

**Hearing on Getting Incentives Right: Connecting Low-Income Individuals with
Jobs**

HEARING
BEFORE THE
SUBCOMMITTEE ON HUMAN RESOURCES
OF THE
COMMITTEE ON WAYS AND MEANS
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**GETTING INCENTIVES RIGHT: CONNECTING
LOW-INCOME INDIVIDUALS WITH JOBS**

Tuesday, March 1, 2016

House of Representatives,

Subcommittee on Human Resources,

Committee on Ways and Means,

Washington, D.C.

The Subcommittee met, pursuant to notice, at 10:02 a.m., in Room 1334, Longworth House Office Building, Hon. Vern Buchanan, [Chairman of the Subcommittee] presiding.

*Chairman Buchanan. The Subcommittee will come to order. Welcome to the Ways and Means Subcommittee on Human Resources hearing, on Getting Incentives Right: Connecting Low-Income Individuals with Jobs. Good morning. Welcome. First, let me say what an honor it is for me to be presiding over my first hearing as Chairman of the Ways and Means Human Resources Subcommittee. I'm looking forward to learning from and working alongside my colleagues on both sides of the aisle, addressing one of our nation's most pressing issues, that of helping people out of poverty into realizing the American Dream. I'm hopeful that we can work together in finding concrete solutions and offering real opportunities for people in need.

Over the past year, this Subcommittee has heard from a wide array of voices on helping low-income individuals move up the economic ladder. However, a perspective not often considered when most of us discuss these issues is that of the employer. As a business owner myself, I know there is an important role we play in providing real work opportunities for job seekers to compete and succeed in the workplace. I've seen it first-hand how a job can change a person's outlook in life and shape a brighter future.

With looming workforce shortages in the decades ahead, businesses are going to need all who can work to work. Yet we know all the working age adults who are in poverty, almost two in three that are in poverty, two in three are not working. The challenge is, how do we tap into this incredible work force and bridge the divide? I propose the answer lies in partnering with businesses and promoting work in our welfare programs.

For welfare recipients engaging in work, increased economic mobility can lead to a more financially stable life. And for employers, finding and retaining a strong work force is necessary for long-term goals and success. By getting the incentives right to address the needs of both groups, that of the job-seeker and that of the job-creator, we can grow our economy, help people find and grow their careers, and move more American families out of poverty and up in the economic ladder.

Today's hearing will highlight examples of how the public and private sector are partnering to encourage positive outcomes, when we move someone from welfare to work. And let me just say, as it relates to Florida, we have in Florida, we're growing at two to four -- the country's growing at two percent, we're growing at four. We got a thousand people coming every day to Florida. And I can, I've gone through that before, being in business for 30, 40 years, where we're not, we don't have any workers. So this is a great opportunity to talk about this subject. Because it's critical to Florida and a lot of states. I'm sure Texas as well. I now yield to the distinguished Mr. Crowley, sitting for Ranking Member Mr. Doggett, for the purposes of an opening statement.

*Mr. Crowley. Thank you, Mr. Chairman. Congratulations on your first Subcommittee hearing.

*Chairman Buchanan. Congratulations for you to be in here, up here too.

*Mr. Crowley. Thank you. Let's not go into that right now. But a thousand people a day coming to Florida, 998 I think are coming from New York. So, you're welcome. We all agree that a good-paying job is the best way out of poverty. But the problem with the Temporary Assistance for Needy Families program right now isn't a problem with the incentives being right for individuals or employers. After all, low-income parents want to work and want a better life for themselves and for their families.

Employers want to hire workers who can do the job and who can do it well. The problem is that the incentives are wrong for state governments. States are currently spending only eight percent of TANF funds, funds designated to move people from welfare to work, on work activities, even when you include all the activities related to TANF's core purposes, including the child care assistance low-income parents need in order to be reliable employees. States are still diverting more than half of their TANF funds to other purposes. It's especially frustrating that states aren't investing in work. Because today we know a lot more about the best ways to connect low-income parents with good, sustainable jobs that we, that, more than we did in 1996.

Early welfare studies might have suggested that work first, pushing people into first available jobs, no matter how unstable or low-paying, was just as effective as education and training, even though that contradicts everything we know about valuable education, and how valuable education is in our modern economy. But further research has shown that the right education or a skill upgrade is just as valuable for welfare recipients as it is for everyone else. In fact, a new study of Colorado welfare recipients found that career oriented community college credentials, ranging from certification to associates' degrees, led to large and significant earnings gains.

Unfortunately, the 12 month limit on education and training in the current TANF law strongly discourages this strategy, since these credentials often take longer than 12 months to earn. Community college is just one of many ways to help welfare recipients become the kind of employees that employers want to hire, to retain, and to promote. I'm looking forward to hearing from Dr. Christopher King about his research on two of the most promising strategies, lifting welfare recipients out of poverty, career pathways programs and two generation poverty reduction, which simultaneously helps parents and their children. Unfortunately states have not had an incentive to invest in these promising strategies, because we are not holding them accountable for their diversion of funds or for poor employment outcomes for welfare recipients.

We should also not forget that TANF recipients are parents. And even the most motivated parents can't be reliable employees if they don't have access to quality child care. The Congressional Research Service estimates that only 17 percent of eligible families receive help from the Child Care Block Grant. And state TANF investment in child care has dropped off sharply since the 1990s. I have introduced legislation to guarantee access to quality child care for children under age four. Something that would simultaneously improve outcomes for children, as well as their working parents. I look forward to working with Chairman Buchanan to refocus TANF on work and hold states accountable for getting results. A lot of parents who want to make a better life for their families are counting on just that. And they're counting on us. So with that, Mr. Chairman, I yield back to you.

*Chairman Buchanan. Without objection, other members opening statements will be made a part of the record. Today's witness panel includes five experts: Mr. Mark Wilson, President and CEO of the Florida Chamber of Commerce, represents over a 100,000 businesses, a part of a federation in Florida. Mr. Blame is based in Grand Rapids, Michigan, with -- he's Executive Vice President of Cascade Engineering. It's a global manufacturing company that started a welfare to career program almost two decades ago, as the way to tap into an underutilized population to fill a looming workforce shortage within the company. And has done that with hundreds of employees.

So I'm really looking forward to your, your comments. Mr. King, a Senior Research Scientist and Lecturer of the University of Texas at Austin. He leads a team, designing and analyzing job strategies for low-skill, low-income parents. Ms. Barbara Doucet is Corporate Director of Human Resources, Omni Hotels and Resorts. Oversees hiring and training for the hotel in multiple states. She has forged critical relationships with local

governments and schools, creating internships and training programs. Ms. Larrea is President of Workforce Solutions, in the Great Dallas Area. Oversees public funded employment and training programs, viewing employers as customers of these systems, in an effort to help low-income individuals in the Dallas region, help them to keep and obtain good jobs. Let us begin with Mr. Wilson, with -- you may proceed with your testimony.

STATEMENT OF MARK WILSON, PRESIDENT AND CEO, FLORIDA CHAMBER OF COMMERCE

*Mr. Wilson. Thank you, Mr. Chairman, and thank you, distinguished members of this Committee. I thank you for the opportunity to appear before you today. My name is Mark Wilson, and as the Chairman said, I am the President and Chief Executive Officer of the Florida Chamber of Commerce. The Florida Chamber of Commerce is Florida's largest federation of employers, local chambers of commerce, trade associations. And we're focused entirely on securing Florida's future by advancing economic opportunity for all.

In Florida, we create one out of every 11 new U.S. jobs. And as the Chairman said, we're adding a thousand new people a day. But I would be quick to add that the number one concern that I hear about from employers throughout our great state is the inability to find talent. And so what we have here before us today is a perfect match. We have employers that need to create jobs and we have people who need the skills and talent to fill those jobs. I'm very optimistic from what I've heard so far today.

I know our nation has many challenges, but this Committee taking time to focus attention on issues such as generational poverty and on reforming our welfare program, is a major step in the right direction. And it is my honor to be part of this discussion today. In my view, the battle of this generation is between economic equality and economic opportunity. Between those who believe that everyone is entitled to equal outcomes and those who believe everyone should have an equal opportunity at earned success, unfortunately we will always have poverty. The kind that results from temporary setbacks, such as job loss, foreclosures, or unexpected challenges. And the Florida Chamber believes safety nets are in fact necessary to help return families to a productive, work-based solution. We can break the cycle, and create greater economic opportunities for the next generation.

Much has been said about the one percent in this country. The one percent at the top. And I want to put on the record today, I think the one percent can largely take care of themselves. But what about the 20 percent at the bottom? I want to applaud you for focusing our attention on what can we do as a nation, as an employer community, to help those in the bottom 20 percent. That's where our focus should be.

To me and many of Florida's business leaders, breaking the cycle of generational poverty is not only a moral imperative, it's also a smart business decision. Almost half of all children born in generational poverty remain in poor economic conditions until

adulthood. And in Florida, unfortunately, one in four Florida children are living in poverty today. Right now, approximately 3.7 million Floridians are on food stamps, and nearly 60 percent of Florida's 2.8 million students are eligible for free and reduced price lunch. More than 3.3 million Floridians don't know where their next meal will come from.

While Florida is home to more than 1.1 million Floridians with unique abilities, between the typical working ages of 16 to 65, the Florida Chamber Foundation report that we recently did shows that a disproportionately high number of those are unemployed. Over 712,000 Floridians with unique abilities may actually be looking for work. So I ask you to please consider them as we forge solutions of welfare to work. To remain at a level of five percent unemployment in Florida, businesses need to create 800,000 new jobs by 2020 and two million new jobs by 2030. And I say that to say that in that same year, one third of our current work force in Florida will likely be retired. This is while it's essential to help every Floridian who wants to find work find a job.

Creating greater economic opportunity for everyone starts with a high quality education. And at the Florida Chamber, we believe that a quality education and workforce development system are the pathways to prosperity that will enable Floridians to compete in a global economy. The Florida Chamber Foundation's recent report, "From Excuses to Excellence," shows that Florida student achievement has gone from being ranked 48th in America in graduation rates, to seventh in educational achievement.

Schools thought to be stuck at the bottom because of poverty and other challenges have proved that all students can truly learn at higher rates. Through higher standards and the miracle of Florida's tax credit scholarship program, Florida's fourth graders are some of the best readers in the world. And Florida's African American students ranked number one in the nation in student achievement gains. Talent is replacing the tax incentive as the most important factor in economic development decisions. And this is a huge opportunity for those trying to work their way out of poverty.

Some people say we have an unemployment problem. The truth is, we have a talent gap problem. And in Florida right now, we have 287,000 open jobs. There's a match that we can make here between those stuck in generational poverty and those employers who have those jobs. In closing, we must focus on smarter public policy that puts students first. We must put the next generation first. The Florida Chamber believes in the importance of this issue, both economically as well as morally. And I pledge to this Committee to be a leader with you, both in Florida and nationally, to invest real resources behind putting a long-term solution, to finally breaking the cycle of generational poverty, so that every Floridian and every American has the opportunity of achieving the American Dream. Again, thank you for focusing on one of America's best opportunities.

*Chairman Buchanan. Thank you, Mr. Wilson.

Mr. Brame, you can proceed with your testimony.

STATEMENT OF KENYATTA BRAME, EXECUTIVE VICE PRESIDENT, CASCADE ENGINEERING

*Mr. Brame. Good morning, and happy Super Tuesday. I'd like to thank Chairman Vern Buchanan and the entire Subcommittee on Human Resources for giving me this opportunity to testify today. Once again, my name is Kenyatta Brame. I am the Executive Vice President for Cascade Engineering, a manufacturing company headquartered in Grand Rapids, Michigan. Founded in 1973, Cascade Engineering consists of nine businesses, with a core competency in manufacturing large-scale plastic injection molded parts. We are in many different fields and industries, including waste and recycling, valet, trash, agricultural and industrial material handling, automotive, truck and bus, office heating, polymer techs, and asset management.

Cascade Engineering is a B Certified Corporation, and a Triple Bottom Line Company. This means we measure our performance in three specific areas: people, planet and profit. We believe that business is one of the most powerful forces on the planet and that we have a clear responsibility to make profits for our shareholders. And we have equal opportunity and responsibility for, to our employees, our community and our environment.

At Cascade Engineering, we believe in breaking down barriers. These barriers including criminal background, racism, physical disabilities, and poverty, among many others. Today I've been asked to testify about our welfare to career program. We are very proud of this initiative, a program that partners businesses and state agencies to help identify, train, and provide support to individuals in poverty.

We believe that given an opportunity, combined with proper training and the support of culture, individuals can transition from reliance on welfare to self-sustaining, long-term careers, at Cascade Engineering. This journey began in the mid-90s, when Fred Keller asked Ron Jimmerson, one of our Human Resource managers, "What can we do to hire people on welfare?" Ron was the right person to ask, because he had grown up in generational poverty and had an acute awareness and understanding of the difficulties welfare recipients faced.

In the beginning, we had many setbacks, but we continued to learn from our mistakes. We continued to learn. Some of our welfare recipients had never worked in a manufacturing environment. Many of our supervisors had little experience or tolerance for working with individuals who had difficulty getting to work because of transportation, housing or child care issues. During this stage, we learned that employees on welfare could exceed if provided with clear expectations, needed resources, proper training, and appropriate work environment. At the same time, our leaders were being trained to better understand the needs of someone coming out of generational poverty. Although we were making great strides forward, we also learned that we needed a partner.

In 1999, Joyce Gutierrez Marsh, from the Michigan Department of Human Services, or DHS, was assigned as a social worker to handle all of Cascade Engineering's welfare to career clients. Joyce relocated her office to Cascade Engineering, becoming the first social worker in the state of Michigan to be stationed at a business site. Joyce worked with Ron Jimmerson to develop an orientation process and a readiness assessment process for welfare recipients, to identify and avoid pitfalls before they started to work.

To further assist the process, we developed several policies, including a rule that all HR representatives contact Joyce with important concerns related to our welfare to career employees. Problems related to attendance, tardiness or performance were identified and quickly handled when Joyce was involved. This collaboration was an immediate success and greatly reduced the high turnover we were previously seeing with our welfare to career clients.

When Amy Valderas, when she registered for welfare, she was out of work, a single mother with three small children, living with her sister. She had no idea how was she going to make ends meet. She was hired by Cascade Engineering, enrolled in our welfare to career program, and now 16 years later, Amy is still with us, completely off welfare. She overcame the benefit cliff, as one of our star employees who is admired by her peers. She owns her own home, and two of her three children have already graduated from college. And this is just one of our many stories.

In 2002, Cascade Engineering joined a new coalition of businesses working in concert with DHS, to expand the welfare to career model to other companies. This coalition is called The Source, and is comprised of 15 member companies. Last year, we serviced over 400 welfare to career clients. And the group has a 97 percent monthly retention rate. This is more than double the retention rate of all other DHS clients in the county.

Currently Cascade Engineering has 84 employees involved in the welfare to career program. 37 of these individuals are still receiving some level of assistance, with 47 of these individuals no longer receiving any subsidy whatsoever. Over the last 17 years, we have positively impacted hundreds of people and their families. More importantly, our employees who have completed our welfare to career program are successful members of society who can take care of their families and provide them a better quality of life.

In many cases, they are the first individuals in their families to break out of generational poverty. We are honored to be part of this special project, and look forward to continuing this work in breaking the cycle of generational poverty. Thank you.

Chairman Buchanan. Thank you, Mr. Brame.

Mr. King, you may proceed, please.

STATEMENT OF CHRISTOPHER T. KING, Ph.D, SENIOR RESEARCH SCIENTIST
AND LECTURER, RAY MARSHALL CENTER FOR THE STUDY OF HUMAN
RESOURCES, UNIVERSITY OF TEXAS AT AUSTIN

*Mr. King. Thank you, Mr. Chairman, members of the Subcommittee. It's an opportunity to be here, and share my thoughts. Five minutes is going to be tough. I'm an academic, but I'm going to do my best. So I guess the main message I have is that we now know a whole lot more about how TANF works. Welfare policies. We know a lot more about what effective workforce strategies look like. We know a lot more about how labor markets operate today than we did almost 20 years ago, when TANF came into being. And I think with that new knowledge, I think we can shape better policies and strategies for dealing with this environment, to help poor families succeed.

That said, I think simply connecting the title of this hearing, welfare parents, with employers, is insufficient to make things work well for them. It probably never was. I think what we need are strategies that basically support parents to get the kind of education, training and credentials that employers are looking for. And we can do that by working together with employers and other public programs, like the Workforce Investment Act and Workforce Innovation and Opportunity Act programs.

And we have some slides, which I'm sure -- there we go. So first slide. I think the one -- next slide.

[Slide]

One thing we do know is that if given the opportunity and given the supports -- this is a slide from the Center for Budget and Policy Priorities -- that poor moms will step up. Their behavior in the labor market looks no different than other women in the labor market these days. And that's encouraging. Right now, I think TANF does too little to help these families. And if we could tweak our policies a bit, even modestly, I think it could do much more, again, in tandem with connecting to employers and other public programs. And I'll get into some of that in just a minute.

The evidence that we have about effective strategies, really, we're talking about career pathway strategies, that structure opportunities within community and technical colleges, that work for solutions, and other groups out there connect with. Also building in stackable credentials, that poor families can build to get towards better jobs, better pay, better career advancement opportunities. And these are also often connected with sectoral strategies. So focusing on things like health care, advanced manufacturing, high level construction, where we still have career advancement opportunities, and these families can move up.

[Slide]

And I'll move to the next slide. I'll cite one example of an excellent program that's operating in Austin, Texas, which the Ray Marshall Center, that I led for about 25 years,

helped design this and other programs. So the top line shows the earnings for those who went through a career pathways sectoral strategy. The bottom line is basically a comparison group.

So this is a rigorous evaluation piece. What you maybe can't see there is that we've got at least eight years of post-program evidence on how these families are doing. The participants, relative to a comparison group. And you can see, that line is getting bigger over time. So again, the message is, a career pathway strategy ensconced in a sectoral strategy and with some bridge program help. Remedial education to help them get the basic skills up, it works. We also have some return on investment evidence that echoes that. Returns are very strong, and I can go into that in questions if you'd like. So that's one.

Two, we also have been working on what are now called two-generation strategies. I see TANF as being potentially an enormous opportunity to work both with parents and their children simultaneously, with quality human capital skills building interventions. We know that when we do that, we get good results over time. And we have research underway that's going to demonstrate that, I think, more clearly.

[Slide]

The next slide is maybe one example. This is a SNS framework from just across town. Different components of what a two-gen strategy could include. I'll go to the next one. This is a framework that we've used in the model that we designed for Tulsa, Oklahoma, working with their high-quality Head Start program there, and lining people up with, the parents up with a career pathway and a sectoral strategy in healthcare, with support from HHS here in Washington.

[Slide]

Next slide, this is kind of maybe a better concept for how all the pieces can be put together. What I will say is that the way TANF is currently structured, it's often difficult to do that. I'll wrap up my points. The thing I would leave you with is that labor markets today are very different than they were 20 years, when we were thinking about TANF. We don't have as many career pathway opportunities. People get a job. If they're not in their right employer -- the progressive ones that we have at this table -- if they're not in the right high demand sector, they can be left basically moving back and forth and never making progress.

So again, I encourage us to think about structuring our work participation requirements, keeping states from diverting resources, focusing more on building human capital.

Thank you.

*Chairman Buchanan. Thank you, Mr. King.

Ms. Doucet, you can proceed, please.

STATEMENT OF BARBARA DOUCET, CORPORATE DIRECTOR OF HUMAN RESOURCES, OMNI HOTELS AND RESORTS

*Ms. Doucet. Good morning, Chairman Buchanan, and members of the Subcommittee on Human Resources. Thank you for the opportunity to speak to you today. My name is Barbara Doucet. I am the Corporate Director of Human Resources for Omni Hotels and Resorts, based in Dallas, Texas. Currently, I serve on the American Hotel and Lodging Association's Human Resource Committee, and as Board Member for Women with Promise. It is an honor to share with you Omni's success story of how we've connected low-income individuals with more than just jobs, but life-long careers in the hotel industry, at two of our properties in Dallas and Fort Worth.

By way of background, Omni is a luxury hotel brand, with 60 hotels in North America and over 18,000 associates. We pride ourselves in leaving a lasting impression with every guest by exceeding their expectations and inspiring and rewarding our associates. My tenure with Omni began in 2008 as the Director of Human Resources for the opening of the Omni Fort Worth hotel, a 614-room downtown property. After three years, I moved to open the Omni Dallas hotel, a 1001-room hotel located in downtown Dallas, connected to the Convention Center. Staffing a new hotel requires roughly 465 associates. It is no easy task, and can only be done successfully with the support of the right team. In my role at the Omni Fort Worth, I immediately recognized the need to seek out the right partnership that would help us be successful. Hence, the beginning of our long-standing relationship with Workforce Solutions of Tarrant County.

Partnering with Workforce Solutions, we worked diligently in developing various work subsidized programs coordinating job --

*Mr. Rice. Excuse me. Could you pull the microphone just a little closer, please?

*Ms. Doucet. Sure.

*Mr. Rice. Thank you.

*Ms. Doucet. Coordinating job fairs, and placement of interns. They screened and referred lower income job seekers and proved to be a constant pipeline of new applicants. As a result, the Omni Fort Worth hotel was honored as the 2010 recipient of the Employer Award of Excellence for Workforce Solutions of Tarrant County, and I was happy to serve on the Tarrant County Workforce Improvement Committee. The Subsidized Employment Program provides on-the-job training, where low-income candidates can perform the daily tasks of the jobs to which they would, could ultimately be hired. We were able to train and teach the skills required to be a successful room or laundry attendant, bar back, steward, or other critical roles within the hospitality industry.

This model has been a great success for Omni, and is a source of pride for the company. If the individual was not hired into a permanent position, we worked with the candidates and their counselors to help identify other opportunities. While managing these individuals and programs does take time and resources, Omni encourages each property to be a leader in giving back to the greater community. So much so, this is one of our core values, local market leadership.

The relationship with Workforce Solutions continued into the new build of the Omni Dallas hotel. As a larger hotel than Fort Worth, it was a greater challenge to staff effectively and efficiently. Workforce Solutions Greater Dallas proved to be a vital partner in the initial hiring events, and remained a valuable collaborator after the opening of the hotel. During our largest preopening job fair, Workforce Solutions provided 30 volunteers, who assisted with the intake of more than 3000 job seekers, over the course of three days.

As a result, we hired over 250 individuals, through the Texas Back to Work Program and Greater Dallas Direct Referrals. Additionally, we hired 18 at-risk participants of the Choices Program, a TANF employment and training program, which assists in transition from welfare to work. These participants gained skills training, funded through the Workforce Solutions Self-sufficiency Grant, with H.I.S. Bridgebuilders. Once again, in 2012, Omni was honored with the Employer Award of Excellence for Workforce Solutions Greater Dallas.

Workforce Solutions led us to partner with other community agencies, which assisted in job placement and retention, provided to youth exiting the foster and juvenile care system. In summary, through these programs and partnerships, our managers are empowered to treat each associate with the utmost care and concern, which naturally leads to caring for them as a valued member of the Omni family; another of our core values.

I would urge the Committee to explore federal legislative funding that encourages subsidized employment programs, which allows for low-income individuals to receive realistic on-the-job training, that can ultimately lead to full-time employment. Through the Texas Back to Work Program and other organizations like H.I.S. Bridgebuilders and City Square, we are able to train low-income individuals, to provide the tools and knowledge needed to be an employable, self-sufficient individual. Mr. Chairman, thank you for this opportunity.

*Chairman Buchanan. Thank you, Ms. Doucet.

Ms. Larrea, you may proceed with your testimony.

STATEMENT OF LAURIE BOUILLION LARREA, PRESIDENT, WORKFORCE SOLUTIONS GREATER DALLAS

*Ms. Larrea. Thank you, Chairman Buchanan, members of the Committee, Member Crowley. I appreciate the opportunity to speak this morning. I so appreciate Barbara Doucet and Omni joining us. I am Laurie Bouillion Larrea, President of Workforce Solutions Greater Dallas, which is the Workforce Board for Dallas City and Dallas County. 2.5 million people in that single county and we are blessed with an unemployment rate of 3.7 percent. So that means workforce is the number one issue on everyone's mind. Very much like Florida. We are having a blessing and yet a challenge. Talent is in demand. Last year alone, 99,000 new jobs in North Texas. That's a 13 county area. It's very difficult. Our options are to upskill the workers that we have, import workers from other states, pull youth into the workforce earlier, or we hunker down, educate, train, and bring people who are unemployed into the workforce.

Despite the robust economy and diversity, too many people in Dallas remain challenged by poverty, under-employment, limited opportunity, and not realizing their full work potential. The primary customer in the Dallas model is the employer. We strongly believe jobs make life possible. Better jobs make for better lives. I've been the executive for the Dallas Board since 1989. I've seen a lot of things come and go. Cycles of poverty, cycles of public programming.

But one thing that we believe is very true is that a meaningful job benefits the family far better than welfare benefits. We made huge strides in the workforce system in Texas, which most of you are very familiar with. We have the major five federal programs that come into a system in Texas. Those programs are TANF, Wagner-Peyser, the SNAP food stamp program, and unusually so, the Childcare program. And I'll talk about that a little later. And then also WIOA, Workforce Innovation Act. Thank you very much. That was an excellent change in legislation.

These federal grants were awarded to the Texas Workforce Commission. And thus we create a system. A system approach in Texas that converts these programs into a highly visible talent pipeline. Specific for connecting employers to job seekers. Specific for those people who are not engaged in the employment world. In the past two years, our board has also accepted a challenge from the Commission to take on Adult Education. Our partner is the Dallas County Community College District. We founded Work-based Learning.

It's very hard to incentivize people to get a GED at a time when the economy is as good as it is. We need the leverage of the employers in a work-based environment. We also specialize in sector-based strategies. And the Metroplex has done that for over 15 years, looking at our error space, our health care, all of those sectors that are prominent.

The WIOA vision will be fully realized in Texas September 1, when we integrate the employment of people with disabilities. That's coming to this one pipeline of underutilized talent that is so desperately needed by our employers and jobs that are needed by the people that we are serving. Our TANF system is a talent pipeline unto

itself. We have divided the services into two packages, talent development and employer services. That is the key to a good workforce system.

Despite dependence on TANF, we believe that the person should come through a door marked "Job Seeker" without the stigma of having been on public assistance during this time. We also believe that we are seeking solutions through work. Work teaches work. We know historically, assistance teaches assistance. I've been doing this for a very long period of time. And I can tell you, we need a solution that includes work and additional services. In our system, we're concentrating on a full work rate in Texas. So just in the two to three years that we've done this, we've increased participation from 31 percent to 45 percent. And we have cut the denominator, the people needing services, in half.

After securing the job, we do want to work continually with the participant. This is getting the Adult Education Certificates that they need, working with the employer to see that they can do the best that they can do. In terms of advancement, much as we have done at Omni. And we believe that two things must be addressed. Early child development. The only way to break the cycle is early child development. The three year old today is our workforce in 18 years. If they have not come through the system well, or they've been left in poor care, we do have an issue. Beyond that, we are looking at the teens. Bringing someone into the workforce at 18 just doesn't get it. We need to start them in jobs as early as possible.

We have our Mayor's Summer Interns program. Mayor Rawlings has been very proactive in putting kids to work, but there just aren't enough jobs without a little public assistance. The jobs reward academic accomplishment with teens, provide quality private sector jobs, great role models, and hopefully create an aspirational youth that is no longer looking at dependency on public assistance being the only option. I thank you all so much for listening. And we hope to assist you in this perspective. It's time to make a change.

Thank you.

*Chairman Buchanan. Well, thank you. And I want to thank all of our witnesses today for excellent testimony. Now, I will proceed to the question and answer session. And I will begin. Mr. Wilson, as you know, I've been in business for 40 years, 30 years before I got here. And I know first-hand, and I've hired a lot of minorities and people that were on welfare over the years. And people might start at 25, and then they, because of the culture, our companies have been able to build -- we build a culture where we develop and train, and move people up the ladder. They might start at 25 or 30, or minimum wage, and then they're making 80 to 100,000 today. When I look at it, a lot of minorities are making that kind of money locally. But what they need is an opportunity, they need a shot. And we need more employers stepping up.

When I look at Florida, it's like deja-vu. We had the big-time hit in 2008, as you know. '09, '10, '11, we shredded a lot of jobs. But it's back. I mentioned, you mentioned

I think in your testimony a thousand a day coming to Florida. You need 800,000 jobs. What's the Florida Chamber -- more importantly, the business community -- going to do about stepping up and making sure? Especially as we look at, you know, in terms of welfare. The number I've got is out of three that are in welfare, two can work. And what are we going to do about getting those two to work, in your opinion?

*Mr. Wilson. Thank you, Mr. Chairman. And I appreciate your leadership in Florida as a business leader as well. And I think that's indicative in your question as well. What are we going to do in Florida? I think the number one thing we have to think about is awareness. The truth is, we, as someone on the panel mentioned, culture. And most business leaders started as a small business. They actually want to grow their company. They want to create economic opportunity for their employees and for people in the community. And I can't stress enough the importance that hearings like this make, raising the awareness. It's the reason that I'm here today.

The awareness that there are people who want jobs and need training and there are programs for those individuals. So matchmaking is one of the things that we're doing in Florida. I would also add, what we're doing is aligning. We have, there are many resources in this workforce system, some public, some private, that haven't always been aligned to the benefit of the person who needs the training and the person who needs the job. There are over 80 programs receiving state and federal money that are not very well connected. They are not aligned.

What we're doing in Florida is through CareerSource Florida, which is an award-winning work force system in this country, we're aligning what the job-seekers need, by training with assistance, with what the employers need. Last year alone in Florida, they served over 124,000 companies and placed over 430,000 individuals into work positions that they wouldn't have otherwise found without that coordination between business --

*Chairman Buchanan. We've gone about five minutes, so let me --

*Mr. Wilson. Okay.

*Chairman Buchanan. Thank you, Mr. Wilson. Mr. Brame, I want to talk to you. You know, just reading the background of the company, the guy, the CEO who started that company, to me is a visionary. It's not something you've been doing the last couple of years, but for 20 years you've been reaching out to the welfare community and others. People under-employed. And helping them and working with them. Hundreds of employees in that predicament in Grand Rapids, Michigan. What was his motivation and just in general, how much difference has it really made over the years in Grand Rapids, Michigan?

*Mr. Brame. Actually, Mr. Fred Keller has had a huge impact on Cascade Engineering itself. But probably an equally large impact on Western Michigan and Grand Rapids community. And, you know, in 1973 he started this business. He wanted

to create a business that could make money, but also treated people with dignity and respect. He wanted to create a culture of inclusion. And so someone talked about the stigma of welfare.

And so we tried to create an environment where people want to be at Cascade Engineering. You talk about environment where people coming out of generational poverty may not have worked in that environment before. And so unless you give them the tools to be successful, they won't be successful. And one of the greatest things we did was, when we partnered up with DHS, the Department of Health and Human Services, in Michigan, they embedded themselves in that business so that they understood what we needed as a business. They became a partner for us. We worked together.

So when she's out there looking at people that are on welfare, and she can, she understands the opportunity that we're providing. If a person just merely sends someone to Cascade Engineering without understanding the skill sets needed in manufacturing, they're going to fail. And so I think that's been one of the great things. So having an individual that understands inclusion, having a company that is very accepting of all the different types of backgrounds, and then also having the state understanding our business, has created a partnership that's allowed us to be successful.

*Chairman Buchanan. Well, thank you. Now, I'd like to recognize the distinguished gentleman, the Ranking Member, for any questions he might have.

*Mr. Crowley. Thank you, Mr. Chairman.

*Chairman Buchanan. I hope you're enjoying that.

*Mr. Crowley. I love that. I love the sound of that. Mr. Chairman, thank you. Thank you all for your testimony today. Mr. Brame, I just want to thank you for, I think, the passion you're bringing to your testimony. All of you do, on the front lines, in terms of welfare to work. So thank you for all your testimony today. Welfare recipients are parents. Not entirely, but for the most part. Often single parents at that. And providing childcare so that they can work was a key goal of both Democrats and Republicans, working in bi-partisan way, who supported welfare to work in 1996.

Most states have ended up dramatically cutting TANF investment in childcare as part of their overall diversion strategy of TANF funds. And the Congressional Research Service estimates that only 17 percent of eligible families currently get childcare help at all. Dr. King, I know you're an academic, but we have a little bit of time. And if you could keep your answers as short as possible, we can get more in writing as well. Because I have a couple of questions for you. Can low-wage single parents work without childcare assistance?

*Mr. King. They can, but it's not going to stick, all right?

*Mr. Crowley. Not going to stick.

*Mr. King. I mean, if we want those parents to succeed in the labor market. Quality childcare is terribly expensive. Even basic childcare, some of the more recent estimates show that that's about like sending a kid to college.

*Mr. Crowley. So in fact in some states it actually costs more for private childcare, or for childcare than it does for public universities --

*Mr. King. That's right.

*Mr. Crowley. -- is your point. Is reliable childcare a factor -- so it's safe to say that with reliable childcare -- not just simple childcare, putting your most important asset somewhere for the day, but reliable good quality childcare, that that is a key factor as to whether or not an employee is a stable employee. Would you agree?

*Mr. King. Absolutely. And I think we should understand that in the context of what many companies are doing, which is using last-minute scheduling software. And if a single mom in particular is trying to get their kid in good childcare, and they don't know when their shift is going to start until two hours before, they are up the creek. Yes.

*Mr. Crowley. Forget about severe snowstorms. From your work with two-generation strategies, are there other hidden costs to low quality childcare for families and for state and federal assisted programs?

*Mr. King. Absolutely. I think if we don't do this right the first time, it's like the Andy Granatelli thing, right? Pay me now, pay me later. If we're not serving these parents and children at the same time, we're almost sure to see those kids coming back as future dependents, basically, on public assistance. Whether it's SNAP or it's TANF.

*Mr. Crowley. About those two-generation strategies, two-generation programs often involve supports like high-quality pre-school. Not obviously related to parental work. Can you explain further why we should consider the "treat the whole family" approach even if the main goal is for the parents to work their way off of welfare?

*Mr. King. So we've got wonderful evidence that's come out in the last several years. Burkings has produced a report. Ron Haskins, Sara McClanahan, Irv Garfinkle, did a nice piece on the future of children that shows basically, skills beget skills. To echo what Laurie Larrea was saying a minute ago, if we actually build skills for parents and kids at the same time, we get multiplicative effects. They're larger. They're longer lasting. So if parents are better educated, their kids are going to go on to college. We know there's a strong role modeling effect.

*Mr. Crowley. Ending the inheritance of welfare, so to speak?

*Mr. King. Correct. So if you're getting welfare mom trained, if she's going through her education, she's at that very moment role modeling for her kids. And if her education goes up and if she earns more money when the children are smaller, we know that's going

to pay off for those kids having better lives over time. And we know the social mobility stats in the U.S. don't look so good relative to our OECD competitors. So I think it's something that we, we have at our fingertips if we deployed the resources better, and if we took care of some of the wrinkles that we have. So for example, we don't use outcome standards in TANF. If we could align the standards for outcomes in TANF along the line of the Workforce Innovation and Opportunity Act and make adjustment statistically for the kind of folks we're dealing with, we really could bring those systems together better.

*Mr. Crowley. Mr. Chairman, I just want to note, there are 27 seconds left. The gentleman has done outstanding work in proving that academics can testify in under five minutes.

*Mr. King. It's not easy.

*Mr. Crowley. I want to thank him for that.

*Chairman Buchanan. Thank you. I now recognize the gentleman from Washington, Mr. Reichert.

*Mr. Reichert. Thank you, Mr. Chairman. And congratulations on your new chairmanship and your first hearing. Thank you to the witnesses for being here today, and especially, thank you for all the work that you do to help those in need in trying to find employment, and bring their families to a place where they can hope and have hope for the future, for their children and for their families. Mr. Brame, thank you for sharing the story of Amy.

I think that each one of us on the dais and each of you have a story to share too, I'm sure. We all do. Sometimes I share mine. And I notice there's some young people in the back of the room, seated behind you, listening to the testimony, which is encouraging today, for all of you to be here and listen to how Congress works or maybe doesn't work.

We're trying today. And just for your information, I look like I've been here 40 years, but I've only been here 12. Well, 11 and a half. I was a police officer, sheriff's deputy, for 33 years, in Seattle Washington, Kent County Sheriff's. Oldest of seven kids. And I've seen everything you could see, possibly see, in my 33 years in law enforcement. And I really get what you're talking about today as far as employment and helping those people who are on the street, or in between on the street and getting a job, or getting job and moving on and upward.

You know, we had a witness in here not too long ago who was a front line employee. New terminology for the young people. That's a new employee, front line employee for Goodwill, who now is a manager there. And all due to someone taking her in, giving her opportunities, training and education.

I recently had the chance to visit Van Doren Sales, and it's in East Wanache. Some people say "Win-a-chee." But it's East Wanache, Washington State. It's a small town in the central part of the state. And they're a family-owned company with about 136 employees, that design and build fruit and fruit container handling equipment. Their company motto is "Quality Pays." But one thing that they know for sure is, the number one resource in their business is what, people. And they take care of their people through training and education and OJT, on the job training.

And they have seen, of course, a rise in their productivity. Happier community. They participate in the community. All those things that you have all talked about. And I just wanted to turn really quickly to Ms. Doucet and just have you talk a little bit more about identifying talent internally and the returns on your investments when you do that. Not only the financial piece, but the human investment.

*Ms. Doucet. One of the things with Omni hotels is that we value our communities, the communities that we are in. So being able to build a partnership, to give back to those communities and develop the partnership with many organizations. So while we worked a great deal with Workforce Solutions, we also partnered with multiple other agencies to try and build a network to have access to individuals who are looking for employment. And how we help them grow and development. And similar to the situation given earlier as well, we have many stories of individuals who started at entry level positions and have been able to move into leadership roles.

*Mr. Reichert. Well, thank you for your hard work. And I hope that continues too. And Ms. Larrea, could you also expand on your idea of how that all works together? When you give those opportunities to people, what's the returned resources, the human resource? We get the financial peace, but in providing that opportunity for families?

*Ms. Larrea. Thank you, sir. We have also done, as Barbara mentioned, the community aspect of this. Many people still live in poverty in our community. I've noticed that -- and Barbara named H.I.S. Bridgebuilders, City Square. Most recently, we have new partnerships coming. Wrap-around services, coming from the faith-based and non-profit communities, doing things that we cannot necessarily do.

*Mr. Reichert. Good.

*Ms. Larrea. That engagement in the solution has been as valuable as the project itself and the public investment. Having people come together with a common cause. That common cause is community, restoring what we need. Invaluable. You can't put a price on that one.

*Mr. Reichert. Right.

*Ms. Larrea. And ownership. Ownership of the solution as a community coming together. So we've been very lucky. People are the asset. And if you don't, you

know -- I think Florida said it. It's not about taxes anymore, it's about whether or not you can find the work for it, where you're going to move your company, where you're going to expand your company. We've been very, very lucky, and yet I'm a little concerned about not having enough people.

*Mr. Reichert. I yield back. Thank you.

*Chairman Buchanan. Thank you. Mr. Davis, you're now recognized.

*Mr. Davis. Thank you very much, Mr. Chairman. And I too want to congratulate you on the chairmanship of this very important committee, of which I'm pleased to be a part of. I want to thank all of our witnesses for coming. I worked at one juncture during my life as a training director, with the purpose of trying to bring low-income individuals into the medical field. So I know the challenges that you face, and I know the difficulty of your work.

Mr. King, I represent much of the inner city part of Chicago. And so I see first-hand many individuals, low-income, who desperately would like to have a good job so that they could work and take care of their families. But they often lack the skills and training or education necessary to achieve this. For this reason, my Responsible Fatherhood bill proposes to modernize the TANF Contingency Fund to provide additional employment and training opportunities by focusing the Contingency Fund, to fund sectorial training, coupled with other structured TANF reforms. This re-design of the Contingency Fund promises to make quality education and training more available to the TANF recipients. Could you speak to the success of such programs, and what they've done?

*Mr. King. So if we look at the emerging evidence on sectoral and career pathway programs, again we only have about six, seven studies at this point. HHS is actually funding a very large evaluation of the Health Professions Opportunity Grant Program. So we'll have more information in a couple of years down the road. By the way, our Tulsa Career Advance Program, which serves mainly the parents of Head Start, early Head Start kids, is part of that.

But the early evidence we have from random assignment based studies, quasi-experiments, including the Capital IDEA slide that I showed you, all of those programs are showing very strong impacts on employment, on retention, on earnings increases. We also see reductions in TANF receipt, in receipt of unemployment insurance. But we also see that for many of these parents going through, they then become eligible for the first tier safety net, which is their Unemployment Insurance System. And that is, again, a better place to stop than necessarily going on TANF.

So these programs seem to be working the way the theories suggest they should. And again, I -- we're going to learn more about that down the road. The other thing I would say is that the return on investment from those looks better than the long-term return on

stocks. And forget about the, the recent stock market worries. I'm talking about the long term.

*Mr. Davis. Thank you.

*Mr. King. So it's a good investment. It beats my IRAs.

*Mr. Davis. Thank you very much. And Mr. Brame, let me just tell you, I am intrigued by the work that Cascades Engineering is doing, and compliment you and all of those who work at your company. You mentioned removing barriers. And one of the groups that I'm particularly concerned about in terms of barriers are individuals with criminal backgrounds. Could you amplify a bit on how you handle that, and what you do with it?

*Mr. Brame. You are absolutely correct. And particularly an African American community, between poverty and issues of criminal backgrounds are two huge barriers. So one of the things we've done in Cascade Engineering is, first of all, we have policies that allow individuals with criminal backgrounds to apply at Cascade Engineering. And we've moved the box. Meaning that when they fill out that application, we don't ask that question right off the bat. We determine whether we like that person. That person is qualified.

And then later on, we ask the individual about his or her criminal background. And the second thing that we do is that I as the Executive Vice President, I make the determination whether that individual would be hired. It's been our experience that when you have middle level managers making that determination, they might think, "You know what? This might not look good for me if something goes wrong." And so at Cascade Engineering, an executive, a VP makes that call.

And we also allow that individual to make a determination whether he or she will tell other employees about their criminal background. We don't out those individuals, so they can keep that to themselves. We have many individuals that are mentors to others and talk about their criminal background. We have a lot of individuals that choose to keep that to themselves. And so we allow them to make that decision.

*Mr. Davis. Thank you very much, and I really appreciate the effort. And I think that is an excellent approach. And I yield back, Mr. Chairman.

*Chairman Buchanan. Thank you. Mr. Rice, you're recognized.

*Mr. Rice. Thank you, Mr. Chairman. And thank you to all the members of the panel for being here. I just really love hearing your success stories. I think the best welfare to work program is a good, healthy economy, like you have in Florida, like you have in Texas. Looking at the poverty rates, you know, we were about where we are, around 15 percent in the country in the early 90s. Then it went down to about 12 percent and stayed there for a long time. And since 2008, it's been back up around 15 percent. So I think the

best thing that we can do here in Washington is to do what we can to get our economy going. And the best way to do that is make this country competitive. But that being said, so many things you all have said intrigue me.

You know, I come from Myrtle Beach, South Carolina, which has a lot of similarities to Florida. And the tourism economy has a lot of similarities, or same issues, with Omni hotels. And I hear employers all the time in my hometown tell me that they simply cannot fully staff. I had a lady who has 3000 hotel rooms in Myrtle Beach tell me that they needed literally hundreds of people.

Now, one problem we've got that you probably don't have in Dallas and less so in Florida, is we're a little more seasonal. And I'd love to have your advice on how -- we actually arranged for a job fair in a rural community. Had you know, a couple hundred people show up. Arranged for buses to go back and forth. And it was, it worked well, but it just gradually diminished. How do we keep that fire going, Ms. Larrea?

*Ms. Larrea. That is an interesting challenge. But I started my career down in Southeast Texas, on the coast. So I know very well about getting people to stick, getting the jobs to stick. I think one of the things that we spoke about was early learning, early education becoming part of the work for kids, teenagers coming to the job. Do you have an aggressive teen program? If you don't, you need one, where the teens would become familiar with the seasonal work and buy into that, become part. That becomes just a mainstay. We have it with Six Flags. Kids know when those jobs open, and they make their way there. The other would be job sharing. Finding a compatible off-season job so that people don't have to pick a job for a season. They actually know I work "here", and then I shift to "this job". It's bringing it to them in a way that they can organize. If they have good organizational skills, they probably wouldn't suffer from unemployment and poverty. They need that networking and that, the explaining it to them.

*Mr. Rice. Okay. Thank you. And I only have a limited time. You and I could talk about this for a hour. But I want to have Ms. Doucet -- is that how you say your name?

*Ms. Doucet. Ms. Doucet.

*Mr. Rice. Doucet. These jobs that we're talking about, with the seasonal hotels in Myrtle Beach and also with Omni in Dallas, I assume we're talking about like housekeeping and linen and all these types of things. Are you paying minimum wage, or are you having to go above minimum wage to attract these people?

*Ms. Doucet. So we make sure that we are competitive in the markets and going through to assure our associates are --

*Mr. Rice. But with a three percent unemployment rate, I imagine you're well above minimum wage. Am I --

*Ms. Doucet. We are above minimum wage in our properties. And going through for most of those areas. But it is something that we stay competitive with what the trend in that marketplace is. And as you were mentioning earlier, trying to get individuals in, there are so many -- yes?

*Mr. Rice. Does the government, does the government force you to pay over minimum wage, or you do that in response to the competition and the need for these people?

*Ms. Doucet. We ensure that we are competitive to the salaries. So we make that decision based on our wage survey.

*Mr. Rice. Thank you, ma'am. Thank you.

*Ms. Doucet. Okay.

*Mr. Rice. Mr. Brame, I want your advice on this. We have in Florence, South Carolina, which is a little more industrial, we have a great technical school. The Southern Institute of Manufacturing and Technology. And they have something called a computerized digital machining program. And they can only take -- excuse me -- 80 kids a year. And it's a two-year program. And they have two problems. One, they can only get 40 kids a year to sign up for it. And two, they don't finish the program. The ones that do -- because there's such a need for this -- that the people get hired after one year, making 60 to 80,000 a year. What would be your advice on A, how they can attract, and B, retain these kids, when there's such a dramatic need for it?

*Mr. Brame. One problem we're having in Western Michigan is that manufacturing is not sexy. If you talk to individuals' parents, and you ask them, you know, should I, should I go to college right away or should I try to get a skill and go into the manufacturing field, then you know, 90 percent of the time, a parent will say, "You know what, you might as well go to college." But in Western Michigan in particular, we have good paying jobs that a person can come out an hourly rate making 20 plus dollars an hour, or a salary rate, making a significant income.

So if the problem is, that they're getting hired before they finish and they're getting those jobs, I'm not sure that's the, necessarily a problem. It might be a good thing. Because maybe those skills, maybe that training is not necessarily what they need. But I would argue that you need to go back upstream, talk to schools, talk to parents. Make sure they understand that manufacturing is a valuable job in this community, and make it more sexy.

*Mr. Rice. Thank you. I yield back my negative 40 seconds.

*Chairman Buchanan. Thank you. Mr. Reed, you're recognized.

*Mr. Reed. Well, thank you, Chairman, and thank you to our panel for this testimony. I am all in when we come to reforming our welfare program, TANF, all the various programs across the way. Because they're just not working. We've had years and decades of experience showing that throwing cash at this problem is not going to solve this problem. We need to do more. We need to do better. And so I am intrigued by some different proposals out there.

One of the existing proposals that's of interest to me, my former predecessor and a mentor of mine, a guy by the name of Amo Hoten, who sat on this Committee, was a proud sponsor and a creator of the Work Opportunity Tax Credit Program. Can you give me -- and what that really is designed to do is to stand with our employers in the sense of trying to provide an opportunity by way of a job to individuals that are facing barriers to going into employment. Any feedback on the WOTC program that you could offer us that -- anyone -- to reform it, to make it more of the 21st century improvements that we could do on the Work Opportunity Tax Credit Program that you may have experienced? Anyone up there want to jump at that? All right, Mr. King. I'll give you a little time. Go ahead.

*Mr. King. All right. I think the way to think about WOTC is it's a complement to other things, not necessarily a replacement.

*Mr. Reed. Perfect.

*Mr. King. So it can be a good add-on at the end, but I don't think there's any replacement for providing a talented employee to take the job first. And what we don't want to do is to basically stigmatize. We have research that shows that in many cases, if a recipient's going out with WOTC, the employers go, "Whoops, damaged good." We don't want to do that. So I think the first thing to sell is talent, and then you follow up with the tax credit.

*Mr. Reed. Okay, that's good input. So we'll continue to work on that. One bigger concept that I want to work on and focus on from the panel, the whole concept of the welfare cliff. The whole concept of you, you go back to work and you hit this penalty when you get to a certain level, a threshold. And essentially, what I've heard, talking to folks out in the real world, talking to people in Western New York, is that there is a real penalty that is either -- it's in reality and it is recognized by people that are in the workforce.

I've had employers, in my private practice, before I came to Congress, I had an employee refuse a holiday bonus because her, her assigned worker at the county office told her, "You take that bonus, you lose your penalties." How can that be America? How can that be America? That I had someone tell me they're going to refuse their holiday bonus because they're being told by their government representative, "You will lose your benefit." We have to do better than that. So I'm very intrigued on concepts from the panel. And we'll start with Mr. Wilson and then Ms. Larrea, if I'm saying it correctly. How do we reform that welfare cliff? How do we attack that welfare cliff to

stand with the American work ethic, to stand with individuals that are getting back on their feet? And what can we do? What would be your recommended course in that action? Mr. Wilson?

*Mr. Wilson. Thank you very much for the question. I think you're absolutely over the target of one of the biggest hurdles that we have to uncover. The people who know the most about that cliff are the people who are burdened by it right now. The other 80 percent of America doesn't know what you're talking about. So to me the number one thing that we can do is to use our collective ability to educate all of America about what this cliff is, and then create a sliding scale where employers and those stuck in generational poverty know exactly what they can expect from their government and from their private employer. This is a mis-information mis-match in my opinion. The resources are there. People don't know about it. And I think it can be fixed by awareness and a sliding scale of support.

*Mr. Reed. Perfect. Ms. Larrea?

*Ms. Larrea. I would strongly support the sliding scale conversation. I think what we neglect to recognize is there is a very large cavity between benefits and still living in poverty and under-employment. And we seem to think you just jump over that gap. Well, that gap is rather large. That's why we have such an increase in food stamp rolls that are not part of public welfare. So I like the idea of a sliding scale.

*Mr. Reed. I appreciate it. And when we're talking sliding scale, obviously we're talking about sharing the paycheck that an individual receives, they can keep a portion of that paycheck, and then the other resources get returned to the government operations. Because one of the things that resonates with me -- and you said it -- work teaches work, assistance teaches assistance. And I know an eight year old that I was a law guardian for, and I won't tell that story again. But essentially with my 15 and 17 year old at home, they only do about two percent of what I tell them to do. But 98 percent of what they observe. And so if we can get people back working, do you agree -- like Mr. Brame, the story of Amy --

*Mr. Brame. Yes.

*Mr. Reed. Her kids said, "It was you, mom, inspired me to go to college?"

*Mr. Brame. Yes.

*Mr. Reed. That's what I'm trying to do here in Washington, D.C. So I would -- as I'm out of time, any input you have where we can reward that American work ethic, get people back on their two feet, and break that generational cycle of poverty that we see? With that I yield back.

*Mr. Brame. And with that story of Amy, it wasn't just in her case, not just getting a bonus. She had to deal with not taking promotions. That's a more long-term

problem. You choose to stay in a position that pays you x amount of dollars, refusing to take these steps. 15 years from now, think about that money compound, and where you could be. You could be a manager, you could be a leader, and you choose not to do that, because of the cliff.

*Mr. Reed. Amen, Mr. Brame.

*Chairman Buchanan. Thank you. Mr. Dold, you're recognized.

*Mr. Dold. Thank you, Mr. Chairman. And now, I too want to thank the panel. And I just want to pick up where my friend Mr. Reed was. And we need to break this cycle of poverty. And frankly, the most effective thing that we can do for someone that's in poverty is find a job. And I come from a district in Northern Illinois. And we are a heavy manufacturing district. And I can tell you time and again, the number of employers that say, "I've got good jobs available. I can't find people qualified to take those jobs."

Mr. Wilson, you were talking about the idea that a quality education is the key in this process. And yet we need to make sure that those people get a chance to be educated. One of the things that I'm working on here in the Congress is a pilot program to make sure that employers that are doing this training program, perhaps maybe the government pays half the salary to kind of offset that training mechanism. And idea, so that the employer -- or the employee has a chance to prove themselves. Mr. Brame, I'm fascinated by what Cascade Engineering is doing, and want to applaud you for it.

*Mr. Brame. Thank you.

*Mr. Dold. What's the secret sauce that Joyce has? Joyce is, she's the person that DHS, that's been hired --

*Mr. Brame. Yes.

*Mr. Dold. -- by Cascade?

*Mr. Brame. Yes.

*Mr. Dold. That's embedded in the company?

*Mr. Brame. Yes.

*Mr. Dold. What is she doing that's different than an HR manager?

*Mr. Brame. Well, if you think about it, there are questions that I as an employer shouldn't be asking an employee. But she can go in and resolve those issues for her. An issue of childcare, issues of transportation, issues personal to her life. On the extreme,

issues of domestic violence. These are things that she can go in and get support for this individual, that I can't do.

*Mr. Dold. Mr. Brame, you're hitting on incredible issues that employers are trying to deal with right now. So she can go ahead and do these types of things. So the people that are watching this hearing right now from around the country, employers that are watching, they want to know what is it that they can do? How can they replicate this? Because we want to be able to knock down barriers for those people to be able to see success in the workplace. How are they able to do it?

*Mr. Brame. I think having conversations with the appropriate state agency, we want the same things. I think sometimes we don't realize that we do want the same things. So we have these conversations. We go aha. We're trying to, in our case, find educated employees or find employees that can do great jobs. She wants to take people off of welfare. How can we meet in the middle? How can we have a win-win, and we're able to do that effectively? By having these conversations, setting up clear criteria, and us both having training programs to make sure these individuals are successful.

*Mr. Dold. Ms. Larrea, again, you talked about work encourages work, or work teaches work, and assistance teaches assistance. And the biggest thing to breaking that cycle of poverty you said was early childhood development. How early do we need to go?

*Ms. Larrea. Zero to three.

*Mr. Dold. Zero to three. Okay. So early childhood education and an investment, Head Start education. And which, again, I was pleased to see the Congress do, certainly during the budget, an increase in Head Start, I think of 570 million dollars this year. One of the things that I'm interested in, would be interested in your take -- there's a high school that is doing things outside of the box back in my district. It's Crystal Ray School in Wakegan. And they require their students, freshmen through senior in high school, to actually work one day out in the workforce.

So a company like Cascade Engineering might say, "I'm willing to hire one." And when they say they're willing to hire one, that means they get a freshman, a sophomore, a junior and a senior, and then one of them will rotate back on the fifth day.

Now, what that teaches them is not only does it give them work ethic, not only do they have mentors in that new place of employment, but it gives them an enormous leg up when it comes time to going into the workforce. Are you experiencing anything like that down in Dallas?

*Ms. Larrea. Absolutely. I wish we had a lot more resources to do it. But our employer partners, and I know Omni is a partner in the Meers Fellowship Program. Kids, kids are transformed by work. They are. They see a future that isn't at home. It's different.

*Mr. Dold. How can we better do that, in terms of creating that environment where we can get more people into the workforce? Ms. Doucet, do you have an idea on that?

*Ms. Doucet. Yes. I think that actually encouraging that partnership, we invite a lot of middle schools and high schools to come to our facilities and bring their classes. And it gives them an opportunity to see the heart of the house as well as the front of the house, and explore avenues they didn't even anticipate they would be able to look into, for future job growth. We do get a lot of interest from our students that way, in building those relationships very early.

*Mr. Dold. Ms. Larrea, I want to go back to you for a second. One of the things that I hear from a lot of folks is again, that they had an issue with the law, they're having a tough time even breaking through that first interview. What have you been able to do down in Dallas to be able to help those? Because again, they might have made a bad decision. We want to make sure they can get back on their feet. How do we best enable and help them?

*Ms. Larrea. A lot of partnership and advocacy, particularly with government working with business. But we also are now taking Workforce into the jails. Into the Dallas County Jails. Teaching GED and ESL inside the jails and then hopefully bringing them into the community college system for skills. Skills will possibly overshadow an offense, in this kind of competitive market.

*Mr. Dold. Great. Thank you so much. My time's expired.

*Chairman Buchanan. Thank you. Mr. Smith, you're recognized.

*Mr. Smith. Thank you, Mr. Chairman. Mr. Chairman, I'm excited about this hearing, because we're exploring the value of first work, and then also the engagement with government programs and also private employers. The key piece there is the engagement. We've seen, as you all have testified, the positive results with engagement, in those too. And I've been particularly pretty impressed with the testimony from Mr. Brame and also Ms. Larrea, in regards to the boots on the ground, I guess, and actually seeing first hand of people getting front line jobs. And a lack of work or limited work as we all know is the number one cause of poverty.

And representing a Congressional district by some that would say it's the 18th poorest in the country, this is something that is very important to me. Mr. Brame, what I would like to ask you, it seems that the Michigan Department of Human Services really values your company's partnership to help them move individuals off of welfare and into full-time employment. Was that always the way?

*Mr. Brame. We began these conversations for -- and this was the mid-60s, and we, I think we peaked their interest. I think they weren't used to employers coming to them and saying, "Hey, how can we work together?" I think in the beginning, we had to work through some issues, because they weren't used to being so connected to business.

But since the late 1990s, we've had great connections with their leadership. We have great connections locally and even throughout the state. And so we're able to effectively create and move these programs, and they've been able to expand these programs to other areas. So in the beginning, it was just a little awkward, because they weren't used to it, but they were very receptive, and it's grown ever since.

*Mr. Smith. So it was awkward. Did you -- did Cascade have to persuade DHS to be involved, or just they had to get --

*Mr. Brame. Yes. For example, when we were discussing moving the social worker to our facility, you know, there wasn't a process for making that happen. And so you had to ask all these questions. "Well, can you do it or can't you do it?" Something that's been so impactful in our program, in the beginning was like, "We just don't do that." And so we began to say, "Well, why don't you do that?" And they asked the question, "Would it be more impactful if she was there?" "Yes." And so sometimes we have to ask these extra questions to change their procedures and policies.

*Mr. Smith. What advice would you give other states who are trying to work with their Human Service Agencies that may be a little apprehensive about it?

*Mr. Brame. I would suggest that if social workers go out and actually spend time with businesses. Actually go in and see what the businesses are doing. Understand what their needs are. I think that's, sometimes that's the biggest disconnect. When you have a social agency trying to provide employment to someone or trying to spend dollars of a specific program, and they don't know what the employers need or want. I think asking the employers what they need, understanding what they need, will cause programs to be much more successful.

*Mr. Smith. Thank you, Mr. Chairman.

*Chairman Buchanan. Thank you. Ms. Noem, you're recognized.

*Mrs. Noem. Thank you. Mr. Wilson, I was reading your testimony. I was struck by your description of a lot of your significant challenges that you've faced in Florida, and especially as it relates to generational poverty. Because although the Bureau of Labor Statistics says that South Dakota has the second lowest unemployment rate in the nation, at 2.9 percent, we still have portions of the state that live in generational poverty. And some of the challenges that you specifically discussed had to do with housing and access to transportation. And those are some of the basic needs that we face as well.

Some of these areas, you know, obviously, are in a situation where they're quite remote and rural areas, which might be a little different than what you've faced, but I'd like you to expand a little bit on some of the solutions that you pursued that might be useful not just in urban areas but also rural areas, on addressing those challenges. And also building the relationships to help lift people out of generational poverty. That's definitely what we see programs doing in the parts of our state that are dealing with high

unemployment rates. Some of my tribes, where they're located, have been in 80 to 90 percent unemployment rates for generations.

*Mr. Wilson. Yes.

*Mrs. Noem. And it's become the norm, and not -- and the state is looking for solutions. I'm looking for solutions, on how we can build relationships between the private sector and programs that already exist, to change them so that they truly do lift people out of these situations. Could you give some more feedback on things that have worked?

*Mr. Wilson. I certainly will. Thank you very much for the question and for the observation. It's my perspective that most business leaders actually want to do the right thing. And my colleague on the panel today talked about what they're doing in Michigan. Most companies in America are not allowed to do that. You think of lawsuit abuse reform. You think of the regulations. Companies want to do the right thing. And sometimes government rules and regulations actually are a dis-incentive to doing the right thing. I can't stress enough the importance of awareness of this problem.

As I mentioned before, most people in America have no idea what generational poverty is, and that these people are born into this. And most people would have no idea that half of the people born into generational poverty never exit it, because they don't know what opportunities are out there. So whether it's re-thinking the way we provide services to people who are looking for employment -- they need transportation, they need healthcare, they need training. I think my colleague actually said it better than me.

If we can focus the thinking to outcome based resources, let's focus on the outcome of the parent and the outcome of that child. And put the adults -- everybody providing services in the back seat so to speak. And let's focus on that employer, the parent and the person who's stuck in generational poverty. The rest of it is easy to figure out. I think we've been focusing too much on getting resources to programs and places.

*Mrs. Noem. So do we need the flexibility for each individual situation? So we have to look at that individual that is on programs today, what would address their situation? And then at that point, does the program need to be flexible at the state level, for the state to address? Because it's very hard for us in Washington, D.C. to decide how a program should function. I think that's where we see the restrictions that don't allow it to be formulated in a manner that can be fixed for each individual situation.

*Mr. Wilson. Yeah, thank you for the question. Yeah, I believe that in Washington, we can set a national goal of ending generational poverty in 10 years. And then I think we can say to states and to local governments, "You come up with a solution that works best for the people in your community, for the employers in your community." And let's make sure the resources are outcome based. In our state, for example, we have 20 million residents. We've made it a priority for low-income individuals in Florida to essentially be able to have school choice, through something called the -- it's a miracle in

my opinion. Something called the Tax Credit Scholarship Program. These kids' lives and their families lives are being changed because --

*Mrs. Noem. Did you base that off of annual income? How did you --

*Mr. Wilson. That's right.

*Mrs. Noem. -- qualify?

*Mr. Wilson. That's right, yeah, it's income based.

*Mrs. Noem. Okay.

*Mr. Wilson. And it's a huge success story. Several states are now implementing that. It's related to this conversation. I would encourage you to look at it.

*Mrs. Noem. Any other examples you could give us of extremely successful programs that you feel like would really work? And not just in urban areas. I'm thinking immediately about your tax credit solution for school choice would be difficult in a rural area, where the only school they might have access to is, within 20 miles, is that school. But beyond that, for that flexibility in a program, that would work in a rural area as well, is there one that comes to the top of your mind that might work?

*Mr. Wilson. Yeah, thank you. On the subject of education, we also have America's largest virtual school program, called the Florida Virtual School Program. It is so excellent that my own kids have gone through our Virtual School Program. Although they certainly could go to a great school, a public school, if they wanted to. So virtual schooling, school choice, these are essential. They help solve some of the challenges of childcare. They help solve access. They help people who, because of their zip code, may not otherwise have access to excellence in education.

*Mrs. Noem. Okay. Thank you. Thank you, Mr. Chairman.

*Chairman Buchanan. I'd like to thank all of our witnesses for appearing before us today. Today's hearing was an important step as we think about the future, welfare reforms and getting the incentives right for good outcomes. Employers are often overlooked partners, when we think about helping families out of poverty. Including them in this conversation is good for them. It's good for the recipient, it's good for the community, and it's good for the taxpayers.

As I looked at some of this data myself, two out of three that are in welfare would like a job and like an opportunity, in the state of Florida, and I'm sure, throughout the country. In our state, we need them and they need an opportunity. And we need to find a way where corporate America, small businesses, can come together with their local community in terms of providing it. Please be advised that members will have two weeks to submit their written questions to be answered later in writing. Those questions and

your answers will be made part of the formal hearing today. With that, the Subcommittee will adjourn.

[Whereupon, at 11:25 a.m., the Subcommittee was adjourned.]

Supplemental Witness Material

[Kenyatta Brame](#)
[Christopher King](#)

Public Submission For The Record