

# Mike Sheridan

## **Executive Director 1996-Present**

Mike Sheridan is the Executive Director for the Texas Workforce Commission (TWC) and is responsible for planning, developing and administering all statewide workforce development programs budgeted at over \$950 million annually. Principal programs administered include:

- Workforce Development programs;
- Job Training programs;
- Employment service programs;
- Welfare-to-Work programs;
- Unemployment insurance programs;
- Child Labor/Payday Law programs;
- Proprietary Schools, Veterans' Education and Career School Licensing programs;
- Youth Services, Apprenticeship, School-to-Work, Literacy, and Volunteerism/Community Service programs;
- Child care management programs; and,
- Labor market information programs.

In addition, Mike is responsible for the transition of many workforce development programs to 28 local area Workforce Development Boards and for the implementation of successful welfare-to-work initiatives.

Mike has had a wide array of experiences and responsibilities with the State of Texas. Starting in 1968, while attending the University of Texas, he worked as an Administrative Assistant in the UT Schools of Civil Engineering and Education, and later as the Committee Clerk for the Revenue and Taxation Committee for the Texas House of Representatives.

From 1971 to 1996, Mike worked in virtually every unit in the Texas Employment Commission's (TEC) Unemployment Insurance (UI) Benefits operations and served in many management positions at TEC. Mike managed the Special Unemployment Assistance (SUA) Program; managed the UI Fraud and Overpayment Program; served as Assistant Chief of UI Benefits; served as Director of Internal Audit; served as Program Director of Evaluation, Audit & Strategic Planning; served as Division Director of Administrative Support Services; and served as UI Director for the TEC.

In June, 1996, he was named Director of Unemployment Insurance for the Texas Workforce Commission (TWC). and, on November 27, 1996, Mike was appointed Executive Director for the TWC.

Mike was born and raised in San Antonio, Texas, and moved to Austin, Texas, in 1965, where he graduated from high school, and went on to attend the University of Texas at Austin.

### **Awards, Accomplishments and Affiliations**

- **1999** Leadership Award, National Foundation for Unemployment Compensation and Workers Compensation (UWC)
- Admiral, State of Texas Navy
- Member, Texas Private Sector Prison Industries Oversight Authority
- Member, Board of Directors, Texas Economic Development Council
- President-Elect, Board of Directors, Interstate Conference of Employment Security Agencies (ICESA)
- Chair, ICESA Public Electronic Labor Exchange (PELEX) Committee
- Former Commissioner, Texas Incentive & Productivity Commission
- Former Chairperson, Governor's State Agency Internal Audit Forum
- Graduate, Governor's Executive Development Program, LBJ School of Public Affairs, University of Texas, Austin
- Former Member, Board of Directors of the Unemployment Insurance Information Technology Support Center (ITSC), College Park, Maryland
- Past-President, Texas Chapter International Association of Personnel in Employment Security (IAPES)
- Past International President, IAPES
- Lifetime Achievement Membership Award, IAPES

Testimony Before the U.S. Trade Deficit Review Commission

Dallas, Texas

January 21, 2000

Good morning, I am Mike Sheridan, Executive Director of the Texas Workforce Commission (TWC). I am testifying at the request of the Texas Secretary of State's office on issues surrounding trade adjustment programs.

TWC was created by the Texas Legislature in 1995 through the consolidation of 28 employment and training programs from ten agencies, including the trade assistance program. The Trade Adjustment Assistance program was created through the Trade Act of 1974 and revised to include workers affected by the North American Free Trade Agreement, or NAFTA, through the authorization of the NAFTA-Transitional Adjustment Assistance program.

Overall, we have found that NAFTA and free trade have had a net beneficial impact on the Texas economy. We have seen a net increase in employment in all regions of the State. Despite this net growth, some classes of workers

have experienced some tough times. The Trade Act programs are among the tools we have to help these displaced workers take advantage of the booming Texas economy.

The primary trade-affected industries in Texas are the production of oil and gas and garments. Since January 1, 1994 22,112 Texas workers have been identified as workers whose jobs were lost due to the effects of NAFTA.

A shift in the production of blue jeans from El Paso to Mexico or Asia will not change whether we buy blue jeans. But it will increase the trade deficit and displace Texas workers. Congress has established the TAA and NAFTA-TAA programs to provide a transition to new employment for these workers. Today I propose a series of changes to improve these programs and make them more responsive to the needs of people affected by shifts in trade.

After evaluating the results of the NAFTA-TAA Program for Calendar Year 1998, we found that 75 percent of the program participants who left training have entered employment. Of this group, 68 percent retained employment for at least six months. Furthermore, within three quarters after leaving

training, earnings increased for 72 percent of the workers compared to their earnings at separation from their previous employment.

The Trade Act Program does not have federal performance standards, but these outcomes compare favorably to other federal training programs.

However, the Trade Act Program was not designed to serve the categories of workers currently accessing the program in Texas. The effectiveness of the program could be improved if changes were made to the federal laws that govern this program.

The Trade Act Program was initially established in the 1970s to assist autoworkers that lost their jobs due to the import of automobiles from other countries. These workers were often union members who were educated and skilled workers. Many of the Texas workers currently accessing this program in Texas have limited English skills and often must obtain English as a Second Language and Adult Basic Education skills in order to benefit from vocational training.

A 1999 study by the El Paso Adult Bilingual Curriculum Institute found that, both in El Paso and nationally, ESL-Literacy programs do not use

diagnostic or placement tests to tailor instruction to meet the needs of individuals. In addition, these programs do not teach business or workplace-oriented English. The failure of this one-size-fits-all approach is clear. Only 13.3 percent of the study's participants were employed at the time of the study. In Texas, curriculum development is the authority of the state education agencies, not TWC. Further, Trade program funds cannot be used for curriculum development anyway. The federal departments of labor and education should address the absence of an appropriate ESL-Literacy curriculum for these workers.

The strict time limit requirements for entering training under TAA and NAFTA-TAA are often hardships for workers and inhibit the most efficient use of training funds. The time clock for getting into training begins on the worker's last day of work or a certain number of weeks after the date the layoff is certified as related to trade, whichever is later. Once the Office of Trade Adjustment Assistance in the U.S. Department of Labor notifies TWC that a company or section of a company has been certified as related to trade, TWC requests from the employer a list of workers who were laid off. If employers delay in responding to requests, this reduces the time available to TWC to notify workers that they may be eligible for Trade program services.

Community and Technical College quarters or semesters may not correspond to the timing of layoffs that may further delay enrollment into training. A more flexible time limit requirement is needed.

If the number of weeks of training benefits exceeds the number of weeks program participants can receive unemployment insurance, or UI, benefits and TRA income support, workers may be unable to complete their training due to the lack of personal financial resources. Workers generally cannot get into training programs immediately, so a portion of the time they receive UI benefits is devoted to working through the options, choices and details of the training program. This delay also reduces the time period when workers are receiving income support. Federal regulations should be changed so that the number of weeks of income support equals the number of weeks of available training services.

Another example of federal program requirements that create hardships is the requirement regarding scheduled breaks in classes. Breaks longer than 14 days render the program participants ineligible to receive income support for any portion of the scheduled break. Breaks in some training programs can last up to four or five weeks, particularly between fall and spring

semesters. The federal regulations should be modified to allow for breaks in schedule, which correspond to training providers' regular class schedule.

In order to develop training programs which provide workers with skills to fill the local labor market needs, employers and local economic development entities must work closely with training providers to ensure the training programs meet local needs. Effective integrated language and vocational training programs designed to meet the needs of adults are imperative to meet the needs of Texas workers who lack these skills. Funds should be provided for the development of effective integrated training programs that provide workers the opportunity to acquire language and vocational skills concurrently.

In conclusion, the Trade Act Program is benefiting Texas workers, but could be more effective if revisions were made to federal statute and regulations so that the program could be more responsive to the needs of our state's workers.

**RECOMMENDATIONS TO THE U.S. TRADE DEFICIT  
REVIEW COMMISSION  
ON THE TAA AND NAFTA-TAA PROGRAMS**

1. **ACCESS TO TRAINING:** Strict time requirements for entering training under TAA and NAFTA-TAA are a hardship for workers and inhibit the most efficient use of training funds.
  - a. Time clock for getting into training begins on the affected worker's last day of work OR a certain number of weeks after the certification date, whichever comes later.
  - b. After a petition is certified, the state agency must obtain from the company a list of affected workers so they can notify them of services that are available under the Trade program. Frequently, companies are slow to get a list of affected workers to the state trade unit. Workers may lose or waste days of their eligibility due to employer delays.
  - c. The NAFTA/TAA requirement that workers be in training within 16 weeks after layoff or 6 weeks after certification severely limits workers' options for retraining. Community or technical college quarters or semesters do not correspond to employers' layoff schedules. Desired classes may not begin within the "window" mandated by the legislation. Workers may be put in inappropriate classes just to meet the time requirements.
  - d. Conversely, trade-affected workers who are ready to enroll must wait for certifications and processing of paperwork. They may miss enrollment deadlines and be forced to delay entering classes.

***New legislation:** Offer local control and flexibility in enrollment timetables basing them on an assessment of workers' needs and local school schedules and openings.*

2. **MAINTAINING FINANCIAL SUPPORT:** Number of weeks of training benefits exceeds number of weeks of affected worker can receive a Trade Readjustment Allowance (TRA):

**UI + “basic” TRA = 52 weeks**

**Additional TRA = 26 weeks, if the workers meet all other requirements.**

**Total Income Support w/UI = 78 weeks.**

**Training benefits last 104 weeks.**

- a. Payment of the TRA lasts up to 52 weeks (including extension) added to a maximum 26 weeks of unemployment insurance benefits, but training may extend for 104 weeks. Workers generally cannot get into training programs immediately, then a portion of the time they are receiving unemployment insurance benefits will be devoted to working through the choices and details of their retraining programs. Few individuals would be able to have the benefit of **78** weeks of training during which they are actually receiving either unemployment insurance or trade readjustment allowances. Individuals unable to demonstrate that they have sufficient resources to complete training that lasts longer than their cash benefits may not receive approval for their chosen program. When the allowance ends, some drop out of training before completion.
- b. Many trade affected workers in Texas need a full two years of training, or more, to improve literacy as well as vocational skills and do not have resources to support themselves and their families through completion of training programs. They must devote some of their training eligibility to learning workplace English,
- c. Needs-related payments, a possible way to bridge the gap between the end of the trade readjustment allowance and completion of training, are based on policies of local boards. Local boards may choose not to make needs related payments.

***New legislation:** Permit payment of TRA for the full period of eligibility for training (104 weeks), if the affected worker’s assessment indicated that he/she needed remedial education as well as vocational training to find a new job. Or, by automatically co-enrolling TAA and NAFTA/TAA workers in WIA (see #4), they could receive their benefits from WIA if their TM runs out.*

3. **ELIGIBILITY FOR TRAINING PROGRAMS:** Scheduled breaks in classes count as weeks of eligibility. Breaks longer than 14 days render the worker ineligible to receive allowance for any portion of the

scheduled break. College breaks can last up to four or five weeks, particularly between fall and spring semesters.

***New legislation:*** *Extend the period of eligibility by the number of scheduled, approved breaks in worker training, allowing affected workers to take full advantage of the 104 weeks of eligibility for actual training.*

4. **COORDINATION WITH ONE-STOP DELIVERY SYSTEM:**

Funds to administer Trade programs do not support enough Trade staff (in a state like Texas with a great deal of Trade activity) to adequately conduct assessments, approve training programs and manage support services for trade-affected workers. Delivering services through one-stop centers is a partial solution, as long as funding streams and accounting remain on a program by program basis. TAA remains a state program, while the one-stop centers are under local control.

***New legislation:*** *Call for automatic co-enrollment of TAA and NAFTA/TAA eligible-workers in WIA, permitting more cross training and better use of staff in a one-stop center. In addition, workers would be eligible to receive training and services from either source.*

5. **BROADEN APPLICABILITY OF PROGRAM:** Production shifts to countries other than Mexico and Canada have affected workers in Texas.

***New legislation:*** *Permit the Secretary of Labor to certify petitions due to shifts in production to a foreign country of articles similar to or directly competitive with articles produced by the firm engaged in layoffs of workers.*

5. **OVERHAUL ADMINISTRATIVE REQUIREMENTS:.**

Administrative requirements for TAA and NAFTA-TAA are overdue for a review. They are so complex that they hinder the smooth and efficient operation of the program and training of new staff.

***Policy Recommendation:*** *Establish a state-federal work group to examine and overhaul the administrative requirements. The working group should be composed of stakeholders such as the Department of Labor, state agencies, local workforce development. and workers.*