

**Goodwill Industries International
Testimony Submitted for the Record
U.S. House of Representatives Committee on Education and Labor
October 24, 2008**

Goodwill Industries International, Inc represents 184 local and autonomous Goodwill Industries agencies in 48 states and 16 countries that help people with barriers to employment to participate in the workforce. The roots of today's Goodwill Industries International began as a simple idea in 1902 when Rev. Edgar Helms set out to help poor immigrants in Boston's South End by collecting clothes and household items from wealthier Bostonians to give clothing and household items for the struggling immigrants. He discovered, to his surprise, that the immigrants were too proud to simply accept the items. So he took his idea a step further by enlisting volunteers to repair, clean, and sell the items at reasonable prices. He used the revenue to provide wages to the workers – and the first Goodwill Industries store was born.

More than 100 years later, Edgar Helms' idea of "a hand up, not a handout" has become a powerful one. In 2007, the Goodwill Industries network raised more than \$3 billion through its retail, contracts, and mission services operations. Nearly 84 percent of the funds Goodwill Industries raised last year was used to serve more than 1 million different people, including more than 163,000 job placements. As our nation – our World – faces an economic crisis that many experts believe to be the worst since the Great Depression, Goodwill Industries stands ready to continue in its long tradition of enhancing the dignity and quality of life of individuals, families, and communities by eliminating barriers to opportunity and helping people in need to reach their fullest potential through the power of work.

Local Goodwill Industries agencies are seeing first hand the effects of the recent economic crisis. In terms of retail, sales in North America increased by approximately 7 percent during the first eight months of this year, a statistic that is likely to demonstrate that more people, particularly more middle-class people, are shopping at Goodwill Industries stores in an effort to cut costs. On the supply side, donations, Goodwill Industries International has been concerned that donations may decrease as people, short on cash, decide to hang on to the items they have longer than usual. While some local Goodwill Industries agencies, particularly those in areas affected by recent hurricanes, have seen donations decrease, Goodwill Industries agencies nationwide report that the number of drop-offs in North America has remained stable; however it is just too soon to tell. For these and other reasons, Goodwill Industries International has been closely monitoring Congressional efforts to stabilize the financial sector and stimulate the economy. We are hopeful that the package Congress recently passed, *the Emergency Economic Stabilization Act of 2008*, will be good for both Wall Street and Main Street as Congress intended. We are also encouraged by Federal Reserve Chairman Ben Bernanke's recent testimony before the House Budget Committee, in which he stated that "consideration of a fiscal package by the Congress at this juncture seems appropriate."

Considering the nearly 900,000 lost jobs since January and the 6.1 percent unemployment rate, Goodwill Industries International believes that such a package should reflect a strategy to stimulate the economy while investing in job training that

support efforts to restore struggling and discouraged workers to employment. Therefore, Goodwill Industries International was encouraged by Speaker of the House, Nancy Pelosi's September 18 letter to President George W. Bush, which called for a second stimulus bill that invests "in infrastructure for economic growth and job creation here at home." While extending Unemployment Insurance benefits is necessary to extend a lifeline for people who have exhausted or are close to exhausting their benefits, a second stimulus bill should include additional investments in job training. For example, it should include funds such as those proposed in a Senate economic stimulus proposal to provide \$300 million for "part-time jobs after school, paid internships, and community service jobs for older youth," and an additional \$300 million for employment and training activities for dislocated workers.

Beyond such existing proposals, Goodwill Industries International urges Congress to include significant funding in the second economic stimulus bill that would allow us to do more. For example, with a minimal investment on the front end, our agencies can expand into new areas to increase transitional employment placements until job losses and the unemployment rate show a sustained trend in a positive direction. Goodwill Industries is in a unique position to become an administrative conduit and employer for putting workers into public sector jobs while providing the training and supports necessary to move their careers toward permanent jobs that help stabilize their family financial situation. Such an investment would help stimulate the economy and help restore people to employment in a number of ways. First, the provision of temporary employment would provide a much needed lifeline to unemployed workers. For example, those who have exhausted or those who are likely to exhaust their Unemployment Insurance benefits could be quickly placed in temporary employment, providing an immediate source of income in addition to other available public supports that they will quickly spend on basic needs such as housing, food, and utilities. As this money starts to circulate in the economy, our employment specialists could assist their efforts to find more permanent employment.

While most Goodwill Industries agencies provide transitional employment opportunities, Goodwill's 2007 Annual Statistical report shows that at least 82 local Goodwill Industries agencies in the United States provided more than \$61.6 million in paychecks to 11,470 individuals participating in training. Goodwill's Annual Statistical Report includes a wealth of information about all the local Goodwill Industries agencies; however, I'll highlight the contribution made by Goodwill Industries of the Greater East Bay, which provides workforce development services, including transitional employment, job readiness training, and placement services to people facing barriers to employment in Alameda, Contra Costa, and Solano Counties. In 2007, Goodwill Industries of the East Bay reported that 324 individuals earned more than \$6.2 million by participating in its paid employment training programs.

As I stated earlier in this testimony, last year, local Goodwill Industries agencies raised more than \$3.1 billion through retail, contracts, and mission services. Nearly 84 percent of that revenue was used to provide services and activities, including transitional employment, to help people become productive contributing members of their communities – individuals who face such disadvantaging conditions as welfare dependence, homelessness, a criminal background, or a physical, mental, or emotional

disability. During these uncertain times, the unemployment levels and social needs of Goodwill Industries constituents are likely to expand, despite the steady and disturbing trend observed over the past several years of reduced federal funding for workforce development.

Many of our local agencies operate One Stop Centers or function as service providers in the public workforce system. As Members of the Committee know all too well, the Workforce Investment Act expired in 2003. Although Congress has continued to appropriate funds for WIA's expired Adult, Youth, and Dislocated Workers programs, funding levels for these programs have steadily eroded – from \$3.9 billion in FY 2002 to \$3.2 billion FY 2007. Certainly, the time to reverse this trend is now. A time of recession is no time to cut funding for job training. Goodwill Industries International urges Congress to make funding for and the reauthorization of WIA a top priority. The reauthorization of WIA offers an opportunity to ensure that our public workforce system is responsive to the diverse needs of workers and employers. Goodwill Industries International looks forward to working with Congress and the new Administration toward developing a bi-partisan WIA reauthorization bill that invests in the future of our workforce while assisting individuals with barriers to employment to obtain the job skills necessary to become self-sufficient and meet the needs of our nation's businesses.

Earlier in my testimony, I cited Goodwill Industries of the Greater East Bay to illustrate the positive impact that just one Goodwill Industries agency can have on the communities it serves; yet Goodwill Industries agencies nationwide are making similar contributions that we will gladly share with this Committee. In closing, Goodwill Industries International would like to take this opportunity to extend an open invitation to Members of this Committee – as well as to other interested Members of the U.S. House of Representatives and the U.S. Senate – to visit the local Goodwill Industries agency in your district when it is convenient for your busy schedule. I hope that many of you will accept my offer to get a first-hand look at how Edgar Helm's entrepreneurial vision lives on in the communities you represent and others across the country.