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House Committee on Education and Labor  
Higher Education and Workforce Investment Subcommittee

*Workforce Innovation and Opportunity Act Reauthorization:  
Creating Employment Pathways for Dislocated Workers*

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Chair Wilson, Ranking Member Murphy, and members of the Subcommittee, thank you for inviting me to testify today. My name is Portia Wu and I am the Managing Director for Public Policy at Microsoft, where I also focus on labor and workforce policies. Before coming to Microsoft, I had the privilege of serving as the Assistant Secretary for the Employment and Training Administration at the Department of Labor, and I led the agency during the implementation of the Workforce Innovation and Opportunity Act (WIOA) when its programs were last reauthorized. I am also a member of the board of the National Skills Coalition, which often advocates on workforce and skills policy. Today, I would like to speak with the Committee about Microsoft and LinkedIn<sup>1</sup>'s experiences and observations regarding the importance of lifelong learning and helping workers to connect to jobs.

**This is a critical moment for action.**

As this subcommittee is well aware, the U.S. economy lost more than 22 million jobs at the outset of the pandemic, and the unemployment rate reached 14.8%—the highest rate observed since data collection began in 1948. And although the economy has started to recover, there are still 9.8 million<sup>2</sup> Americans looking for work.

Pre-pandemic analyses already indicated that roughly three-quarters of U.S. jobs in this decade would require moderate or high levels of technology use. The past year has accelerated that trend. In sectors from finance to healthcare to retail, the digital adoption that many expected would take years happened instead in months.<sup>3</sup> But our nation's workers are not prepared: by some estimates, nearly 48 million U.S. workers – roughly one-third of the total U.S. workforce – lack the digital skills that are essential in today's economy.<sup>4</sup> And workers of color are even more affected, with some studies finding that over 50% of Black and Latino workers have no or limited digital skills.<sup>5</sup>

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<sup>1</sup> LinkedIn is a wholly-owned subsidiary of Microsoft, with a network of 178 million+ US members.

<sup>2</sup> <https://www.bls.gov/news.release/pdf/empsit.pdf>

<sup>3</sup> [COVID-19 digital transformation & technology | McKinsey](#)

<sup>4</sup> [05-20-2020-NSC-New-Landscape-of-Digital-Literacy.pdf \(nationalskillscoalition.org\)](#)

<sup>5</sup> [Digital-Skills-Racial-Equity-Final.pdf \(nationalskillscoalition.org\)](#)

Big challenges require bold solutions and concerted action by every sector of our economy: private sector, government, education, and nonprofits. At other pivotal moments in our nation's history, we have responded to such needs by growing both physical infrastructure and human capital – investing not only in roads and bridges, but also in skills and education, through universal high school or the GI bill. Today, rebuilding 21<sup>st</sup> century infrastructure calls for new investments in digital infrastructure like broadband and cybersecurity, as well as in our most valuable asset, America's workers. We must ensure that all Americans have the tools and the skills that they need to succeed and thrive.

The Committee is undertaking the reauthorization of WIOA at a crucial time. The workforce system serves millions of Americans every year, providing important employment services and skills training that connect people to jobs and employers to skilled workers. Our economy, labor markets, and workplaces have changed in fundamental ways since WIOA was enacted in 2014, with the COVID-19 pandemic accelerating several changes. To succeed, the workforce system must evolve as well. Below are some observations from our experience and recommendations for how to address our economy's changing workforce needs.

### **Connecting people with skills and jobs – what we do and what we're learning.**

**Skills training programs must cast a broad net to reach individuals from many backgrounds.** Opportunities that pair learning with on-the-job training experiences are key to helping workers move into skilled jobs, particularly in industries such as information technology. In recent years, Microsoft has focused on helping adult workers from a broader range of backgrounds and experiences to find opportunities not only in our industry, but also in tech-enabled jobs across the economy. For example, we offer [apprenticeships](#) to help people from underrepresented groups train for tech industry jobs, combining in-classroom and virtual learning with hands-on projects and on-site workplace experience. We also continue to support transitioning service members through the [Microsoft Software & Systems Academy](#) (MSSA), which provides 17-week courses and certifications to military servicemembers in key IT specialties, including Cloud Application Developer and Server & Cloud Administrator. To date, over 2,600 individuals have graduated from MSSA and transitioned to good jobs with over 750 private-sector employers and hiring partners. And Microsoft's [Data Center Academy](#) program has worked with community colleges and training providers, including Southside Virginia Community College and Des Moines Area Community College to provide scholarships, hands-on lab experience, recognized credentials, internships, and job opportunities in more rural areas where data centers are located.

All of these programs have helped individuals from a broad range of backgrounds attain recognized IT credentials and skilled jobs. The keys to success have included focusing on small learning cohorts, enabling access to technical support and career guidance, and providing clear incentives for program completion including, most critically, immediate opportunities to connect to good jobs.

**Online learning and community partnerships can help workers gain in-demand skills.**

In addition to our on-the-ground partnerships, Microsoft, LinkedIn, and GitHub<sup>6</sup> support a diversity of online learning offerings. There has been tremendous demand for online learning unleashed during the pandemic: LinkedIn Learning saw an 80% increase in online learning, with over one million hours of learning content being accessed worldwide every week. To help meet these needs, last summer Microsoft launched its [Global Skills Initiative](#), which provided more than 600 free and discounted online skills courses, technical courses and certification exams.

Online learning can be a tremendous tool for individuals to gain skills—particularly for those who cannot access education during traditional hours or cannot physically go to learning institutions. However, many individuals face barriers to accessing these resources: individuals in rural or underserved communities may not have internet access or an affordable device, and many lack the basic digital skills to even embark on training. During the pandemic, as many services and training moved to remote delivery, this lack of digital access became an impenetrable barrier for many jobseekers to gain needed skills and services.

We know that individuals who face these barriers can overcome them and thrive —with the right supports, individuals are much more likely to complete courses and certifications, including online offerings. That is why Microsoft provides curriculum content, certifications and grant support to numerous U.S. based nonprofits and community-based organizations and partners with libraries, community colleges, and other training providers. For example, we have worked with partners like startup Gener8tor that support individuals to access online learning opportunities. Through that partnership, last year, Rachelle Katchenago, a mom of two in Wisconsin who was laid off at her job at a baby mattress factory, gained new certifications through online courses on LinkedIn. With these new skills, she was able to secure a full-time job as a customer service representative.

And to help address some of the racial inequities that continue to persist in our labor markets, last year Microsoft launched the [Community Skills Program](#), to provide local organizations with technology, financial support, and online learning resources so they can serve jobseekers. The program provides \$15 million dollars of funding over three years to 50 workforce development non-profits, which are led and served by African Americans and are located in 22 states plus Washington, D.C. Many partners, such as D.C.-based ByteBack, provide foundational digital skills training as an integral part of career readiness, and then help individuals bridge to more specialized training. Detroit’s Focus Hope has designed new digital literacy assessments to understand beneficiaries’ technology abilities and coordinate with other programs to ensure basic digital literacy skills are taught in the context of broadband deployment. And Miami’s Opa-Locka Community Development Corporation focuses on combining support for social and technical skills, as well as internships, and job placements.

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<sup>6</sup> GitHub, the software collaboration platform home to more than 65 million developers, is a wholly-owned subsidiary of Microsoft.

**Strengthening employer-based digital transformation can preserve jobs and help workers develop new skills.** The workforce system is also charged with serving employers. Often this work focuses on candidate referral and placement. But thinking more broadly about the needs of employers can drive innovations that help businesses to prosper and workers to retain their jobs and attain needed skills. For example, during the pandemic, the El Paso-based Workforce Solutions Borderplex (WSB) partnered with the City of El Paso, El Paso County, Microsoft, and the Texas Workforce Commission to launch a program to help entrepreneurs and small business owners upgrade and expand their operations with technology.<sup>7</sup> The program helps businesses to establish an online presence and provides basic digital literacy training for employers and employees. More than two hundred businesses have already participated, and the program continues to help more businesses and their workers adapt and grow.

**Data innovations and tools can connect workers to new opportunities more quickly.** Individuals who have lost their jobs want first and foremost to find new work, and quickly. Data and technology can be used not only to help workers acquire new skills, but also to help employers better recognize the skills these individuals already have. For example, during the pandemic, one in three food service workers was unable to work. Data from LinkedIn shows<sup>8</sup> that those workers already have 70 percent of the skills needed to be a customer service specialist, one of the most in-demand jobs, but very few workers made that change. With better job- and skills-matching information, workers can move into jobs for which they are already a good fit, with minimal re-skilling, rather than having to start from scratch.

A shift in hiring that focuses on skills and abilities, and not solely on companies, schools, and degrees, can also help make job markets both more efficient and more equitable. We have experienced first-hand the power of opening our own recruiting processes. At LinkedIn, we tested a skills-based hiring pilot to hire for customer service roles based on proven skills. By removing traditional requirements (such as a degree or 1-2 years prior experience in a specific job position) and evaluating people based on a validated skill assessment, we were able to broaden our talent pool to hire talent from companies we typically do not hire from — ranging from grocers to big-box retailers — and improve our hiring efficiency. These promising results inspired us to launch our Skills Path pilot, to help other companies use skills-based hiring for a breadth of roles. Including customer service, sales, and business analyst roles.

## **Recommendations for the Subcommittee**

Rapid technological and economic change mean an increased need for lifelong training, particularly digital skills training, as well as a more agile, equitable way to connect dislocated workers to jobs. The public workforce system and its partners—including community colleges,

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<sup>7</sup> [New WSB Digital Transformation Team Helps Businesses Transition to Digital Operations | Workforce Solutions Borderplex | New WSB Digital Transformation Team Helps Businesses Transition to Digital Operations \(borderplexjobs.com\)](#)

<sup>8</sup> <https://linkedin.github.io/career-explorer/>

other technical training schools and community organizations—are severely challenged in keeping up-to-date with these rapid changes.

As an overarching matter, we need to increase skills training investments to make sure America’s workers can meet the demands of changing labor markets. This is not a challenge that any one sector can meet alone—it requires greater investment by private employers and educational providers, as well as more funds, and more effective use of funds, from the public sector. We must explore ways for the public workforce system to better fulfill its charge to contribute to the economic health of our Nation by meeting the demands for high-quality, comprehensive services to increase opportunities for workers, particularly those with barriers to employment, and the competitive success of employers.

Based upon our experiences, we offer a few suggestions for modernizing WIOA programs and driving state and local innovation.

- 1. Ensure workforce systems support the attainment of key technology skills over the course of a worker’s lifetime.** Workforce and education systems should support a wide variety of learning programs, from short digital literacy programs to two- and four-year degrees. The workforce system should align public and private resources to make digital literacy and skills a reality for all job seekers and workers. And WIOA programs authorized under Titles I, II, and IV and other federal partner programs should provide expanded support for digital literacy assessment and learning into the future.
- 2. Bridge digital gaps to help address equity.** Digital skills have become as foundational as literacy and numeracy. To support a more equitable and just recovery, we must insist that all workers attain and maintain these skills. As part of workforce strategic plans, Governors should address digital skill needs for all individuals residing in their states, particularly those in underserved communities. These plans also should describe how the state will help workers stay current as digital skills change. State and federal policymakers should assess the state of digital skills training, test new approaches to address needs, and bring those that work to scale. This will require rethinking programming by state and local workforce boards, American Job Centers, and Adult Education providers, as well as active engagement across broadband access, adult education, libraries, schools, and other programs.
- 3. Make better use of low-cost, widely available resources.** There are many resources available for state and local workforce agencies, including free or low-cost online training courses, competency assessments and options to earn a recognized credential. Yet there can be barriers to accessing these resources. For example, leading online training providers offer learning content based on the demand signals of millions of jobseekers and employers. Current Eligible Training Provider List (ETPL) requirements in states, such as requiring a physical in-state presence, discourage these organizations from being able to provide training to WIOA recipients. States should exercise flexibility to update ETPLs and take advantage of other cutting-edge tools to assist job seekers.

- 4. Provide incentives for employers to upskill.** Employer-provided training is the single greatest source of skills attainment for working adults, particularly when it comes to technology skills. Yet many businesses, particularly small- and medium-size businesses, simply cannot chart this course on their own. The Subcommittee should consider how to incentivize such investments. This may require rethinking how to fund and provide incentives for incumbent worker training, particularly in needed digital skills. In addition, supporting employer services in the form of on-the-job training can help small- and medium-size businesses digitally transform to compete in their markets. The Subcommittee should also consider encouraging innovations to support such workforce system partnerships, expanding the flexibility and amount of funds that can be used for incumbent worker training, and encouraging states to allow incumbent worker training funds to be used for digital skills training. Only 23 states explicitly allow state incumbent worker training funds to be used for digital skills training and current federal investment fails to reach scale necessary to meet worker or business needs.
- 5. Make the most of labor market and skills data and innovations.** We have a greater wealth of information available to us now than we did seven years ago when WIOA was passed. Yet there still is tremendous potential to be unlocked across public and private data systems. Online job postings and the information from job platforms can be leveraged through American Job Centers and other workforce partners to provide critical insight into the specific skills most demanded by employers. Innovations should support tools to help workers and employers to understand what skills are most likely to be translatable to other jobs, and to encourage skills-based hiring. In addition to continuing to support investment in existing resources that provide occupational skill and credential information, federal agencies should work to develop additional sources of labor market data (such as better wage data). Finally, the Subcommittee should consider how best to remove barriers to using labor and education data, while maintaining privacy safeguards, to measure the return on workforce education and training investments and provide better, more timely information to jobseekers and policymakers.

Thank you for the opportunity to share our perspective. We look forward to engaging with the Subcommittee on the critical role of workforce in helping all individuals to gain the skills and opportunities they need, and in driving innovation, equity, and growth for businesses and our economy.