

MR. SHERIDAN: Good afternoon, Madame Chair, members of the Commission. I'm glad to be here. Again, my name for the record is Mike Sheridan. I'm director of the Texas Workforce Commission. I also currently serve as president-elect of the Interstate Conference of Employment Security Agencies; a national association representing 50 state administrators who are in positions similar to mine.

Our agency was created in 1995 by our legislature and consolidated all our workforce and employment training programs into a single agency. The Trade Adjustment Assistance Program, which 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 NAFTA traditional adjustment assistance program is housed within our agency.

Overall, we have found that NAFTA and free trade have had a net beneficial impact on the Texas economy. We've seen a net increase in employment. Despite this growth, some classes of workers in Texas have experienced some tough times, and that's what I want

to concentrate on and changes I would recommend to help them.

The primary trade-affected industries that have been affected are the production of oil and gas and dislocated garment workers. Since January of 1994, over 22,000 Texas workers have been identified as workers whose jobs were lost due to the effects of NAFTA. A shift in the production of where you make jeans from El Paso to Mexico or Asia doesn't change whether or not people are going to buy these clothes or not, but it will increase the trade deficit and displace some of our workers.

Congress established these programs to provide transition to new employment for these workers, and today I'm going to propose a series of specific changes which might help these people in these times.

Evaluation results of our program for calendar year 1998 are positive when we find that 75 percent of participants who have left training have entered a job. Of this group, 68 percent retained employment for at least six months. Furthermore, within three-quarters after leaving, earnings

increased for 72 percent of the workers. The trade program does not have federal standards, but these outcomes are very favorable when you compare them to other training programs.

However, the trade program, under its current design, does not serve current workers very well. This program was established originally to help autoworkers who had different educational abilities than what we find now with the workers in Texas. Many of the workers currently accessing this program in Texas have very limited English skills and often must obtain some English as a second language and adult education skills in order to go into a new career.

A 1999 study by the El Paso Adult Bilingual Curriculum Institute, which we funded from our agency, found that both nationally and in El Paso, ESL literacy programs do not use diagnostic replacement tests to meet the needs of individuals. In addition, these programs do not teach business or work place-oriented English. The failure of this one size fits all is obviously very clear. Only 13.3 percent of participants were employed as the study was conducted. In Texas, curriculum development is under the

authority of state education agencies, not the agency that I administer. Further, trade program funds cannot be used for curriculum development under the current federal policies, laws and rules. The federal Departments of Labor and Education should address the absence of an appropriate English second language -- what I call business-related program for these workers.

The time limits for entering trade programs are often hardships for workers and inhibit the best use of the funding. The time clock starts the last day of their work or a certain number of weeks after the date that the layoff is certified, whichever is later.

It then goes through a process at the U.S. Department of Labor and then back to my agency. All of this takes a while and affects the workers in a negative manner. If we get a delay from the employer who has the layoff, this also adds time, which does not help the worker, because what they want to do is get in training very fast.

Again, the number of weeks of training benefits exceeds the weeks the participants can

receive traditional unemployment insurance, which they must get first before they get into the Trade Adjustment Assistance Income support. Workers generally cannot get into training programs immediately, so a portion of the time they're receiving benefits is devoted to the options and choices and details of the training program rather than their needs.

Regulations should be changed -- the number of weeks of income support should equal the number of weeks of available training.

Another example of hardships is the requirement for our scheduled breaks in classes. Breaks longer than 14 days render the program participants ineligible to get support for any portion of the break. Breaks in some training programs can last up to four or five weeks, particularly in semesters.

My point here is that traditional education programs have not changed to meet the needs of these workers who are on a different schedule and a different time frame.

I want to end by specifically talking about five or six real specific items. First, access to training -- strict time requirements for entering training under TAA and NAFTA TAA -- they are a hardship for workers. What we have suggested is new legislation which would offer local control and flexibility in enrollment timetables basing them on an assessments workers' needs and local school schedules and openings.

Second, maintaining financial support -- the number of weeks of training benefits exceeds number of weeks an affected worker can receive TRA allowance. We would propose legislation to permit payment of TRAs for the full period of eligibility, 104 weeks, if the affected worker's assessment indicated that he or she needed remedial or vocational education, which many of our workers here do need.

Eligibility for training programs -- scheduled breaks in classes, again, count as weeks of eligibility. We would propose legislation to extend the period of eligibility by the number of scheduled approved breaks in worker training.

Fourth, new legislation regarding the one-stop delivery system that would allow co-enrollment in the new Workforce Investment Act system.

Additionally, we would strongly urge support of returning to states' Employment Service funds which are held up now by policy and by the current budget situation in Washington. States' employers have paid the federal unemployment tax to fund employment services -- right now we get 34 cents from the dollar back in Texas -- that could help these workers find jobs. We would like more of that money back that's in the trust fund.

And last, overhauling administrative requirements -- we would ask that as a policy recommendation the Department of Labor look at establishing a state-federal work group to look at overhauling the administrative requirements which are quite burdensome.

That concludes my comments, and I'll be happy to answer any questions now or later.

COMMISSIONER HILLS: Thank you very much, Mr. Sheridan. What we will do is to hear from the

other panelists and then come back to an open session for the questions.

And I think we'll let Mr. Onate get his papers in order and go next to Jorge Garces, from the Mexico and Border Affairs, Texas Secretary of State.