Department launched the HIRE Vets Medallion Demonstration Program, which will allow the Department to demonstrate the HIRE Vets Medallion Program application process, raise awareness of HIRE Vets, and enable more employers to prepare to successfully garner recognition when HIRE Vets launches in 2019. The Demonstration Program will recognize up to 300 employers for their investments in recruiting, employing, and retaining our nation's veterans.

Conclusion

As I have traveled our nation meeting working Americans and seeing their work, there is no doubt in my mind: the American workforce is the greatest workforce in the world. The Department is keenly focused on providing all Americans opportunities to develop the skills necessary to excel in the good, family-sustaining jobs of today and tomorrow and to participate in the incredible economic growth that this Administration is creating.

American innovation, craftsmanship, and grit built iconic buildings, highways and infrastructure – the Empire State Building, the Golden Gate Bridge, the Willis Tower, and the Hoover Dam. As our nation undertakes the important work of building, rebuilding, and revamping our nation's infrastructure, it will be done by American innovation, craftsmanship, and grit.

I look forward to working with Congress on these important goals.