

TO: All members House Labor and Industry Committee

FROM: Patrick E. Gerity, Ph.D. Vice President Continuing Education, Workforce and Community Development, Westmoreland County Community College

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RE: Labor and Industry Committee Public Hearings on House Bill. Pennsylvania Workforce Investment Strategy (PA WInS) and House Bill 1725 – Career Bound

Good morning and thank you for this opportunity to address your committee on these two bills that support Workforce Development in PA. I am Dr. Patrick Gerity, Vice President Continuing Education, Workforce and Community Development at Westmoreland County Community College. I have been actively engaged in workforce development for the past twenty-eight years. I am currently a member of the Governor's Manufacturing Council's Implementation Team and a board member of SWPA's Industrial Resource Center, Catalyst Connection for the past five years.

As we are in the last month of 2013 we are facing a shortage of skilled workers for the manufacturing and technology industries in PA. According to Georgetown University Center on Workforce Education and the Workforce's research we are suffering from "skills mismatch" ---- or what happens when people in the labor pool lack the skills to do what the market demands. Skills mismatch is a symptom of structural employment, where jobs are lost in one sector of the economy, such as manufacturing and construction, for example, disappear for good, while other sectors, such as health-care and education, expand so fast the pool of qualified labor can't keep up. It is time that we address the skill gaps in the manufacturing and technology industries.

Blue collar occupations represent a substantial fraction, 17 percent, of projected middle-job openings through 2020. Across the board, the highest-paying blue collar jobs are in the manufacturing sector. The top manufacturing positions are often supervisors and managers within a technical field, which suggests the need for even more specialized training. Workers in these supervisory jobs averaged annual salaries of \$53,700 from 2007 to 2009. The PA WInS program will grow the talent in the manufacturing sector.

In southwestern PA, Dennis Yablonsky, a former DCED Secretary under Governor Rendell and who is currently the CEO of the Allegheny Conference for Community Development, addresses the skills gap challenge stating: “In the aftermath of the Great Recession, with unemployment at unacceptably high rates, employers in our region have largely been able to find skilled workers they have needed to grow their organizations. But that is changing and a skills gap is emerging. Thousands of jobs are unfilled across the 10 counties, and a recent report by the Allegheny Conference and the Energy Alliance of Greater Pittsburgh indicates that tens of thousands more jobs may become available between now and the end of the decade in 14 critical energy-related occupations. Industry must create awareness of this opportunity and partner with schools engaged in workforce development if increasing demand is not met.”

Your Committee will be reviewing two pieces of legislation that are related to workforce development and are proposed solutions to solving the skills gap that our Commonwealth is faced with. The first House Bill HB 1878, establishes the Pennsylvania Workforce Investment

Strategy (PA WInS) Program within the Department of Labor & Industry. PA WInS purpose is to incentivize businesses to organize and collaborate with each other to address the common personnel needs and training shortfalls. PA WInS is a collaboration of the Workforce Investment Boards and those employers who are interested in developing employee training programs using local training providers, like community colleges, unions, and Career and Technical Centers. The participating businesses will be eligible for a tax credit equal to 60% of their qualifying workforce development expenditures.

- A “Qualifying workforce development expenditure” is defined as “Any monies which are spent by participating businesses for the purposes directly attributable to the implementation and utilization of an employee training program established under this act.”

The PA WInS program calls for an Action Plan to be developed by the employers, approved by the WIB’s , for the implementation of an employee training program. The value of the PA WInS program is that the employers are actively involved in developing the Action Plans that defines the training program by:

- (1.) Identifying employees to be trained
- (2.) Identifying training providers with certified instructors
- (3.) Identifying a curriculum for the training
- (4.) The location of where the training programs will be conducted
- (5.) Frequency and duration of the employee training program
- (6.) Identify any or all resources needed to implement the employee training program

The real strength of this bill is in the employer's involvement and willingness to participate with other employers to improve their workforces by forming **Cooperative Workforce Investment Partnerships (CWIP's)**. The CWIP's will be coordinated by the local WIB and they will assist the CWIP to define and establish their goals and objectives:

- Critical challenges facing their businesses from local to global industry trends.
- Infrastructure, technology, and skill needs of their employees.
- Available resources and services.
- Information and resources needed to address gaps in the business' understanding of their industry.
- Current barriers to economic success, regional competitiveness, innovation, long-term financial health, and industrial viability.
- Short-term and long-term personnel needs and current skill gaps amongst incumbent workers.
- Inefficiencies and inadequacies of current employee training programs, if applicable.
- Other logistical or infrastructural barriers to meeting business goals and objectives.

The PA WInS Bill will support employee training and will promote industry collaboration through the formation of the "CWIP's." These regional businesses, WIB's, and training providers will all be working together to address the skill gaps that are hindering the industries growth and the financial health of our communities. Concerns regarding this program is the selection process for the training providers and if they can provide the industry or college credentials necessary to get and keep a family-sustaining job. I also recommend that Labor & Industry define eligible and ineligible costs for the use of the funds generated by the tax credit dollars.

The second Bill is House Bill 1725 --- **Career Bound**. This Bill also addresses the skills gap dilemma facing PA job creators. The common theme from a dozen hearings conducted across the Commonwealth was that there is a significant gap between the skills produced by the state's education system. This theme has been echoed by the 2012 Governor's Manufacturing Advisory Council report.

CareerBound will provide students with early exposure to an array of in-demand career opportunities through programs designed by schools, local businesses, educational institutions, and business support groups. This initiative will focus on providing students with access to career exposure opportunities and help grow new interest in the state's workforce for new job creators. Many other states have yielded significant benefits from developing cooperative relationships between the business community and local schools. At Westmoreland County Community College we form Occupational Advisory Boards, which are comprised of local industry representatives, who review existing and new programs and make recommendations on how they can best serve their hiring needs.

CareerBound will focus on collaboration among schools, businesses, and the workforce system. The local WIB's will establish these partnerships with the local businesses, business-support groups, schools, and other educational institutions, such as community colleges and Career and Technical Centers, to apply for the CareerBound program. This partnership will plan a curriculum and submit their proposal to Labor & Industry, which will be able to approve up to

seven programs. The WIBs managing the program and their partners will have the ability to tailor the CareerBound programs to fit the needs of their community.

The CareerBound Curriculum: The CareerBound curriculum is intended to guide students toward fulfilling, family-sustaining careers. All programs must gear its training to the skills needed for L&I's designated High Priority Occupations. This curriculum will focus on one of three primary components, all of which offer different opportunities by partnering schools and students with local businesses. The components are:

- **Early Exposure:** Provides students access to career expos, local business tours, in-class presentations, etc. This component is aimed at peaking interest and educating younger students on what new career opportunities are available and what is required of workers in these roles.
- **Practical Exposure:** Enables students to gain hands-on experience through job shadowing, training on donated equipment, in-class demonstrations and skill application, etc.
- **Extended Exposure:** Enables students to intern with local businesses and earn wages or classroom credit, helping them to be fully integrated into a professional environment and gain the tangible skills needed to enter the workforce.

Funding for this program will be generated by providing the PA businesses the opportunity to contribute to the new CareerBound program and receive tax credits in return for their contributions. Contributing businesses will fall into one of two categories:

1. **Business Partners who contribute:** Businesses that participate in *CareerBound* as a business partner will be eligible to contribute to the program and receive a tax credit equal to 90% of the total funds contributed.
2. **Other contributors:** Businesses that contribute to the program but are not active partners in providing career exposure opportunities for students will be eligible to contribute to the program and receive a tax credit equal to 75% of the total funds contributed.

The funding structure will be similar to the state's successful EITC program and an application process for the credit would be developed by the state Department of Community and Economic Development.

The benefits of CareerBound are:

- Career exposure at a young age for students;
- Creating partnerships between local schools and businesses who create jobs;
- Opportunities for internships, apprenticeships, job shadowing, career expos, etc.;
- Expanding awareness of more career opportunities in local businesses;
- Stronger business-school relationships will benefit employers.

One recommendation would be for Labor & Industry to identify best practices from the CareerBound programs and share them with PDE in hopes that they will share these best practices with school districts in PA. If the other school districts begin to form relationships with local businesses and establish Occupational Advisory Groups this program will have been successful.

A second recommendation is that according to the Georgetown University Center on Education and the Workforce almost one-third of all job openings between 2010 and 2020 will require a postsecondary vocational certificate, industry-based certification, some college credits, or an associate degree. I recommend that in all of the CareerBound partnerships include two-year institutions and community colleges in these partnerships. I also recommend including those Career and Technical Centers that provide industry certifications and adult learning programs.