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HOUSE COMMITTEE ON FINANCE

PUBLIC HEARING

YOUTH EMPLOYMENT TAX CREDIT

Tuesday, March 25, 2008

BUCHANAN INGERSOLL & ROONEY

One Oxford Centre

20th Floor

Pittsburgh, Pa 15219

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Representative Tim Seip

Representative Chris Sainato

Representative Dante Santoni

Representative William Kortz

Representative Daryl Metcalfe

Representative Dave Reed

Reported by:

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|----|----------------|----|
| 1 | Witnesses: | |
| 2 | Thomas VanKirk | 4 |
| 3 | David Malone | 9 |
| 4 | Tim Aldinger | 31 |
| 5 | Sala Udin | 47 |
| 6 | Paul Leger | 55 |
| 7 | Curtis Brown | 59 |
| 8 | Raven Sams | 60 |
| 9 | Robert Nelkin | 73 |
| 10 | Kevin Evanto | 80 |
| 11 | | |
| 12 | | |
| 13 | | |
| 14 | | |
| 15 | | |
| 16 | | |
| 17 | | |
| 18 | | |
| 19 | | |
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| 21 | | |
| 22 | | |
| 23 | | |
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1 CHAIRMAN LEVDANSKY: Good afternoon.

2 Welcome to this public hearing of the House of
3 Representatives Finance Committee.

4 The subject of our hearing today is to gain
5 your insights and input into House Bill 2196 which would
6 establish a youth employment tax credit in an effort to
7 encourage the business community to employ students and
8 give them real life work experiences that I think will
9 add tremendously to the learning that goes on in the
10 classroom in preparing kids for the jobs of tomorrow.

11 Before we get started, and we have the
12 introductory remarks, I would like to have the members
13 at the table introduce themselves starting to my extreme
14 right.

15 REPRESENTATIVE SANTONI: Good afternoon, I'm
16 Dante Santoni from Berks County and Reading,
17 Pennsylvania.

18 REPRESENTATIVE SAINATO: I'm representative
19 Chris Sainato from Lawrence County.

20 REPRESENTATIVE SEIP: Representative Seip of
21 Schuylkill and Berks.

22 REPRESENTATIVE KORTZ: Good afternoon
23 everyone, I'm Bill Kortz from Allegheny County.

24 REPRESENTATIVE METCALFE: Daryl Metcalfe of
25 the 12th district.

1 REPRESENTATIVE REED: Dave Reed, Indiana
2 County.

3 CHAIRMAN LEVDANSKY: Thank you. With that
4 we have an agenda, I know a few people on the agenda
5 today have other commitments. So we will try to move
6 this along as promptly as possible. So first I would
7 like to introduce Mr. Thomas VanKirk. He is the Chief
8 Executive Officer here at Buchanan Ingersoll & Rooney.

9 MR. VANKIRK: Thank you very much. And I
10 would like to take this opportunity to welcome each of
11 you. We were privileged when asked by the Pennsylvania
12 Economy League if we would be willing to host this. We
13 were happy to do it, and happy for the private sector's
14 participation in this. Welcome.

15 I know many of you are from err Western
16 Pennsylvania for those of from the eastern part of the
17 state we are very proud of Pittsburgh and its economic
18 development, but we are also very strong believers that
19 it is necessary for us to develop a very well trained
20 and educated workforce in order to be able to take full
21 advantage of the economic development opportunities.

22 As you know, we have become a leader in
23 health care providing in the financial sector, in the
24 technology, bio med research, etc. All of this is going
25 to require a great training, not just for people that

1 might be lawyers or the doctors, but for people that can
2 be used to support those. So we think this type of
3 workforce development and the incentives that it
4 provides is very important to the economic growth of
5 Western Pennsylvania.

6 As representative mentioned, I am the Chief
7 Executive Officer of Buchanan Ingersoll & Rooney but I'm
8 also chair of Pennsylvania Economy League which is very
9 much supportive of this. And I do want to offer our
10 support for this.

11 Obviously, it provides for financial
12 incentives through tax credits to private sector
13 companies that bring in interns. And, also allows for
14 the purchase of credits from not-for-profit which helps
15 us to support the not-for-profit community which we at
16 Buchanan and many other private sector companies in
17 Western Pennsylvania strongly believe in. And it would
18 be a great incentive for us to do it. Hopefully, by
19 hosting this group in a private sector office we will
20 show you what the support is of the private sector for
21 emphasizing that we do want to participate in the
22 workforce development that is so important to the entire
23 commonwealth.

24 I can say that being from a law firm we
25 really do know the benefit of having interns in our

1 offices. Many of the interns that we have are, of
2 course, law students. And I know this bill would not
3 apply to them because most of them necessity of over 21
4 and not able to do it. But every year our law firm does
5 bring in 25 or so law students in order to give them the
6 practical opportunity to see what the practice of law
7 really is all about. And to give them an opportunity to
8 find out about us, to find out about the practice and
9 hopefully continue in very successful legal careers
10 hopefully many times with Buchanan Ingersoll & Rooney.

11 But over and above that, we also have for a
12 long time brought in a number of other college students
13 and high school students in order to intern here both in
14 hopes that we might interest them long-term in a legal
15 career, but also perhaps one of the many jobs that
16 support the many fine professionals that we have here
17 whether it be paralegals, whether or not it be working
18 in the Marketing Department, whether or not it be
19 working in our Financial Department, our Technology
20 Department. There are many, many careers and many areas
21 that support law firms.

22 We are not alone among that. Many of the
23 leading law firms throughout the commonwealth and in
24 Pittsburgh do, but we can speak firsthand as to the
25 advantages. And it would be a great incentive for us to

1 be able to obtain tax credits and enable us to expand
2 the number of interns that we would intend to bring in.

3 If there is anything I could suggest, it is
4 that you might want to make the age older than 21
5 because there are many jobs that require experience that
6 goes well beyond even the second year of college or even
7 the third year of college. Anymore, with all of the
8 technology and systems, technological systems that are
9 involved supporting whether it be the health care
10 sector, the law firm sector, the accounting sector,
11 there is a tremendous amount of sophistication, it no
12 longer is just a matter of somebody graduating from high
13 school and being able to come in and be a clerical
14 assistant in a law firm.

15 It requires far better use of technology
16 than I ever thought I would have when I was going to law
17 school. So any amount of training that can be done
18 would be very worthwhile.

19 We applaud the efforts of this group and
20 sponsors to encourage the private sector to hire people.
21 And I think it can do nothing but create a much better
22 economic environment for the commonwealth in addition to
23 providing a service in educating the next generation of
24 people to come through.

25 So, welcome to Pittsburgh. I hope that for

1 those of you that aren't from Western Pennsylvania that
2 you can come back. We always offer this kind of
3 weather, practically year around. It is always bright
4 and sunny and never a cloud in the sky in this area. So
5 you are certainly welcome back. Welcome back at any
6 time. Thank you very much.

7 CHAIRMAN LEVDANSKY: Thank you. Do the
8 members have any comments or questions? Seeing none,
9 Mr. VanKirk, thank you much.

10 I also appreciate your suggestion that we
11 expand it beyond age 21. I mean, I know for a fact
12 there are a lot of students that maybe go through a
13 fifth year of college, maybe pick up double majors,
14 graduate school, you know, so I think your ideas are
15 well taken.

16 MR. VANKIRK: Four of my kids, all of them
17 went four years of college but only could get four years
18 of college, it just took them a little bit longer. I
19 know the people are staying in school longer than four
20 years.

21 CHAIRMAN LEVDANSKY: Thank you very much.

22 MR. VANKIRK: Thank you very much.

23 CHAIRMAN LEVDANSKY: Next I would like to
24 call Mr. David Malone. David is the Chair of the
25 Greater Pittsburgh Chamber of Commerce, and he is the

1 president and CFO of Gateway Financial and is also in
2 some leadership capacity with the local Workforce
3 Investment Board. David, welcome.

4 MR. MALONE: Thank you, David. Actually, I
5 chair the state's Workforce Investment Board and have
6 for five years. Prior to that I chaired Three Rivers
7 Workforce Investment Board which is the workforce board
8 that covers Allegheny County and the City of Pittsburgh
9 which by the way is one of six merged workforce areas in
10 the entire country which is of interest to somebody but
11 probably not you guys.

12 It is no small task. Anyway, first of all,
13 I'm really happy to be here. The experience I had in
14 workforce I always say I'm at least the second best
15 chair of the Workforce Investment Board here because
16 there are only two. I was the initial workforce chair
17 back in '98 when this legislation first was enacted.
18 The experience and the information I have learned over
19 these ten years, kind of hard to believe, it is ten
20 years has been fascinating to me.

21 It is a highly complex dynamic world. I
22 really prefer to answer questions than lecture to you
23 guys, so please, if there is anything that I'm saying
24 that doesn't make sense, please feel free to stop me.

25 The subject that we are here to talk about

1 today is critical, but the complexity for the lower
2 income, middle income, and higher income various
3 industries creates a scenario that is pretty hard to
4 explain unless you want to stay here for about a week
5 and a half, two weeks. There are other experts here.

6 Between us hopefully we can give you the
7 answers you are looking for.

8 I think that it is pretty well accepted both
9 nationally and certainly within this room that we are in
10 a crisis with respect to our workforce development. If
11 you are to talk to CEOs around the country, before long,
12 in addition to the obvious problems we are currently
13 experiencing in the financial markets, they would
14 complain about taxes, they would complain about lawyers
15 and they would be highly concerned about workforce
16 development. It is on the mind of every CEO in the
17 country.

18 As I told David before we started today that
19 you guys may not be aware of what you have done in
20 workforce, but you are actually considered the leaders
21 in the country in workforce development. As a matter of
22 fact, the National Governor's Association is having
23 their annual workforce conference in Pittsburgh because
24 they consider Pennsylvania leaders in workforce
25 development in the country.

1 By the way, the problems are, go well beyond
2 Pittsburgh and Pennsylvania and the U.S. If you go to
3 China or India or South America, every CEO in those
4 countries too would be talking about workforce
5 development in the future. This points to serious
6 problems but it also points to opportunities.

7 The regions that figure out how to solve
8 this problem in a meaningful way will gain a competitive
9 advantage over the rest of the world. It will be prompt
10 and it will yield significant returns in the regions
11 that can do this. It will be interesting to see who
12 leads that race in the future.

13 The bill that you are working on now, HB
14 2196, is very critical for a lot of reasons. One thing
15 that we know is that the workforce development
16 preparation is a major part of economic development. In
17 order for meaningful career education to occur, we have
18 to promptly increase dramatically the dialogue between
19 employers, parents, educators, school boards and kids.
20 And we think that the way to do that in sort of a rapid
21 fashion is to encourage business to get students and
22 educators into the workforce so they can start to
23 understand what each other are experiencing.

24 If you were to go back to your high school
25 today, the building would look essentially the same.

1 There are few exceptions like City High who will talk to
2 you later. Generally speaking, most of your schools
3 look identical to what it looked like when you were
4 there. The bill would ring almost the same time, the
5 courses nearly identical. Yet the changes in the global
6 economy have been dramatic.

7 The education system network, working with
8 today which is full of great people and teachers is
9 motivated, administrators is not built for the economy
10 that we live in today.

11 So, our belief is that we need each part of
12 the transaction to start to understand significantly
13 what changes have occurred and what, from an employer
14 standpoint what they need students to look like when
15 they come into the workforce.

16 The students need to know what employers are
17 expecting them to do, what skills they are expecting
18 them to have and they need to know it as early as
19 possible so they can begin.

20 Quite often kids are precluded from careers
21 that they have an interest in because they didn't take a
22 certain math course when they were in 8th grade, 9th
23 grade and 10th grade and now are catching up.

24 What we have found is that if we can get
25 kids into the workforce early, a lot of things happen to

1 them. I don't know how many of you guys have kids that
2 are sort of college age that are in the workforce, but
3 the minute a kid visits a college for the first time or
4 goes into the workforce, they start to act different.
5 Maybe not always the way we want them to act, but they
6 act different. Because they see that the real world is
7 coming, they see they are approaching adulthood and they
8 start to understand what it is they were supposed to
9 have been learning when they were in school.

10 And if you at the end of the day in order to
11 change the education system to be meaningful to the
12 kids, there has to be some relevance, more relevance
13 introduced into what they do every day. When I went to
14 school, we had to learn algebra because if we didn't, we
15 had a dean of discipline that was very forceful in his
16 encouragement for us to study. And if we went home and
17 didn't do it, then generally our parents smacked us atop
18 the head.

19 That kind of encouragement is not
20 satisfactory for kids today. They need to understand
21 what it is about algebra that has meaning in their life,
22 why they need to understand it. You know, kids today
23 have a clear idea that most of what they do in school
24 has nothing to do with what their career will end up to
25 be. They know what they are learning will not lead to a

1 career path. There is no discussion in schools about
2 career paths, for instance.

3 You have on average one career counselor for
4 every 420 kids in Pennsylvania. So you don't have
5 career counseling occurring at the high school level or
6 any level in public school system.

7 So, get them in the school system, get them
8 to try to understand what employers are going to demand
9 of them, what kind of demands would be from an education
10 standpoint as well as a behavior standpoint is critical
11 for them to be motivated during their school years.

12 Now, we believe strongly that business is,
13 needs to understand this issue, and needs to make a
14 dramatic investment in their future as well. They need
15 to understand that they have to invest in this process
16 as soon as possible to try to make the workforce be
17 responsive to their needs in the future.

18 So, but the tax credits that you are aiming
19 this at, the 235 percent of the poverty level, they have
20 especially additional complexities than those of higher
21 income, for instance. So, the tax credit that you are
22 aiming at, this is a great tool. Pennsylvania needs to
23 be partners with business, they need to be partners with
24 educators to make our region successful and this is one
25 of many tools that we think will be very valuable on a

1 going forward basis in getting those kids into the
2 workforce.

3 Whenever I went to school, when I graduated,
4 about 70 percent of the jobs that were available in the
5 marketplace were what we call unskilled which took high
6 school only to qualify for. Now it is only about 20
7 percent of those jobs require high school only.

8 So, it is going to, the jobs in the future
9 are going to require a minimum high school, require some
10 school beyond that and the kids need to understand and
11 need to be motivated to try to reach those goals.

12 The quickest way to do that is get them in
13 the job, see what it is like, see what careers they
14 like, understand what the path is and in those entry
15 level jobs at the lower income level that, the value of
16 what you are doing can't be overstated. Most of these
17 kids never have any idea what the workforce looks like.
18 So they are not exposed to just basic work habits, they
19 are not exposed in general to sort of being on time.
20 They come in many cases from communities where a lot of
21 people don't have jobs or the jobs they have aren't sort
22 of career oriented.

23 Getting them into the workplace where they
24 can see a clear career path, can see the value of what
25 they are doing, can see the effort that they put into

1 school will pay off in a dramatic fashion is important.

2 So, I don't know how you could argue against
3 this tax credit. I mean this is part of our region we
4 desperately want to hire. Part of the region
5 desperately needs help. The tax credits, I don't know
6 how many dollars you have in there, 20 million plus or
7 minus, your yield will be a substantial multiple of
8 that. I don't know what else I can tell you from my
9 view. I will be happy to answer any questions you have.

10 CHAIRMAN LEVDANSKY: Representative Kortz.

11 REPRESENTATIVE KORTZ: Thank you,
12 Mr. Chairman. Thank you, Mr. Malone, for your
13 testimony. You mentioned about curriculum change in
14 school. Do you have any ideas on that, you alluded to
15 that.

16 MR. MALONE: I have an awful lot of ideas.
17 You might have guessed that already. Let me, some of
18 them are dramatic. Let me tell you some rough facts of
19 the kinds of things we need to be thinking about. If
20 you were graduating from the equivalence of high school
21 in India, you would have had three more years in the
22 classroom than an American senior would have. In
23 America, just to rattle a couple of these off so you
24 understand how far behind we have gotten inadvertently.
25 If you were to ask any teacher in the high schools why

1 we teach chemistry or biology, chemistry and physics in
2 the order, one teacher here can tell you, it is because
3 it is alphabetical. If in India, they are all mixed
4 together. It would be physics isn't different from
5 chemistry or biology when you think of life sciences.

6 When you think about the opportunities that
7 exist in the world on a going forward basis, they are
8 not silos, they have to overlap each other. We don't do
9 that in school. We do what we do because we have been
10 doing it. I'm not criticizing anybody. It is a
11 dramatic overhaul that has to occur.

12 That if they, if you were to try to do it
13 from the top up, it is very difficult. If we pressurize
14 the system from within, if these tax credits get enough
15 kids into the workforce that they can go home and tell
16 their parents we really need this, this and this to
17 qualify for this career, the teachers will respond.
18 They want to do this. It is not anybody sitting there
19 saying I'm not teaching this way, I will do it this way.

20 So, we are not using electronics well. If
21 you survey all the professionals in the country find the
22 least likely profession to use electronic mail, it would
23 be teachers. Yet every single kid is sitting in every
24 class punching away. We are not taking advantage of the
25 electronic capacity we have. I think you get the idea.

1 It is not teach spelling before this, it is
2 dramatic changes. Think of it this way, if you, I don't
3 know what courses you hated most, algebra, the one I
4 didn't like much. If you can relate, if you could have
5 related algebra to the bridge that crashed and said
6 look, here is the math that made this happen. Do you
7 think the kids would have paid more attention than
8 trying to figure what A square plus AB minus C squared
9 what the derivative of that is. It just doesn't make
10 sense to them.

11 But relevance, something in front of them
12 they can see makes sense. It is easier to learn. There
13 are educators that could show you that this lesson could
14 be taught this way which is the way we were taught and
15 this lesson could also be taught this way which is a
16 practical application of the same data, same challenges
17 in a way the kid would understand it. You will just
18 learn better if you did it that way.

19 REPRESENTATIVE KORTZ: Have you had this
20 discussion with anybody from the Department of
21 Education?

22 MR. MALONE: Jerry is well aware of this and
23 so are all the superintendents, not all. We developed a
24 significant relationship with superintendents, we have a
25 lot of educators we get input. This is not new

1 information. If you were to go to Gates Foundation and
2 sit with the leading thought providers on education,
3 this is common knowledge. I'm not making this up.

4 You know, I don't know how you change it
5 quick. But we need to change it by tomorrow which isn't
6 going to happen. You see what I'm saying? Get into the
7 workforce sooner and start to realize what all this does
8 to their life, they will respond better much like we
9 would if we had the same motivation. Sir?

10 REPRESENTATIVE KORTZ: Thank you.

11 CHAIRMAN LEVDANSKY: Representative
12 Metcalfe.

13 MR. MALONE: Sorry, I'm not the Mr Chairman.

14 CHAIRMAN LEVDANSKY: Want my job?

15 MR. MALONE: Too hard.

16 REPRESENTATIVE METCALFE: Thank you, Mr.
17 Chairman. A question as far as prioritizing, I agree
18 with you, wouldn't argue against any type of tax credit.
19 As far as the Compete Pa Coalition, and the chamber's
20 support for the NOL reductions ultimately doing away
21 with the cap in the single sales factor issue, I mean
22 where would you put this legislation if you had to make
23 a choice which is what we have to do in Harrisburg is
24 what do we go after first? Is this something, I would
25 assume this isn't above what the chambers joined with

1 the Compete Pa Coalition.

2 MR. MALONE: That is an unfair question, you
3 can't make me testify for Compete Pa tomorrow and this
4 one today and say which one is more important.

5 REPRESENTATIVE METCALFE: This all
6 encompassing education process we are talking about.
7 You can't talk about one without the other like you
8 can't talk about chemistry without biology.

9 MR. MALONE: Correct. Good job. I think
10 you asked, obviously David asked if I wanted his job,
11 that is why I don't want the job. You guys have very
12 tough decisions to make. I will tell you this, I'm just
13 not sure that there is any solution to any of our
14 problems in Pennsylvania without getting more employers
15 here. And employers are going to follow the workforce.
16 They will look at tax breaks, they will look at tort
17 reform, they look at all those things. At the end of
18 the day, sustainable businesses needs a sustainable
19 workforce.

20 So, you know right now we are at the bottom
21 of the pile in our funding for basic ed, and way at the
22 bottom of the pile for higher ed. Those are two areas
23 we just have to focus on, obviously, you can't do
24 everything in one year. Those are important
25 considerations.

1 I would prefer I not be quoted by saying I
2 think we should forget NOL and put money to education,
3 but that is the way I would feel.

4 REPRESENTATIVE METCALFE: Thank you.

5 CHAIRMAN LEVDANSKY: Representative Reed.

6 REPRESENTATIVE REED: Part of the problem we
7 face in Indiana County the last couple of years has not
8 necessarily been employers unwilling to hire young
9 people, a lack of young people. In fact, employers line
10 up to hire young folks, especially high school and
11 college age students and we have IUP there with 15,000
12 students. They just don't get enough of the young folks
13 to fill the positions they are looking for because they
14 are often times losing out to service industries.

15 Actually, the other day I was driving back
16 from Harrisburg on the Turnpike stop at Sheetz in
17 Bedford, Sheetz now offers tuition reimbursement as part
18 of their hiring program. What can be done to increase
19 that allotment of young folks into some of the
20 conditional types of employers, you know, high tech,
21 manufacturing in particular, and what also can be done
22 from your perspective with the Greater Pittsburgh
23 Chamber of Commerce educating some of these
24 manufacturers that you are no longer going to get a
25 young person at minimum wage all the time any more and

1 expect them to work all hours.

2 We find it with agriculture especially, they
3 are used to having somebody they can hire for ten hours
4 a day every day in summer to work outdoors in the heat
5 for minimum wage. And they can't find any employees any
6 more because all the young folks are now working at
7 Sheetz and McDonalds because they are paying \$2 above
8 minimum wage with benefits, with tuition reimbursement,
9 with time to do their course work while they get paid
10 for it. How do we make that transition with the
11 traditional industries into the 21st century I guess I
12 call it.

13 MR. MALONE: You forgot one other missing
14 complication, parents aren't encouraging the kids to go
15 into the workforce. So when I said earlier that we need
16 to dramatically increase the dialogue between parents
17 and kids, kids and businesses, and businesses and
18 educators, I mean the whole dialogue has to change.

19 My kids played hockey forever, I drove every
20 weekend somewhere way too far, Indiana quite often.
21 Never did they talk about what they wanted to do for a
22 career. They talked about the Steelers, talked about
23 their game. That has to change. And part and parcel to
24 that is for businesses to understand, businesses love to
25 complain they can't get a workforce but they don't want

1 to pay. I mean it just isn't going to happen.

2 I think there are many examples of
3 businesses that realize this. In our region what we are
4 trying to do here is encourage basically every business
5 to become part of the Pittsburgh Compact, what we call
6 the Pittsburgh Compact. What that is is a commitment
7 from the businesses to interact in some meaningful way
8 with kids. And that could be job shadowing, that could
9 be full-blown internship, it could be projects, it could
10 be adopting a school. If business doesn't get that
11 message, then it is not going to happen.

12 If parents don't get, kids don't get it,
13 educators don't get it, it is not going to happen. We
14 spend a lot of our time in trying to get all parts of
15 the equation to understand what each other needs. There
16 is, I would say two years ago there was almost zero
17 dialogue between business and educators. As a matter of
18 fact, there was I would say animosity. We think we have
19 broken that down and changed it. It is critical that
20 this occurs.

21 Now, when you send, give a business a tax
22 credit, it will make them a lot easier to bring a kid
23 in. When the kid goes in and goes back to his community
24 and his grades improve, his parents see the results, his
25 cousins see it, that is when more and more kids will try

1 to get into the workforce. How long the equation will
2 take, I'm not sure. I'm sure it will work.

3 REPRESENTATIVE REED: At what point do we, I
4 just want your opinion from Workforce Investment Board
5 side, at what point do we need to educate our young
6 folks, we used to do it in 12th grade, 11th grade we got
7 into this mentality everybody should go to a four year
8 institution after high school and lo and behold I found
9 at least I'm a relatively young guy, I know an awful lot
10 of people with four year degrees are unemployed but very
11 few skilled laborers now days who are unemployed because
12 demand is just so high.

13 And unfortunately, for a number of years we
14 had a stigma in our society that the skilled trades were
15 not where you were supposed to be headed, you were
16 supposed to go to four-year institutions. At what point
17 do we need to enter into, is it junior high school or
18 even into the elementary schools. Because I know in our
19 area we have a manufacturing consortium they started to
20 partner with high schools bringing job shadowing
21 programs still not feeling the demand. Where do we
22 enter into that equation?

23 MR. MALONE: First of all, there is in terms
24 of performance and education 93 percent correlation
25 between performance on standardized achievement tests

1 and pre-K activity. Remember, until four years ago we
2 were one of five states that had no kindergarten. That
3 is how early you start to impact kid's performance in
4 education.

5 With respect to career development, we think
6 the latest we can wait to begin the process is 7th
7 grade. It doesn't have to be in the form that kids have
8 to make a decision, it has to be in a form they start to
9 become aware there is relevance in what they are
10 learning and there is going to be rewards for
11 performance.

12 And they need to start thinking about the
13 sort of various narrowing down areas that are of
14 interest to them so they can develop curriculum
15 accordingly. A major overhaul, this tax credit is
16 great, it is something you need to think hard about but
17 it is only one part of the puzzle.

18 REPRESENTATIVE REED: Thank you.

19 CHAIRMAN LEVDANSKY: Representative Santoni?

20 REPRESENTATIVE SANTONI: Thank you,
21 Mr. Chairman. First of all, the education comment is on
22 the record, we have that.

23 MR. MALONE: I kind of figured that.

24 REPRESENTATIVE SANTONI: You pretty much
25 answered the question I had when you answered

1 Representative Reed about the Pittsburgh Compact.
2 Because we have an organization back in my county Burks
3 Business Education Coalition where we try the same kind
4 of issues, years ago there was animosity between the
5 business community and education, they tried to bridge
6 that gap and work together as to, you know, letting the
7 schools know what kind of curriculum they need, and how
8 they want to better prepare students.

9 And the business community is going to the
10 schools and learn a little bit about what goes on in
11 there, education and what you have to deal with. I
12 guess you do have that, is that Pittsburgh Compact that
13 you talked about, that is it?

14 MR. MALONE: That is what Pittsburgh Compact
15 does. Here is a great example, when Allegheny
16 Conference which is in charge of everything around here
17 supposedly, right? So we gave 100 schools grades, 50
18 got good grades, 50 got bad a grades. Of the 100, zero
19 called to comment. No one said thanks for the good
20 grade or said you are wrong. There was no dialogue
21 whatsoever between the two. If you were to talk to
22 superintendents now, I think you would hear we are
23 having regular meetings with them, we understand more
24 and business has a tendency to just assume teachers are
25 the problem. They are not.

1 It is a very complex problem the
2 superintendents are going through. They have more tests
3 than they can possibly do, they have no more money and
4 not one more minute in any day. We are supposed to tell
5 them they are supposed to now be in charge of career
6 explanation as well which is a highly complex subject by
7 itself. That is what we are trying to bring down. I
8 don't know if that answers.

9 REPRESENTATIVE SANTONI: It does. Thank
10 you, Mr. Chairman.

11 CHAIRMAN LEVDANSKY: Representative Seip?

12 REPRESENTATIVE SEIP: Thank you, Mr.
13 Chairman. I really appreciate some of your comments,
14 particularly the one about students, new employees
15 needing to see a definite starting point and progression
16 to a career.

17 Often times I have heard kids say I'm not
18 working for minimum wage, or I'm not taking that job,
19 they can't see beyond the starting point sometimes. I
20 would like to ask you, what do you think is the number
21 one skill that or the top couple skills that new
22 employees are really lacking?

23 MR. MALONE: They are fundamentals. And
24 this will depend on which sort of entry point you are
25 talking about. In a lot of entry level jobs it is just

1 showing up on time and wearing the right clothing,
2 behaving yourself which is unfortunate. But generally
3 speaking, they are lacking in reading and are lacking in
4 math. That teachers will, employers are willing to work
5 towards overcoming.

6 What they really need to be able to do is
7 communicate and be in working groups. If I could get
8 one thing changed by tomorrow, it would be the ability
9 to actually communicate an issue to an audience. And
10 preferably interact in a group that would work towards a
11 goal to better accomplish it.

12 Many employers have said just make them get
13 here on time and make them be able to behave, be
14 motivated and be able to work in groups and we will
15 solve the other problems. We will teach them the rest.
16 That is kind of a sad commentary, I have heard that from
17 a lot of employers.

18 REPRESENTATIVE SEIP: Thank you.

19 CHAIRMAN LEVDANSKY: Thank you,
20 Representative Seip. David, just two brief comments.
21 First off, your statement that, and I wrote this down I
22 think I got correct me if I'm wrong, business needs to
23 make an investment in their future workforce.

24 MR. MALONE: Right.

25 CHAIRMAN LEVDANSKY: I concur with that

1 totally and that is in large part the reason for the
2 legislation is to help give an incentive for the
3 business community to, in fact, make that investment and
4 get these kids on a career path.

5 So, you know, I appreciate your view on
6 that. One final thing, I can't believe this, but
7 listening to your constructive criticisms of the public
8 education system.

9 MR. MALONE: Those were comments about
10 collaborative opportunities in the future. They weren't
11 criticisms.

12 CHAIRMAN LEVDANSKY: Okay.

13 REPRESENTATIVE SEIP: You are still on the
14 record.

15 MR. MALONE: I'm going to kill him.

16 CHAIRMAN LEVDANSKY: It reminds me of
17 something that 30 years ago in graduate school for me, I
18 read a book and it was essentially --

19 MR. MALONE: The only book? Sorry.

20 CHAIRMAN LEVDANSKY: It was a critique of
21 the American public education system. And essentially
22 the thesis of this book was that at the time it says
23 that what our public education system does is very much
24 mirrors our capitalist economy. It suggested that we
25 set up a model for public education like we have at the

1 time predominant model in our economy, assembly line
2 production.

3 If you look at public education in the
4 context of, if you were a manufacturer, you know, not
5 just cars, almost any, a lot of goods and services at
6 the time the suggestion was you basically break things
7 all down into little components and then the person does
8 just that little piece. And they fail to see the big
9 picture. And they don't take responsibility at their
10 job beyond their little task that they are assigned to
11 do.

12 Okay. So, the idea is we have a public
13 education system that maybe really works good for
14 cranking out a huge volume of student graduates, but in
15 the end do they really understand the bigger picture.

16 MR. MALONE: You will hear from City High,
17 their teachers collaborate on kids. You will see just
18 the fact the kid goes from grade to grade and the
19 teacher doesn't go with them in any way which refers
20 back to what you are talking about. You are exactly
21 right. That is exactly the way the education system is
22 built, that is what the problem is.

23 One other thing about credits, you have to
24 remember in this area, I don't know what it is
25 state-wide, only ten percent of our workforce works for

1 employers more than 100 employees. So, most of these
2 internships are going to have to go to small businesses.
3 They have, they don't have an HR department, they don't
4 have somebody that can do this. So you will be giving
5 them tax credit, they still lose money on these kids.
6 You are only helping to ease the pain.

7 They have to take 20 people working, they
8 get an order that has to be filled by next week. They
9 can't take ten percent of the workforce to work on this
10 internship without some help.

11 So, if you think of it that way, your credit
12 is part of the investment, certainly not all the
13 investment.

14 CHAIRMAN LEVDANSKY: Thank you so much for
15 your insight and support for legislation. Thank you.

16 MR. MALONE: Thank you for being interested.
17 You will hear a lot more about workforce over the next
18 couple of years. If you can't get to sleep, I will be
19 at your house.

20 CHAIRMAN LEVDANSKY: Thank you. Next
21 Mr. Ronald Painter, the executive director of the Three
22 Rivers Workforce Investment Board. Mr. Painter,
23 welcome.

24 MR. ALDINGER: I'm actually here on behalf
25 of Mr. Painter. My name is Tim Aldinger, I'm the youth

1 program officer at Three Rivers Workforce Investment
2 Board. And I was, Ron was unable to make it so I'm here
3 speaking on his behalf. I thank you for the opportunity
4 to testify. Thank you for the opportunity to testify in
5 support of House Bill 2196.

6 Today I would like to give you a couple of
7 the macro economic and educational trends that I think
8 this bill would help. And I would also talk about a
9 couple of local initiatives here that I think this will
10 really help.

11 Here in Southwestern Pennsylvania we
12 recently the Workforce Investment Board of Three Rivers
13 recently did a study on the aging workforce. We found
14 that compared to six competitive regions of ours, we
15 have 50,000 more workers over 50 and 50,000 less workers
16 under 50. So, what that means is that we are really
17 facing as more baby boomers age out, it will hit us even
18 harder here in Pittsburgh.

19 So, what you hear from employers everywhere
20 about needing a future workforce and needing people to
21 come in is even more extreme here. Then as many of you
22 are probably familiar with, nationwide we have a dropout
23 rate in high schools of about 33 percent, about a third
24 of high school students leave schools before they
25 graduate.

1 And here, right here in Pittsburgh it is
2 actually closer to 40 percent. If you think about that
3 in terms of a workforce issue, you know, about two to
4 three of you are not up there. Because you didn't go
5 through the necessary educational training that you
6 needed to get where you are now.

7 I would offer, I think that this tax credit
8 that we are talking about today would help both issues.
9 It would help both businesses be able to reach out to
10 schools and open their doors more easily to help young
11 people get experience. They need to see there are
12 opportunities right here in the area.

13 And on the education side, it will give the
14 opportunity for students to see more relevancy in their
15 education. When you look at one of the top reasons that
16 students drop out, they do not perceive that there is
17 any relevancy in what they are learning. And if we can
18 find ways to get them out to see what is out in the
19 community, to see what opportunities are there in the
20 business community, that is going to boost their
21 experiences and their sense of the relevancy.

22 As you heard, the Three Rivers Workforce
23 Investment Board is the WIB for City of Pittsburgh as
24 well as Allegheny County. And I wanted to tell you a
25 couple initiatives that are underway this would impact.

1 Through the Department of Labor and Industry, we have a
2 regional career education partnership grant. We called
3 that initiative E 4, Educators and Employers Engaged for
4 Excellence. The purpose of that initiative is to
5 connect businesses and educators for the improvement of
6 career education for all youth and for a better pipeline
7 development for business.

8 Through that program we are doing workshops
9 with teams of educators, specifically with Project 720
10 schools. And would I recommend if none of you, if you
11 are not familiar with Project 720, that is legislation,
12 that is a competitive grant program through the
13 Department of Ed for schools to implement a lot of the
14 changes Mr. Malone talked about some of you are familiar
15 with for education reform.

16 We are working with those schools to
17 implement more rigorous, more relevant education
18 initiatives so that they can meet the requirements of No
19 Child Left Behind and the rigor that is needed.

20 This, and what also helps out is the
21 Pennsylvania Department of Education has just recently
22 passed the career education and work standards. This is
23 another great opportunity. You were talking about which
24 age this should start at. Those standards actually go
25 all the way down to third grade. This year requires 8th

1 grade portfolio be implemented for all 8th graders in
2 the Commonwealth in which they start to collect their
3 career education experiences, what are their personal
4 skills and interest, what are their assessments of how
5 they interact with others, what their likes are.

6 The gap often in this work that we have is
7 how to engage the employer community. And I would offer
8 that this incentive that we are discussing today would
9 help to get employers engaged and on board so that they
10 would be more interested in having young people work at
11 their business and have experiences that can really
12 build their future skills.

13 We are also working as was mentioned with
14 the Pittsburgh Regional Compact, we are looking at ways
15 the workshop we do with schools can be linked with their
16 convening of businesses, again this legislation would
17 help tremendously with that.

18 It was mentioned that teachers need to
19 understand more about businesses. And part of our
20 program is called Educator in the Workplace which brings
21 educators and puts them in the workplace for three to
22 five days, helps them develop lesson plans that are
23 relevant to what is actually happening in the workplace
24 that they bring back to classrooms so students are
25 learning about algebra related to the bridge, related to

1 how an engineering firm works.

2 It should be noted, however, that the
3 resources to create an internship are often scarce. As
4 Mr. Malone mentioned, many of the businesses are very
5 small. And an internship, especially with younger
6 students is not just come in and, you know, do this
7 project. There is guidance that is needed. There is a
8 cost from any business to do this.

9 I think that any kind of incentive to defray
10 that would be a bonus and would open more doors and
11 offer more opportunity.

12 I did want to note one section that I would
13 request you consider amending. Section 1703-F,
14 Subsection A requires the local Workforce Investment
15 Board shall make a threshold determination as to whether
16 the application is consistent with its required
17 criteria. So, essentially that would mean Three Rivers
18 Workforce Investment Board composed of 15 members would
19 have to approve all applications. This would be
20 unnecessarily cumbersome for something that might be
21 better handled as an administrative process.

22 I ask the Committee to amend the bill to say
23 something like, the local Workforce Investment Board
24 shall approve a process whereby a threshold
25 determination as to whether the application is

1 consistent with required criteria shall be made.

2 The local process could be submitted to the
3 state for final approval. This would streamline and
4 speed up the process for granting the tax credits and
5 not require applicants to wait until full board meeting
6 has taken place.

7 I think other than that, as you have heard
8 what I just mentioned, there is a couple of macro trends
9 both economically workforce and educational that I
10 believe this would really help out with. And with the
11 accepting of the text I just mentioned I would offer our
12 full support of this and be happy to answer any
13 questions that you have.

14 CHAIRMAN LEVDANSKY: Any questions from the
15 members? Representative Sainato?

16 REPRESENTATIVE SAINATO: Thank you for your
17 testimony. You said earlier about 40 percent not
18 graduating.

19 MR. ALDINGER: Forty percent leaving school
20 before they graduated.

21 REPRESENTATIVE SAINATO: This number seems
22 phenomenal.

23 MR. ALDINGER: It is phenomenal. In some
24 schools the number is over 50 percent.

25 REPRESENTATIVE SAINATO: Where are they

1 going?

2 MR. ALDINGER: Well, we are figuring that
3 out right now. In fact, Pittsburgh is one of six cities
4 that has a grant from the Federal Department of Labor to
5 create a blueprint for re-engaging and preventing
6 dropouts. We are actually underway with studying who
7 the dropouts are, how old they are, how many credits
8 they have, where they have gone.

9 Some of them will re-engage and later on get
10 their GED. Many of them will find their way,
11 unfortunately, into the juvenile justice system. Some
12 of them will find employment. But when you look at the
13 lifetime earnings of someone without a high school
14 diploma compared to someone even with a high school
15 diploma on even an associates degree, I think, in fact,
16 if you compare a high school dropout with an associates
17 degree, lifetime earnings are about a third with just an
18 associates.

19 So the economic impact, if you want to look
20 at how that affects tax revenue plus the
21 disproportionate number of dropouts who are on public
22 assistance, require different numbers of social services
23 it is a disproportionate number that have health issues,
24 it is a huge problem.

25 REPRESENTATIVE SAINATO: When you say these

1 numbers like this, it is astonishing you are saying 40,
2 potentially 50 percent are not graduating high school.
3 I haven't been told that, I'm about an hour plus from
4 Pittsburgh. And none of my superintendents are giving
5 me this.

6 MR. ALDINGER: Well, nationwide the number
7 is about 33 percent. There is what really put this on
8 the map was a Gates Foundation study called The Silent
9 Epidemic. The executive summary is readily available, I
10 fully recommend browsing over the executive summary.
11 But it outlines nationwide we are looking at about 30
12 percent dropout rate. Now the 40 percent number is
13 Pittsburgh Public Schools. That is not a regional
14 number, right here. That is, unfortunately, relatively
15 in line with other relatively large urban areas.

16 REPRESENTATIVE SAINATO: I appreciate the
17 insight. This legislation is trying to do what we are
18 looking at is to try to get people in business engaged
19 in training, Representative Reed had said earlier about,
20 you know, the lack of young people, you are telling me
21 30, 40 percent of them are dropping out.

22 You know, maybe they can't do the academics
23 part but maybe there has to be some niche out there for
24 them to learn the skills of being a tradesman or things
25 that can be valuable to society. And maybe the

1 vocational schools, you know, need to tap into these.

2 We understand there is some for the
3 academics part, but you have to have that. Going out in
4 the street is not the solution.

5 MR. ALDINGER: Absolutely isn't. And
6 actually, I'm glad you brought up vocational schools as
7 they are called career and technical schools, that is a
8 big part of our regional career education partnership
9 initiative to work closer with those schools because
10 when we look as Mr. Malone said, when we look at the
11 projections going out, there is actually going to be
12 less need for those jobs that require a Bachelor's
13 degree and more that require some sort of technical
14 degree between high school and two years. That is where
15 a lot of the jobs are. More than Bachelor's degrees.

16 And there is a high overlap between that
17 need and what is offered at career and technical
18 centers. Part of what our layout plan for next year
19 along with the Pittsburgh Compact we are trying to
20 figure out our final ways to work together is to
21 operationalize that through career and tech centers so
22 that those kinds of programing are made more available
23 and more on the radar of high school teachers.

24 REPRESENTATIVE SAINATO: Are you finding
25 though these kids potentially on the verge of dropping

1 out or leaving, is there a way you can see to get them
2 motivated, maybe not for the college, but for a career
3 in technical issues?

4 MR. ALDINGER: Well, we have been looking at
5 a number of different programs that are happening both
6 here as well as in different cities. One of the
7 strongest pushes for that is to try and find something
8 called small learning communities or even just smaller
9 schools. Because typically what will happen in a much
10 larger school it is much easier for them to fall through
11 cracks without any adult missing them. When you have a
12 smaller community of educators and students, then every
13 educator will know what student is there and what
14 student is isn't. That is a very simple tactic being
15 looked at here in Pittsburgh and nationwide.

16 Certainly better connections with career and
17 technical education and career paths is another
18 opportunity that has to be looked at. Connections with
19 community service. And opportunities that the young
20 people can feel they are giving back is another way to
21 make them feel engaged. Also none some of it is not
22 that technical. Some is just basically the need for a
23 caring adult to be there. Unfortunately, that is not
24 the case for many, many people. And it is not at home
25 and if it is not at the school, then it is not

1 available.

2 The biggest research is that, get a caring
3 adult in a young person's life they will be more
4 successful.

5 REPRESENTATIVE SAINATO: Thank you,
6 Mr. Chairman.

7 CHAIRMAN LEVDANSKY: Representative Dave
8 Reed.

9 REPRESENTATIVE REED: Just a real quick
10 follow-up, the 40 percent number from Pittsburgh Public
11 Schools, what does that number look like for all
12 students within the city when you combine that with
13 private school numbers, what are you looking at for the
14 city?

15 MR. ALDINGER: I do not know the numbers
16 from the private schools. If you would like, I can try
17 to find that out for you. But the numbers I'm quoting
18 are from a study done by the Rand Corporation came out a
19 couple years ago which did not include private schools
20 within that.

21 REPRESENTATIVE REED: Okay, thank you.

22 CHAIRMAN LEVDANSKY: Any other questions for
23 any members?

24 Mr. Aldinger, I just want to respond
25 directly if I can to your suggestions or your concerns

1 relative to Section 1703-F, Subsection A regarding the
2 application process. Last year the Finance Committee
3 took public testimony on similar legislation. And one
4 of the suggestions that came out of the public hearing
5 process was a recommendation that the Commonwealth
6 engage the local workforce investment boards in the
7 decision-making process because the concern is that we
8 don't want to have somebody in Harrisburg essentially
9 making the decisions about the quality of a local, of an
10 application, you know, say here in Pittsburgh.

11 So, the language you see there is an effort
12 to basically get the local workforce investment boards
13 involved in the decision-making process. The Department
14 can lay out the review and approval process, you know,
15 and make the workforce investment boards knowledgeable
16 of that process, but we very much want the local
17 Workforce Investment Board to take a first review of the
18 applications. And if they see ones there that, you
19 know, don't really, you know, focus on, you know, they
20 don't for whatever reason they don't think are the best
21 applications, we want to know that from the people at
22 the local level, because we think the people at the
23 local level are in a better position to judge the
24 qualifications of an applicant rather than a bureaucrat
25 in Harrisburg.

1 So that whole effort is designed to get the
2 locals, the local Workforce Investment Board involved in
3 the decision-making process.

4 I mean, I understand that means that you
5 might have to get your board together to take a look at
6 these things. But I suppose your board gets together
7 multiple times a year anyhow to make decisions about a
8 lot of issues. And a lot of things they have to make
9 decisions about with the local Workforce Investment
10 Board. I know this is one more thing that we would like
11 them to take a look at.

12 But, that is important because this is a \$20
13 million tax credit. And if there are, if the
14 applications for the tax credits greatly or
15 significantly or to somewhat exceed \$20 million, then
16 how are we going to make the determination of who we
17 allocate, of whom we deem to be eligible versus not
18 eligible. And I prefer that decision, you know, involve
19 the significant input of the local people more than it
20 is just a bureaucrat in Harrisburg looking at these and
21 saying well, from my perspective 200 miles away this one
22 is better than the other one. We want to involve the
23 locals as much as possible.

24 MR. ALDINGER: If I could respond to that?

25 CHAIRMAN LEVDANSKY: Sure.

1 MR. ALDINGER: My understanding of the
2 recommendation for an amendment would be that the local
3 boards would create a local process based on what we
4 know the local needs and the local dynamics are. I
5 think the concern is that if that process could be
6 passed by our local board but then could be done by
7 staff or through an administrative process rather than
8 waiting for one of our meetings that happens only three
9 times a year.

10 So in other words, the process would be made
11 locally with an understanding the local area, would be
12 reviewed locally. So, if I said, if you understood that
13 we would want to just be passed off to Harrisburg, that
14 is not the intent. The request would be that there be
15 an availability to make that an administrative process
16 that we can pass through more quickly and efficiently
17 locally because we would hope that we would have a lot
18 of applicants for this. And if we look at our purview
19 in Allegheny County, there are a lot of lot of
20 businesses. If we had to go through that all at a
21 Workforce Investment Board meeting, I think we would be
22 concerned with being overwhelmed.

23 I don't mean to say we want the pass it off
24 to someone in Harrisburg, but maybe to make that an
25 administrative process instead of at the Workforce

1 Investment Board meeting.

2 CHAIRMAN LEVDANSKY: Let me ask you this to
3 further inform me, when the Workforce Investment Board
4 makes decisions at their quarterly meetings whenever
5 they meet, I presume, you know, that they don't sit
6 there and if they are deciding to do a contract with
7 somebody provide service, I doubt all 50 members of your
8 board review every applicant for the service contract.

9 MR. ALDINGER: Right. True.

10 CHAIRMAN LEVDANSKY: Most likely your
11 professional staff looks at them all, makes sure all the
12 board members know what the options are, my guess would
13 be the professional staff probably makes a
14 recommendation?

15 MR. ALDINGER: Absolutely, I can speak from
16 the youth programing that is how we do youth programing.

17 CHAIRMAN LEVDANSKY: Yes, that would be the
18 kind of process that I would envision, you know. So
19 while the overall board would approve it, it would not
20 be without essentially the strong involvement of the
21 staff. Okay?

22 MR. ALDINGER: Okay. I understand.

23 CHAIRMAN LEVDANSKY: Anyhow, thank you so
24 much for your insight and input.

25 MR. ALDINGER: Thank you for being here in

1 Pittsburgh. Welcome to those not from here. I wish you
2 well in moving us forward.

3 CHAIRMAN LEVDANSKY: Thank you. Next I
4 would like to call Mr. Sala Udin, the president and CEO
5 for Coro Center for Civic Leadership and a former
6 Pittsburgh City Councilman.

7 MR. UDIN: Gentlemen, welcome to Pittsburgh.
8 And thank you, Representative Levdansky for your general
9 leadership in the Legislature, and specifically on this
10 issue in particular.

11 As the previous speakers were engaged with
12 you, I thought about a headline that I saw recently that
13 many of you probably saw, the United States is
14 graduating more engineers this year than they have ever
15 graduated before. 65,000 engineers will graduate from
16 United States schools this year. However, one million
17 Chinese engineers will graduate this year.

18 The school system is not keeping up with the
19 needs, especially in the stem areas, the science and
20 technology and engineering and math areas of preparing
21 the workforce, not just for the workforce of today, but
22 the workforce of tomorrow. And not just the workforce
23 locally, but the global workforce.

24 Because that is who we are competing with.
25 That is not the subject of the hearing, but I just

1 wanted to add that perspective. Thank you.

2 I'm glad to offer my support for the efforts
3 that will increase the opportunity for young people to
4 have real world career training through internships.
5 I'm glad to see that House Bill 2196 allows a wide
6 range, a wide age range and reasonable income guidelines
7 to qualifying interns. The Coro Center for Civic
8 Leadership is Pittsburgh's primary organization for
9 training tomorrow's leaders. We offer committed
10 leadership development through a program called the Coro
11 Fellows in Public Affairs. Also the Pittsburgh home, we
12 are the Pittsburgh home of the Public Allies Program
13 which is an AmeriCorps program.

14 And we offer other leadership development
15 programs such as Women in Leadership, and the
16 African-American Collegiate Leadership training program.

17 I would also add one of your colleagues,
18 Jake Wheatley, Representative Jake Wheatley is a product
19 of the Coro Center for Civic Leadership staff.

20 I want to talk today about another aspect of
21 Coro's work that fits well with the intent of the Youth
22 Employment Incentive Tax Credit. I want to talk about
23 the Regional Internship Center of Coro. The Regional
24 Internship Center, generally known as the RIC, was
25 implemented about five years ago in collaboration with

1 the Workforce Investment Board to allow college students
2 and employers to find each other so that students can
3 get internship experience in areas where they are
4 considering careers and where employers could meet
5 potential employees to bring them into the company
6 culture for the future.

7 The RIC operates through modern technology
8 and minimizes staff and overhead expenses by allowing
9 employers to post their intern opportunities and foreign
10 students to post their resumes.

11 The RIC staff helps to make these matches
12 assist employers with designing the internship project
13 and help employers with human relations aspects of
14 having interns.

15 They also help students to design
16 appropriate resumes to market themselves to companies.
17 In all we have had about 8,000 students who have
18 registered on our web site which have produced about
19 1500 internships that have been employed through this
20 system. And some are multiple internships.

21 The RIC staff also manages a region-wide
22 summer internship program. This is an opportunity for
23 about 2500 college students during summer internships to
24 experience a wide array of social and entertainment
25 offerings in the Pittsburgh area over the course of the

1 summer so that they get a picture of what it is like to
2 live and work here in Pittsburgh.

3 A number of the summer interns come to
4 Pittsburgh companies from outside the region to get
5 specific internship experiences. Many of them do not
6 think of coming back to work when they first arrive.
7 But the summer internship experience shows them that
8 Pittsburgh, what Pittsburgh has to offer and can change
9 their thinking about locating here permanently after
10 graduation.

11 When the RIC was first being planned Coro
12 Center surveyed local employers and found that 40
13 percent of students who interned were eventually offered
14 jobs with the organizations they interned in. Half of
15 those who were offered, who were offered jobs accepted
16 them. Many of those who did not accept were offered
17 multiple jobs with other companies often based on the
18 experience they got from the internship while in school.

19 Educators are only beginning to fully
20 understand what college students have known for years,
21 that an internship during college makes you more
22 employable at the college.

23 I would also add more and more employers are
24 beginning to use internships as a way of recruiting and
25 vetting talent. Much more so than head hunters or just

1 interviews from resumes, if you have someone who has
2 worked in the company, they know you and you know them.

3 HR 2196 has the potential to expand the
4 number of internships available to students by making
5 the internship almost expense free for the employer.
6 While there are age and income guidelines for interns,
7 there are many college students who fall within those
8 guidelines. College is no longer the province of only
9 the wealthy. And the age limit through 21 years old
10 will cover most college students.

11 While internships are a great educational
12 experience, they are also opportunities for financial
13 support for students if they are paid internships.
14 Students often will take unpaid internships to just get
15 the job experience, but a paid internship has double
16 rewards, both educational and financial.

17 HB 2196 will make it possible for employers
18 to offer pay to interns for their services.

19 Finally, I would like to say that we hope to
20 be able to expand the services offered by our Regional
21 Internship Center in the future. We now limit the
22 service to college students primarily because there were
23 not enough high school internships available. But if HB
24 2196 and other state supported efforts in high school
25 are successful, the RIC is a logical and effective way

1 to make connections for the expanded number of high
2 school internships that will result.

3 The process for placing high school interns
4 will be much the same as for college students and high
5 school students will get an early start on job
6 experience and career selection, which, by the way, may
7 well have an impact on reducing the number of high
8 school dropouts.

9 I thank the Committee members for adding an
10 effective tool to the career preparation toolkit. My
11 experience has been that employers want to have interns
12 both as an enhancement to their organization and as a
13 commitment to the community. But tight budgets and
14 fears of a soft economy make it difficult for employers
15 to include internships in their operating expenses.

16 A targeted tax credit will allow both the
17 employer and student experience to experience the
18 benefits of internships. And I fully support the bill
19 and hope it has a speedy passage.

20 One final observation about where our young
21 people are going who are dropping out of school.
22 Unfortunately, a large number of them are ending up in
23 jail as a result of being recruited into the underground
24 urban economy of drug sales, and drug traffic. Thank
25 you. I'm available for a few questions.

1 CHAIRMAN LEVDANSKY: Anybody?

2 Representative Tim Seip.

3 REPRESENTATIVE SEIP: Thank you,
4 Mr. Chairman. I would like to ask you, what is the age
5 range of the students at the RIC?

6 MR. UDIN: Primarily, it's 19, say, to 22, I
7 think that's the general range. They are freshmen,
8 sophomores, juniors who are in the areas of colleges.
9 We have a web site and we, all of the colleges in the
10 area know about the RIC web site, they refer students
11 there. So the students register on the web site and
12 look at the postings of employers that post for
13 internships.

14 More and more employers are offering
15 internships, and most of the employers we have about 850
16 employers in this region who have also registered to
17 post their internship opportunities on that web site.
18 So it is like an internship dating service.

19 REPRESENTATIVE SEIP: I just wondered if you
20 had any non-traditional students or maybe students who
21 had their college interrupted by military service or
22 anything like that.

23 MR. UDIN: We generally don't, but we
24 certainly would love to be able to help connect them. I
25 know there are employers who are looking for that. I

1 think that a tax credit program like this could help
2 facilitate that tremendously.

3 REPRESENTATIVE SEIP: Thank you.

4 CHAIRMAN LEVDANSKY: Any other questions?
5 Mr. Udin, I just have one question for you. You
6 mentioned the summer internship program that the
7 Regional Internship Center provides 2500 college
8 students doing summer internships. Our legislation
9 calls for eligibility for this internship tax credit
10 based on 235 percent of the poverty limit for household
11 income. Do you have any idea of your 2500 college
12 students doing the summer, present summer internship
13 program, any idea how they would be impacted by this
14 program?

15 MR. UDIN: Most of them would qualify.

16 CHAIRMAN LEVDANSKY: Most of them would
17 qualify.

18 MR. UDIN: Most of them would qualify. I
19 would say 70, 80 percent of them would qualify.

20 CHAIRMAN LEVDANSKY: Okay, so in your view
21 having the household income eligibility set targets at
22 235 percent of poverty is appropriate.

23 MR. UDIN: I would think so. I think it
24 would cover most of the students looking for
25 internships.

1 CHAIRMAN LEVDANSKY: Okay, okay. Thank you
2 so very much for your insights and for your testimony
3 and for your good work in the community.

4 MR. UDIN: Thank you.

5 CHAIRMAN LEVDANSKY: Next I would like to
6 call Mr. Paul Leger. Paul is the senior vice president
7 with the Allegheny Conference on Community Development
8 and he is joined by two interns here today, Raven Sams
9 from the City Charter High School and Curtis Brown from
10 the City Charter High School as well. Welcome Paul.

11 MR. LEGER: Thank you. Welcome to
12 Pittsburgh, Committee members. I'm not sure the
13 microphones make that much difference so I will just
14 talk loud as will my two companions.

15 I am Paul Leger, I am with the Allegheny
16 Conference on Community Development. The Allegheny
17 Conference is an organization of CEOs which work toward
18 the economic betterment of the region. And one of the
19 programs that we are currently forming is called the
20 Pittsburgh Regional Compact. You heard that from
21 several other witnesses.

22 What the many Compact wants to do is
23 basically reform the way we educate people for the
24 workforce. 250 years ago, this is Pittsburgh's 250th
25 birthday after all, George Washington and General Forbes

1 stood somewhere out there and named this place
2 Pittsboro. That is the way it was originally
3 pronounced. It became the glass making capital of the
4 country.

5 Subsequent to that, of course, it became the
6 steelmaking capital. But more important than that, it
7 became the industrial model for the rest of the world
8 for a very long time.

9 Now we have moved on to modern industry. So
10 we are now the transplant capital in many ways and we
11 are a technological capital and we are well on our way
12 to being the nuclear energy capital of the world with
13 the expansion of Westinghouse into Butler.

14 And Pittsburgh has a long history of firsts.
15 We had the first radio station, we had the first
16 nickelodeon theater, we have spawned many great artists
17 that have gone to other places in the world and become
18 permanently famous in museums. And now what we want to
19 do is take an educational model which was fine for the
20 19th Century and move it into the 20th Century. And if
21 you remember, the public school system was put together
22 to take people who had come to this country without
23 skills and get them ready to go into the modern
24 workforce. That is what the school system was founded
25 for.

1 Unfortunately, we've moved into a more
2 abstract method of education where we don't necessarily
3 meet the needs of every student through abstraction and
4 we very rarely give them very practical kinds of
5 opportunities to see what jobs are really available and
6 what is the path that you have to take to get those
7 jobs.

8 The result of that is a crisis in economics
9 for this region and for many other parts of the country
10 where you have a mismatch between younger people who
11 claim they can't get a job here and employers who say I
12 can't find an employee to do the jobs that I have. The
13 reason for that is because we are not necessarily
14 preparing people for the kind of jobs that actually
15 exist. We need to start to do that at a very young age.

16 One of the solutions to that is to take
17 employers in this region and allow them to work directly
18 with schools to show those schools and those students
19 what our local companies do and what kind of jobs you
20 can get there. Let me use one example.

21 The Pittsburgh Penguins is something that
22 everyone knows about. And if I go into a school and say
23 would you like to work for the Penguins, the immediate
24 fantasy is that you would like to be a hockey player.
25 In fact, the Penguins have HR people, they have lawyers,

1 they have marketing people, they have people who sell
2 tickets and they have people who do the design of the
3 schedule, the artwork and everything else that goes with
4 managing a big team.

5 So the people who are lifetime members of
6 the Penguins and maybe the most dedicated members are
7 not the ones that you see on the ice. There are many,
8 many opportunities for people to work for the Penguins
9 and be a Penguin but not be on skates. And that is the
10 kind of thing we need to get across to kids, that there
11 is a really wide variety of options in the workplace.

12 I want to take just a minute and talk about
13 the two people I have at the table with me. Because
14 they are the kind of people that this is all about.
15 Raven Sams and Curtis Brown go to City High School.
16 City High School is a school well on its way to the
17 modern model. It is a year-round school. Students opt
18 to go there. They go from 8 to 4. They dress in
19 business casual. There are no pants around the knees.

20 And they all have an internship built into
21 their curriculum. It is not something that happens in
22 the summer, it is not a make-work job. It is part of
23 the curriculum and it is designed with the school staff
24 and faculty so that the kind of thing they do as an
25 intern is something that they may be interested in doing

1 in the rest of their life. So I will ask both of them
2 to talk about what they did as interns what the impact
3 of that was on them.

4 I want you to remember that this is not a
5 fancy private school. This is a charter school, the
6 kids that go there are public school students they are
7 publicly funded and this is a public curriculum
8 available to anybody. They, of course, are exceptional
9 students, they are wonderful students. But not because
10 they are in an expensive private school. Which of you
11 would like to go first?

12 MR. BROWN: I will begin. I am Curtis Brown
13 I am currently a senior at City Charter High School. I
14 did my internship with General Dynamics C4 Systems on
15 the Southside.

16 While there at General Dynamics I did a lot
17 of program testing, a lot of programing of actual
18 programs. The program I worked with CoMotion.

19 General Dynamics is a local owned company
20 that has contracts with pharmaceutical companies, the
21 government, out-of-the-country companies. I programmed,
22 when I began the internship, I did a lot of the testing.
23 Then I transferred over to transferring the program from
24 the governmental version to something that a
25 pharmaceutical company can use. And I believe that my

1 internship has greatly benefitted me because I have had
2 hands-on experience as a software engineer. I got to
3 work with a lot of software and see what exactly I would
4 like to get into in the future.

5 I enjoyed it.

6 MS. SAMS: My name is Raven Sams, I'm a
7 junior at City Charter High School. I did my internship
8 at Neighborhood Legal Services which is a non-profit
9 organization that provides, I would say hope to low
10 income families or persons, elderly and people that have
11 been abused. While there I filed and I got the
12 opportunity to work with a different person basically
13 each day and I got to see from the receptionist to the
14 lawyers.

15 And one of the things that really affected
16 me was seeing the whole PFA process, which is the
17 protection from abuse. And I saw from the people that
18 come in and in the afternoon and they get their lawyer
19 and I get to hear their story. And just hearing those
20 stories, I was brought up I didn't really never really
21 knew anything about that. I knew it happened but I
22 never saw firsthand what happened. Being able to see
23 that, it really opened my eyes. It gave me the
24 opportunity like just to be able to know what is going
25 on in my community and. It is, just be aware of what is

1 happening.

2 And it really helped me with school because
3 while there I wrote two papers for one of the attorneys.
4 And he made a couple of comments on my writing skills
5 and that told me I really needed to work on my writing
6 skills. So I focus more on my English now. That's it.

7 MR. LEGER: And I think they are both being
8 a little too modest. Because Curtis intends to be a
9 software engineer. And Raven has been offered a job at
10 Neighborhood Legal Services while in high school. So,
11 she doesn't have to wait until law school to do an
12 internship.

13 Just a few other comments, we did a survey
14 of local high schools. And we saw that 2,069 interns
15 came out of 54 of the surveyed high schools. That is
16 only four percent of the population of those schools
17 actually engaging in internship. There are lots of kids
18 who go to work and get part-time jobs. Those are not
19 jobs related to learning. They are not formal
20 internships.

21 And the last thing I would say is that look
22 at this tax break as an investment. I know in the
23 short-term that it is painful for the state to give up
24 \$20 million of revenue. I worked in municipal and
25 county budget offices many years so I know what that is

1 like. This is really an investment. Because if I can
2 get a person to get an internship where they learn a
3 skill, very rapidly in the future they will be returning
4 money to the state through the taxes that they can
5 contribute that they might otherwise not be able to
6 contribute.

7 I would encourage you to open your thinking
8 to what you have already discussed, and that is you
9 don't need to be a college graduate to get a good job.
10 In fact, if I had 60 welders right now, I could flood
11 them into the market and probably start them all at
12 \$50,000 only to have them increase as time went on.

13 If I hear one more company saying I can't do
14 any more work and I can't expand because I don't have
15 welders, that just amazes me. It amazes me personally
16 because my father was a welder. And he thought he was
17 in a dying profession. I wish he was around to see it
18 now. Thank you.

19 CHAIRMAN LEVDANSKY: Thank you, Paul.
20 Representative Seip?

21 REPRESENTATIVE SEIP: Thank you,
22 Mr. Chairman. I want to thank both of you two for your
23 testimony today. Curtis and Raven. I want to thank
24 you. It really means a lot when we hear from people who
25 are actually benefitting from things that we are trying

1 to do here or may benefit in the future, I guess I
2 should say.

3 I have to ask you, one of my favorite shows
4 Raven was Guardian, and working there is that anything
5 like that TV show?

6 MS. SAMS: I haven't seen it.

7 REPRESENTATIVE SEIP: Paul probably knows
8 what I'm talking about.

9 MR. LEGER: Yes, we are different
10 generation, look for CSI.

11 REPRESENTATIVE SEIP: I want to ask you,
12 both of you if you could, just comment on is there
13 anything that you have seen in the internships that you
14 have been in that you recognize boy that is something I
15 really don't want to do, that is a career path I'm not
16 going to get on?

17 MR. BROWN: I haven't. Personally, during
18 the internship has motivated me more to become software
19 engineer. Seeing how becoming a software engineer is
20 one of my goals, I got accepted into Rochester Institute
21 of Technology. They are, I guess, affiliated with
22 General Dynamics. So I guess working there at the
23 internship pushed me toward the school that I'm going to
24 attend this fall.

25 REPRESENTATIVE SEIP: Before the internship,

1 did you have anyone else that you encountered, whether
2 it be a family member, an educator or anybody like that
3 say gee, Curtis, you should be a software engineer.

4 MR. BROWN: I guess my parents. I guess I
5 was interested in computers at a young age. So being
6 around them, working around them a lot with my parents
7 in their business I guess pushed me a little bit more
8 into the computer field.

9 REPRESENTATIVE SEIP: Same question, Raven?

10 MS. SAMS: It definitely helped me more.
11 Before my internship if you asked me what I wanted to
12 be, I would say I plan on being a lawyer. But just
13 being in that environment, it was like now if you ask me
14 I will say I'm going to be a lawyer. I know that for a
15 fact now. And my family wise, they didn't really push
16 me to choose anything. It was just like what do you
17 want to do is something that you are interested in. My
18 mom always pushes that to me. Do something you know you
19 are going to want to do for the rest of your life. And
20 definitely this internship really helped me out with me
21 focusing on that I really want to be a lawyer.

22 REPRESENTATIVE SEIP: Probably maybe more
23 specifically, what kind of law, you don't want to be a
24 real estate lawyer?

25 MS. SAMS: I want to do something in

1 business, I think corporate but I'm not sure yet. I'm
2 taking small business class right now. I really like
3 it. So more on the business side.

4 REPRESENTATIVE SEIP: Thank you. Thank you
5 for your testimony today.

6 CHAIRMAN LEVDANSKY: Representative Kortz?

7 REPRESENTATIVE KORTZ: Thank you,
8 Mr. Chairman. Thank you, Paul, for your testimony.
9 Curtis, Raven, thank you, I applaud your efforts
10 congratulate you and encourage you to keep following
11 your dream, because the sky is the limit. I have a few
12 questions.

13 When did you get into the internship, just
14 this past September or have been in it for a year and a
15 half.

16 MS. SAMS: I did my internship from August
17 until November.

18 REPRESENTATIVE KORTZ: August to November.
19 So it is broken down into a specific time frame?

20 MS. SAMS: Every trimester different interns
21 go out. AND I was chosen to go my first trimester.

22 REPRESENTATIVE KORTZ: Okay, Curtis?

23 MR. BROWN: I did my internship from April
24 until June of last year. I plan to work hopefully at
25 the same place this upcoming April to June as well as

1 before graduation.

2 REPRESENTATIVE KORTZ: The next question the
3 process of how you got married up with your particular
4 profession like Neighborhood Legal Services, Curtis you
5 were with software General Dynamics, is there something
6 on-line somewhere you went and saw it said hey, I want
7 to do this they have software I like this Neighborhood
8 Legal, your inclinations was guiding you that way. Go
9 through the process how you chose.

10 MS. SAMS: That question would be better
11 through our internship manager.

12 MS. KRESCHMAN: We have a complete model
13 career workforce skills curriculum. The internship is
14 the capstone of course to that program. So, for our
15 trimester per year, each of the students will have one
16 trimester in 9th grade focused on career exploration
17 taught by two career readiness teachers.

18 In 10th grade we focus on the workforce.
19 The resume, the cover letter, mock interviews. We let
20 them own City High they get a chance to hire us or not
21 hire us if we don't make the grade. At the end of that
22 class they are the interviewees and we bring in
23 professionals from the outside world in the community.

24 In 11th grade students study for one
25 trimester post secondary planning. They go through

1 capstone internship. After meticulous placement, we
2 have two career interest surveys we explore, we look at.
3 I developed 20 benchmarks for my profile to kind of
4 marry the students to a career that they may show some
5 interest in. About 25 percent of them leave the
6 internship saying I never want to do that again in my
7 life. That is a positive outcome for us.

8 But every internship is a career
9 exploration, a little bit bigger. It builds some very
10 basic skills for the student even though we taught them
11 in theory, we need to see them in practice. And so the
12 students are graded by their mentors, we have a very
13 specific mentor-mentee relationship with each of our
14 internship sites.

15 We have some sites that would like to have
16 our kids and I won't send them because we are not just
17 free labor in the afternoon. It is an academic endeavor
18 they receive a grade and it goes on the transcript. We
19 just hired this year a transition counselor to cap off
20 our vertical program. She used to be admissions
21 counselor at Pitt. And she helps build that last
22 transitional bridge for post secondary whether it be
23 workforce, career school, two year, four year education.
24 This is a part of a very intricate educational process.

25 And the students probably don't put the

1 whole thing together until they leave but they have had
2 three trimesters of very formal academic education in
3 career skills.

4 And we have had great success marrying the
5 students and finding companies. Your bill will help us
6 because I have some companies that would love to
7 participate but can't find their way for the time and
8 resources. It will be a great asset for us.

9 REPRESENTATIVE KORTZ: One follow-up, 11th
10 grade is the earliest for a student --

11 MS. KRESCHMAN: The curriculum was designed
12 so that all 11th graders go through that process. In
13 the course of the five years that we have been in
14 business, into year number six now, there was some
15 tweaking to do. We had some students that held off
16 until their senior year. So I was hired a year ago. I
17 caught those students up plus had successfully placed
18 completed two-thirds of the 11th grade and my final
19 third will go out this last trimester.

20 It is a lot of work but boy it is sure worth
21 it for the students. They keep journals of what they
22 are doing. They build relationships with their mentors
23 far past high school. We have two classes of alumni
24 graduating class '06 and '07. They forget to contact us
25 a lot of times but they are in touch with mentors,

1 mentors send messages so and so sophomore at Robert
2 Morris starting his own software company on the side or
3 his own web site, you know, development company. It is
4 amazing. How that has some longevity, how helps tie our
5 students to remaining in this region.

6 REPRESENTATIVE KORTZ: The last question,
7 Raven for you and Curtis. Since you have been doing
8 this, obviously you go back and interact with your
9 friends, have your friends said boy I really like it, it
10 is pretty neat, I would like to get involved. Have you
11 had that out in the community when you tell your buddies
12 and girlfriends what you are doing?

13 MS. SAMS: Kind of, sort of. I will tell
14 them that I'm on my internship, they will look at me, on
15 internship? You are only in 11th grade. I tell them
16 yeah. And I really like it. And it is like I don't
17 think their school does it, they don't do it as early as
18 our school does. It is really, I think it does motivate
19 them to be.

20 REPRESENTATIVE KORTZ: They start asking you
21 questions what do you do?

22 MS. SAMS: They ask me what I do. I tell
23 them what I do. And I would say it impacts them
24 positively but I don't think a lot of schools have it.
25 That is why I don't think they ask their schools about

1 it.

2 REPRESENTATIVE KORTZ: How about you,
3 Curtis, from your perspective?

4 MR. BROWN: My situation is somewhat the
5 same. Some of my friends feel it is kind of weird that
6 for, from two and a half hours to four hours a day I
7 leave school early to go, you know, work for someone
8 else to where I mean I guess the labor, it is a win-win
9 situation for me. I am learning, get hands-on
10 experience and they are getting help. Some friends see
11 it there should be some type of compensation for it. I
12 guess it is because they don't have the internships,
13 they don't know, they don't go through the experience I
14 have. They are not seeing eye to eye at my level.

15 REPRESENTATIVE KORTZ: Thank you very much,
16 congratulations to you.

17 CHAIRMAN LEVDANSKY: One final question,
18 Paul. You mentioned that under the Pittsburgh Regional
19 Compact there is the conference did a survey and found
20 out that in our region in Southwestern Pennsylvania 54
21 high schools, there is about a little over 2,000
22 internships that are offered to high school students.

23 Do you know -- let me ask it this way, under
24 this legislation, there is \$20 million worth of tax
25 credits that would be created. With the eligibility

1 guidelines being 200, household income 235 percent of
2 the federal poverty level. Any idea, you know, through
3 your work with the Pittsburgh Regional Compact, any idea
4 how many, how much credit would be necessary to fund the
5 existing internship programs here in Southwestern
6 Pennsylvania?

7 MR. LEGER: Well, sort of a two-part answer.
8 One is a lot of high school interns at this point don't
9 get paid. A number of college interns do get paid.
10 Remember, we are dealing with an age range from 14 to
11 21. What this could do is making pay for high school
12 internships more attractive. And no, there is no way
13 for me to know how far the \$20 million would go.

14 But I would assume that state-wide schools
15 doing internships, if they could get their students
16 paid, that would be eaten up pretty quickly. At least
17 in the first year trial period. We can always be back
18 for adjustments in the future.

19 The other thing is there are expenses with
20 private for profit employers whether they pay the intern
21 or not associated with the internship. And those are
22 eligible for reimbursement under the bill. That is a
23 good thing too. No, I don't know what the number is
24 that would use up the credits and how quickly they would
25 be used. I hope they be used as quickly as possible.

1 CHAIRMAN LEVDANSKY: Yes, I wouldn't be
2 surprised if that were the case. But I'm also just
3 looking from the perspective of trying to have as
4 broad-based an impact across the Commonwealth, not in
5 one geographic region compared to another. I want to
6 commend you for your work for getting this internship
7 program established here in Southwestern Pennsylvania.

8 Philadelphia has a similar program that has
9 been operational for several years.

10 MR. LEGER: Right.

11 CHAIRMAN LEVDANSKY: I just want to make
12 sure as a Southwestern Pennsylvanian, we make this tax
13 credit a reality, I want to make sure that our students
14 and our business community are poised to take advantage
15 of this tax credit created under this legislation.

16 MR. LEGER: Absolutely, we are, and the
17 programs here are different than they are in
18 Philadelphia simply the way they are set up, not in
19 their intent. Philadelphia did theirs as a summer
20 program essentially. We do ours essentially imbedding
21 it in year-round education. Therefore, it is less
22 visible than the large 2,000 member summer program in
23 Philadelphia, but it is there. And easy to take
24 advantage of, particularly for new manufacturing-type
25 employers which we are trying to encourage here.

1 CHAIRMAN LEVDANSKY: Thank you so much,
2 Curtis, Raven thank you for joining us.

3 Next Mr. Robert Nelkin, the president and
4 chief professional officer of the United Way here in
5 Allegheny County. Bob, good to see you. It has been a
6 while.

7 MR. NELKIN: Mr. Chairman, it is good to see
8 you. Good afternoon. I'm pleased to also support the
9 Youth Employment Incentive Tax Credit. It is my hope by
10 providing tax credits to employers we can significantly
11 increase the number of paid internships for young
12 people.

13 The business leaders of the United Way are
14 deeply concerned about the plight of young people,
15 especially older teens and young adults. We had a 2007
16 needs assessment done by the University of Pittsburgh
17 for us. And it showed real problems, critical problems
18 that this community better address.

19 Did you know, for instance, among the 11th
20 graders in Allegheny County more than 30 percent can't
21 read at a basic level. And 40 percent can't do math at
22 a basic level. This isn't particular high schools where
23 you have deep problems but this is across all of
24 Allegheny County. If you look deeper, you see in
25 African-American males in our city schools have a

1 dropout rate of one in two.

2 Thousands more of our children are not
3 engaged in school and simply don't choose to attend
4 class or apply themselves at school.

5 Our local rate of idle youth, that is a
6 Census Bureau term, for 15 to 24 year olds who are
7 neither in school nor working has increased sharply in
8 distressed areas. And I ask you to think for a moment
9 what happens, what kind of trouble is caused when a
10 person is neither working nor in school.

11 In my short nine months of the United Way,
12 we have adopted major community initiatives in
13 partnerships to get our youth, our local youth engaged
14 and motivated in school and being good citizens. One of
15 our initiatives is motivating kids to succeed in school.
16 At the heart of that initiative is helping our youth,
17 particularly our middle school youth. I know that is a
18 little bit younger than what you have been talking about
19 and our early high school youth to develop positive
20 hopes for the future. A dream.

21 Research shows that positive future
22 aspirations happen when youth are aware of their career
23 opportunities and more importantly understand that those
24 jobs are actually within their sights if they attend the
25 school, if they learn to read, to write, to do math

1 adequately as well as behave in a way that does not
2 disqualify them. That would be illegal behavior or
3 doesn't make it hard for them to pursue training such as
4 being a teen parent.

5 As adult leaders of the community, we must
6 help youth connect high school completion and
7 proficiency with future careers that are both rewarding
8 and rewarding. So many of our youth do not have a dream
9 of a career. I ask you, when did you come up with your
10 dream, when did you know what you wanted to be. It
11 might not have been a state legislator. I knew in 7th
12 grade.

13 Far too many of our youth lack the dreams,
14 they lack the positive role models, and they lack the
15 knowledge that their futures can be brighter if they
16 attend to a solid high school education and good
17 citizenship. It is a relatively simple formula. Learn
18 these basics in high school and get your degree and
19 behave in the way of a good citizen.

20 One way to connect the dots for youth is
21 meaningful, sound internships that give high school
22 students and other young people in, the opportunity to
23 learn about the world at work in ways that no amount of
24 abstract classroom training can offer and it is of vital
25 necessity when they lack community role models to teach

1 them about the world of work.

2 A paid internship can prove that work can
3 result in income to the students and may have little
4 experience with regular income either personally or with
5 family. We have a summer violence prevention program we
6 raise funds for the fourth year. And people said it is
7 mostly for the gang leaders and gang members and people
8 said they will never take those jobs, they will never be
9 interested in jobs, they are making too much money on
10 the street. The objective is to get them off the
11 street, get them doing constructive things in the
12 community because they are less likely to be involved
13 violence. They lined up for those jobs. Our young
14 people want the income associated with jobs.

15 Perhaps most important an internship can let
16 young people seek career possibilities they never even
17 knew existed. People grow up with limited financial and
18 educational resources often have limited horizons when
19 thinking about work. It is nearly impossible to
20 consider entering a career path when you do not know
21 that it exists or you have no idea how to prepare
22 yourself for it.

23 Internships can provide the opportunity to
24 understand career options and the skills necessary to
25 succeed in a unique and impact way. Even though the

1 value of internships is self evident, community based
2 agencies struggle to get employers to offer internships
3 for youth. I can tell you talking to all the community
4 based organizations, they lack, they are dying for the
5 sort of internships with private industry.

6 The tax credit should help community
7 agencies gain support from employers. The United Way
8 funds organizations that serve the underserved. If we
9 can encourage more for-profit employers to act as
10 members of the workforce development system, we can give
11 students a wider range of possibilities from which to
12 choose their career paths. So right now a lot of
13 internships are with non-profits. Hopefully, this would
14 open many more doors in the for-profit area.

15 Most people work for private companies or
16 very large non-profits such as hospitals or universities
17 which offer work environments similar to private
18 companies. The best way to allow these employers to
19 initiate or expand activities in workforce development
20 is to let them see immediate rewards for their efforts.
21 This bill allows companies to see those financial
22 rewards for their participation, sound internships.
23 Those are internships they can start students thinking
24 about their long-term paths to jobs.

25 In addition to opening doors to the real

1 world of work, internships may have an impact on
2 reducing other problems often related to the lack of job
3 skills.

4 So our other initiative we started around
5 youth is prevent youth violence. We see these two
6 things and marry. People who lack skills and are
7 essentially viewed as unemployable are often more likely
8 to be involved in violence, illegal drug trafficking and
9 other antisocial activities. Employers who bring young
10 people into the predominant culture of the employed are
11 also giving young people an opportunity to choose
12 another path away from activities that may result in
13 prison, death, permanent disability and all the victim
14 costs and dollar costs to the taxpayers.

15 A tax credit can provide the small
16 motivation for an employer who provides a path to a
17 career and possibly save a life or lives.

18 The United Way offers community leadership
19 to resolve major problems that negatively impact upon
20 us. I think there is general agreement that the quality
21 of life in our community is at least partly dependent
22 upon the ability of every person who wants a job to have
23 one, and to get the training needed to get and keep that
24 job.

25 Bringing young people into our workplaces as

1 an enhancement to our operation and is an effective way
2 of training them can benefit the whole community going
3 forward in so many ways.

4 For this reason, the United Way of Allegheny
5 County endorses activities like internships that can
6 lift young people's expectations for the future while
7 ensuring a reliable number of competent workers for our
8 region's employers in the future.

9 Again, I thank the bill's sponsors for
10 advancing the idea of tax credits to encourage
11 internships. I urge the Committee to support the Youth
12 Internship Tax Credit concept embodied in the bill.

13 CHAIRMAN LEVDANSKY: Thank you, Bob. Any
14 questions? Bob, one thing. I just want to make sure I
15 think implicit in your entire testimony is recognition
16 this legislation applies not just to for-profit
17 companies, but to the non-profit sector as well?

18 MR. NELKIN: Right.

19 CHAIRMAN LEVDANSKY: There are a variety of
20 community organizations in the not-for-profit sector
21 that can provide really valuable learning experiences
22 and internships for kids. But they are non-profit. So
23 it is very important at least from my perspective, I
24 presume you are, not putting words in your mouth, it is
25 important to make sure this stays, this legislation also

1 is applicable to the non-profit community as well.

2 MR. NELKIN: That's right, the non-profit
3 community is less able financially generally to provide
4 these internships. They may be more interested in some
5 ways, less able, you know, to provide them. Any support
6 that can be provided would be good.

7 CHAIRMAN LEVDANSKY: Thank you. Thank you.
8 Is there a representative from, are you representing our
9 County Executive Dan Onorato.

10 MR. EVANTO: Mr. Chairman, members of the
11 Committee, I'm Kevin Evanto, communications director for
12 Allegheny County Executive Dan Onorato. The County
13 Executive is unable to be here today but he certainly
14 wanted me to welcome you to Allegheny County and send
15 you his best regards.

16 County Executive Onorato is a strong
17 supporter of internship programs, mentor programs,
18 experiential learning. He is, of course, a strong
19 supporter of business and economic growth and he is also
20 a strong supporter of providing young people in
21 Southwestern Pennsylvania with career opportunities and
22 job opportunities. And the bill that you are
23 considering in many ways is a perfect marriage of those
24 three goals. And the County Executive is supportive of
25 this bill.

1 With me today is Pam Callahan who is a
2 student at the University of Pittsburgh and an intern in
3 our office in semester. Every semester and every summer
4 we have at least two interns in the County Executive's
5 office. And Pam is here with me today and she is
6 actually going to read testimony on behalf of County
7 Executive Onorato which I also have copies for you.

8 MS. CALLAHAN: Mr. Chairman, members of the
9 House Finance Committee, there is a myth that young
10 people can't find jobs in the region and must leave to
11 find employment in other parts of the country. The
12 truth is other areas in Pennsylvania and the nation
13 Allegheny County is experiencing a disconnect between
14 job seekers looking for work and employers looking to
15 fill positions. In many cases the problem is a lack of
16 appropriate skills on the part of applicants.

17 There are many employers in manufacturing,
18 health care and professional services who cannot find
19 employees because many local young people are not
20 choosing career paths for appropriate training until it
21 is too late.

22 We need to let young people know what jobs
23 are available in our region and what kind of training is
24 needed in order to get these jobs. And we need to start
25 this process at an early stage so students can plan for

1 good careers and jobs by the time they finish high
2 school.

3 Internships are an excellent way for young
4 people to evaluate possible career choices and to have
5 real world experience in actual workplaces. Internships
6 also act as valuable economic development programs for
7 employers. When employers bring students into their
8 workplaces, they are creating a pipeline of trained
9 workers who can enter into their organization after
10 formal training is complete, whether after high school
11 or after getting an advance degree.

12 It is through this kind of pipeline that
13 companies can plan to stay, prosper and expand in the
14 region. There would be no problem placing 100
15 engineers, 100 welders and 100 hospital technicians in
16 Allegheny County right now. If students begin to plan
17 their career training early in high school many of them
18 would be ready to move into local jobs immediately upon
19 graduation.

20 In many cases college is not required and
21 employers will train potential employees. As you know,
22 House Bill 2196 will allow tax credits for employers who
23 help in training young people through internships. Tax
24 credits are an excellent way to promote career training
25 and House Bill 2196 makes sure that those most in need

1 of economic advancement get internships opportunities by
2 linking the tax credits to income requirements.

3 We need to make sure that those who have the
4 least exposure to job possibilities get a chance to seek
5 career opportunities firsthand. It is also impressive
6 that House Bill 2196 changes the direction of many
7 previous work programs for the economically
8 disadvantaged. This bill targets internships as career
9 learning opportunities with for-profit employees who
10 will receive benefits from their intern's work while
11 giving the intern a chance to move into the job market.

12 It changes the focus from a check for me
13 work programs to offering pay for learning. This is the
14 right way to educate young people for 21st century
15 careers.

16 House Bill 2196 also rewards for-profit
17 employers for becoming even more engaged with the
18 community in which they live. By participating in
19 student education, employers become an even bigger part
20 of economic future of those students. And businesses
21 will also be acting in their own interest by making sure
22 that the region will have an adequate supply of
23 well-trained workers in the future. Please accept my
24 full support for House Bill 2196. I wish the sponsors
25 every success for full passage of the bill.

1 CHAIRMAN LEVDANSKY: Thank you. Any
2 questions? Any questions? Kevin, just one question,
3 not directly to the internship tax credit, but does the,
4 I'm reminded this as Bob Nelkin leaves the room, does
5 Allegheny County provide summer youth employment
6 opportunities in what areas?

7 MR. EVANTO: We do. Actually, the program
8 that Bob was referencing in terms of providing summer
9 job opportunities for youth, that was a program that we
10 started a few years ago. The first year we had about
11 200 individuals participate and last year we doubled
12 that to 400. We are out trying to raise money hopefully
13 to double that and expand it to other neighborhoods as
14 well.

15 Within county government various departments
16 and offices in county government provide internships and
17 so forth throughout the year. We have actually
18 partnered with NEED, which an organization here in
19 Allegheny County that raises funds for African-American
20 youth to attend college. We actually have a program
21 with them where each semester 20 students come into
22 county government, they spend a few days going through,
23 going to different departments and offices, meeting with
24 people. The idea is to provide them with access and
25 exposure to opportunities in local government.

1 And they sort of identify offices or areas
2 that they are interested in. Then they come back and
3 spend even more time. A lot of those result in
4 internships. So we are trying a number of different
5 things to help the private sector but also to provide
6 opportunity and exposure to people for government
7 opportunities at the county and local level as well.

8 CHAIRMAN LEVDANSKY: I mean back to I think
9 your initial response, you are telling me you have an
10 existing program whereby the county employees, you know,
11 in the summertime employs kids?

12 MR. EVANTO: Yes.

13 CHAIRMAN LEVDANSKY: 400 people?

14 MR. EVANTO: It was 400 last summer. It is
15 funded by the Foundation Community. We go out and
16 working with the United Way we actually go out and find
17 foundations and private sponsors to actually provide
18 enough money so that we can pay these 400 people to go
19 out. And they perform, a lot of what they do is
20 community service projects. So it is a way for them to
21 have meaningful jobs, to contribute to the community.
22 And in the areas, we target certain high crime areas in
23 the city and in the suburban areas. And in the areas
24 where we have implemented this program, the rate of
25 violence and youth crime has dropped tremendously during

1 the summer.

2 CHAIRMAN LEVDANSKY: And this is about 400
3 kids that work in the summer youth employment program.
4 And what is the budget for that roughly?

5 MR. EVANTO: It's, I don't know to be
6 honest. I want to say it is a couple hundred thousand
7 dollars to provide support services, staff that we pay
8 but also to provide the 400 kids, they actually earn
9 money, they earn an hourly wage. The deal is as long as
10 they stay out of trouble, show up for work and do a good
11 job they keep the job throughout the summer and so far
12 we haven't had anybody drop out. That is how popular it
13 is.

14 CHAIRMAN LEVDANSKY: And what is roughly the
15 hourly wage for in summer youth program.

16 MR. EVANTO: I think it is a little bit more
17 than minimum wage. Somewhere around \$8 maybe up to \$9
18 an hour. But what we found is, you know, as Bob said,
19 the sort of thinking was well, these kids can make more
20 money doing illegal activities. But what we found is
21 they would rather trade a legitimate paycheck for
22 illegal activities even if they would make more money
23 that way.

24 CHAIRMAN LEVDANSKY: Of those 400, are any
25 of them like assigned to the Maintenance Department?

1 MR. EVANTO: They do a lot. This is also we
2 work with the city in doing this. So yes, they are out
3 working on vacant lots, trying to clean up city, some of
4 the suburban areas. So there is a lot of community
5 service. Cleaning up vacant lots, planting flowers,
6 trees, beautification projects. And we work with
7 individual communities to identify what their needs are.
8 The kids go in. It has been a tremendously successful
9 program.

10 CHAIRMAN LEVDANSKY: I'm only reminded of
11 that, because when I was a kid growing up, I mean the
12 county always had, I never, I never was involved in it,
13 I spent my summers working in a grocery store or at U.S.
14 Steel for the summer but even U.S. Steel back then had a
15 summer youth employment for college kids to get kids in
16 college working in the mill. For most of us, we did it
17 for supplemental income to help pay our way through
18 college but also, you know, looking back on it, it
19 really was an internship because gave me a whole insight
20 into industrial organization and labor relations which
21 ended up being what I went to school to study.

22 But the county at the time had, always had a
23 line item in their county budget for summer youth
24 employment. They literally hired kids and assigned them
25 to various departments and agencies of county

1 government. You know, there would be a whole team of
2 them assigned for example out at South Park to work at
3 the golf course that the county owns, you know, to
4 address some of the maintenance, routine maintenance
5 needs of South Park, White Oak Regional Park or Round
6 Hill Park. So, we always had that.

7 It seemed for a long period of time county
8 government was one of the things that they cut. I
9 actually always thought that the summer youth employment
10 program was really beneficial both to the county in
11 terms of getting some things done and also to the kids.
12 Because it gave them a few bucks in their pocket that
13 they could, you know, help mom and dad pay tuition for
14 college when they went back to school for the fall.

15 MR. EVANTO: Right, absolutely. Even last
16 year we always have believe it or not, we always have a
17 shortage of life guards at county pools every year. So
18 if you know anybody that wants a summer job, they pay
19 pretty well. We always have a shortage.

20 What we did last year was actually work with
21 Foundation Community and with Youth Works to, obviously
22 you have to be certified in CPR, life guard training, so
23 forth. But that takes money. So, we actually worked
24 with the Foundation Community to raise some money so we
25 can go out into neighborhoods especially in the inner

1 city and pay for these kids to go get their CPR
2 training, life guard training, so forth. You know, it
3 is, that was the missing piece.

4 So, every little thing you can do, you know,
5 here, there, really makes a difference really helps.

6 CHAIRMAN LEVDANSKY: Okay. Thank you so
7 much. No other questions. Okay. Thank you all for
8 attending. The members for traveling here for all those
9 whole testified. And that concludes the meeting of the
10 House Finance Committee. Thank you.

11 (Hearing ended at 3:08 p.m.)

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1 I hereby certify that the foregoing is a correct
2 transcript from the record of proceedings in the above
3 entitled matter.

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William E. Weber, RDR, CRR
Court Reporter

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