

COMMONWEALTH OF PENNSYLVANIA
HOUSE OF REPRESENTATIVES

APPROPRIATIONS COMMITTEE HEARING

STATE CAPITOL
MAIN BUILDING
ROOM 140
HARRISBURG, PENNSYLVANIA

THURSDAY, MARCH 3, 2016

PRESENTATION FROM
DEPARTMENT OF LABOR & INDUSTRY

BEFORE :

HONORABLE WILLIAM F. ADOLPH, JR., MAJORITY CHAIRMAN
HONORABLE JOSEPH MARKOSEK, MINORITY CHAIRMAN
HONORABLE KAREN BOBACK
HONORABLE GARY DAY
HONORABLE GEORGE DUNBAR
HONORABLE KEITH GREINER
HONORABLE SETH GROVE
HONORABLE SUE HELM
HONORABLE WARREN KAMPF
HONORABLE FRED KELLER
HONORABLE TOM KILLION
HONORABLE JIM MARSHALL
HONORABLE DAVID R. MILLARD
HONORABLE MARK T. MUSTIO
HONORABLE MICHAEL PEIFER
HONORABLE JEFFREY P. PYLE
HONORABLE MARGUERITE QUINN
HONORABLE CURTIS G. SONNEY
HONORABLE MIKE VEREB

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BEFORE (cont.'d):

- HONORABLE MATTHEW D. BRADFORD**
- HONORABLE TIM BRIGGS**
- HONORABLE DONNA BULLOCK**
- HONORABLE MARY JO DALEY**
- HONORABLE MARIA DONATUCCI**
- HONORABLE JOHN GALLOWAY**
- HONORABLE STEPHEN KINSEY**
- HONORABLE MICHAEL H. O'BRIEN**
- HONORABLE MARK ROZZI**
- HONORABLE KEVIN SCHREIBER**
- HONORABLE PETER SCHWEYER**

ALSO IN ATTENDANCE:

- DAVID DONLEY, REPUBLICAN EXECUTIVE DIRECTOR**
- RITCHIE LaFAVER, REPUBLICAN EXECUTIVE DIRECTOR**
- CURT SCHRODER, REPUBLICAN CHIEF COUNSEL**
- MIRIAM FOX, DEMOCRATIC EXECUTIVE DIRECTOR**
- TARA TREES, DEMOCRATIC CHIEF COUNSEL**
- HONORABLE DOM COSTA**
- HONORABLE CRIS DUSH**
- HONORABLE MARK GILLEN**
- HONORABLE MAUREE GINGRICH**
- HONORABLE PAT HARKINS**
- HONORABLE BARRY JOZWIAK**
- HONORABLE JOHN LAWRENCE**
- HONORABLE DAVE MALONEY**
- HONORABLE ED PASHINSKI**
- HONORABLE JOE PETRARCA**
- HONORABLE MIKE REGAN**
- HONORABLE RICK SACCONI**
- HONORABLE CHRIS SAINATO**
- HONORABLE JUDY WARD**

**JEAN M. DAVIS, REPORTER
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KATHY MANDERINO, SECRETARY, DEPARTMENT OF LABOR & INDUSTRY	4

1 P R O C E E D I N G S

2 * * *

3 MAJORITY CHAIRMAN ADOLPH: Thank you, everyone,
4 and welcome.

5 I'd like to reconvene the House Appropriations
6 Committee meeting. This is the 2016-'17 budget
7 hearings.

8 And with us this afternoon is someone who's no
9 stranger to this Committee, former member of the House
10 of Representatives, a well-respected member of the House
11 Appropriations Committee for many years. She might have
12 talked a little long, but well respected.

13 Secretary Kathy Manderino, it's certainly my
14 pleasure.

15 SECRETARY MANDERINO: Thank you.

16 MAJORITY CHAIRMAN ADOLPH: The mike is yours.

17 SECRETARY MANDERINO: Good afternoon, Chairman
18 Adolph, Chairman Markosek, members of the Committee.

19 Having sat on your side of the table on a
20 Thursday afternoon, let me dispense with my formal
21 remarks and make myself available for questions.

22 If you would like me, I could start because I
23 would like to share with you -- I know it's been
24 important to this Committee what the Department of Labor
25 & Industry has been doing in terms of cost savings and

1 efficiency initiatives and then we can go into specific
2 questions.

3 And I say this particularly because I know that
4 in the Governor's Budget request with regard to my
5 Department, there are some asks for increases. And I
6 want you to know that I wouldn't be asking you for
7 increases in my Department if I didn't feel that we had
8 looked at everything in our Department for economies,
9 efficiencies, and cost savings.

10 When I got to the Department, one of the first
11 things I did, because I had some very significant areas
12 of my Department that were State funded that had huge
13 vacancies even at the top -- I didn't have a Director of
14 Occupational Industrial Safety. I didn't have a Bureau
15 Director in Labor Law Compliance. Those are two
16 State-funded areas of my organization.

17 And we immediately reduced what the staffing was
18 on the executive level so that we could push funding
19 down into the program areas. And we switched around
20 funding and \$1.4 million that used to be spent on the
21 executive level forward. L&I is now down operating in
22 the program area.

23 In addition, we reached out to our employees.
24 And we have some fabulous -- we have a lot of fabulous
25 employees here in the State. And now being on the

1 administrative side, I can tell you that we have a lot
2 to be proud of in our State workers in Pennsylvania.

3 And we reached out and asked folks at all levels
4 of L&I for their ideas for cost savings, efficiencies,
5 ways we can do things better, smarter, less expensive.
6 And we got over 150 different suggestions from our
7 employees from big ideas to little ideas. And every one
8 of them are being looked at.

9 But we started with some really major ones that
10 are already showing productivity and fruits of their
11 labor. And I want to share some of those with you.

12 For example, one of the big initiatives we're
13 doing at L&I is a space optimization project. Already
14 we have reduced a footprint of Treasury that was in our
15 building, allowing us to save them money, as well as
16 allowing us to save lease money because we were able to
17 bring some of our unemployment compensation functions
18 that were in another leased property back over into the
19 L&I building.

20 We also were able to consolidate some of our
21 bureau disability determination into another State-owned
22 building that we have in the Harrisburg area. The
23 immediate savings from those two initiatives are
24 estimated to be \$1.2 million over five years. But
25 that's just the start.

1 We are looking at all of our space in a very
2 systematic way. Our future estimates are that we should
3 hit 1.2 million annually in cost savings in terms of
4 space utilization at L&I when we are finished.

5 Additionally, we operate, as many of you know, a
6 lot of different programs. As a matter of fact, only 8
7 percent of our budget is State dollars. The other 92
8 percent are Federal dollars or program dollars, fee for
9 service, industry-sponsored initiatives.

10 But the Uninsured Employer Guaranty Fund was
11 administered by a third-party contract at the cost of
12 \$1.2 million. In evaluating our staff, we realized that
13 we have the capacity and the skill with the staff that
14 we already had at the State Workers Insurance Fund. It
15 was a very similar function. We consolidated that. We
16 brought that in-house.

17 We not only saved almost \$750 million on our
18 external contract -- and we are contracting that work
19 in-house with SWIF and it's bringing in another \$500,000
20 inhouse to SWIF to support staff there that was not at
21 maximum capacity. So that was a huge joint initiative
22 as well.

23 I also want to share some things that are going
24 on across the Agency. PA data share is something that
25 our workforce is doing. This is a bit of an investment

1 on the front end in terms of technology. And right now
2 Labor & Industry and Department of Human Services are
3 the starting agencies on it. But it's going to allow
4 agencies to share hard data on the individuals we serve
5 telling us a lot better what the capacity and the
6 effectiveness of the programs and services are that
7 they're giving us.

8 So not only is it going to allow us to better
9 evaluate programs, it's going to allow us, as we get
10 more sophisticated with that, to make sure that the
11 precious training dollars that we spend in Pennsylvania
12 are being spent in the right places.

13 And finally, an initiative that we started in
14 our Unemployment Compensation Division, literally just
15 examining from tops to bottoms and you see all of their
16 systems, all of their processes, all of their equipment,
17 from postage to computers to software licenses, and
18 everything they do and really reducing inefficiencies
19 and redundancies, that is saving us already. And we
20 expect it to save us a minimum of \$100,000 annually.
21 And now we're using that model to look at systematically
22 over the course of the next few years all 30-plus
23 programs that are over at L&I.

24 So that is just a short synopsis of the laundry
25 list of things that we're doing at L&I to make sure that

1 we are good stewards of the taxpayers' dollars.

2 MAJORITY CHAIRMAN ADOLPH: Thank you very much,
3 Madam Secretary.

4 I'll just take a quick second to go over some
5 housekeeping. We have a pretty full room here. And if
6 I could ask each of you to turn off your iPhone or your
7 iPad, whatever you may have. Our hearings are
8 televised. And sometimes it interferes with the
9 telecast.

10 Thank you so much.

11 Chairman Markosek.

12 MINORITY CHAIRMAN MARKOSEK: Thank you,
13 Chairman.

14 Let me extend greetings to Secretary Manderino.
15 I'm one of the few people in the room here that actually
16 served with her father when he was here. He was the
17 first Majority Leader that I served under. And that was
18 for many years really, about seven or eight years.

19 And then, of course, I served with Kathy for
20 many, many years. So the Manderino family has a proud
21 history. I'm very pleased to have been associated with
22 them.

23 SECRETARY MANDERINO: Thank you.

24 MINORITY CHAIRMAN MARKOSEK: I have an
25 announcement. And then I do have a question.

1 SECRETARY MANDERINO: Okay.

2 MINORITY CHAIRMAN MARKOSEK: But first of all,
3 I'm very happy and proud to announce our new Democratic
4 Chairman of the House Labor Committee. And one of the
5 things that I'm so proud about is it wasn't too long ago
6 that I was very proud to have him as part of our
7 Appropriations Committee. Up until about 15 minutes
8 ago, I think he was still on the Committee.

9 But the announcement has been made. And John
10 Galloway, Representative John Galloway from Bucks
11 County, is now our Chairman, Democratic Chairman, of the
12 House Labor Committee.

13 John, congratulations to you. We're going to
14 miss you on Appropriations. We'll wait to hear. I know
15 you probably have a question or comment or two.

16 But if it's okay, Chairman, before we get to
17 that, I do have a question for the Secretary.

18 MAJORITY CHAIRMAN ADOLPH: Yes.

19 MINORITY CHAIRMAN MARKOSEK: And this is about
20 the Strategic Early Warning Network, SEWN, which I know
21 is a federally funded program. It's a program designed
22 to give warning to potential businesses that may be
23 failing or thinking about leaving the State.

24 It's been a very good system, a very workable
25 system, particularly for Southwestern Pennsylvania, but

1 all of Pennsylvania. It's federally funded. But it is
2 managed and administered by the Department of Labor &
3 Industry.

4 And the very simple question that I have, are we
5 still going to continue the program? Is L&I still going
6 to use those Federal dollars to continue the program?
7 And if there's any cooperation with other departments
8 that may be in the future, will that affect the
9 Strategic Early Warning Network System?

10 SECRETARY MANDERINO: Thank you for the
11 question, Mr. Chairman.

12 And as you mentioned, the Strategic Early
13 Warning Network, which is administered through L&I but
14 with our partner, Steel Valley Authority, is really a
15 crucial partner of ours in our rapid response.

16 As you know, all of the employment and training
17 dollars come to us in Pennsylvania from the Federal
18 Government. The rapid response dollars that we get are
19 part of that. We view what is done through SEWN and
20 with the Steel Valley Authority as a critical partner
21 for us.

22 Rapid response is trying to help us avert
23 layoffs and when there are layoffs announced, get in
24 there and help folks get attached to whatever kinds of
25 benefit, support, and next training that they need.

1 And the back end is a critical part of what we
2 do. But the front end is essential. And that's what
3 Steel Valley Authority and the SEWN Program gives us.
4 It gives us an opportunity to stop the layoffs and the
5 job losses before they happen. So we view them as a
6 critical partner.

7 In terms of any effect on that, I don't really
8 anticipate any. What you might be hearing or thinking
9 of is the new State Workforce Development Plan is being
10 submitted to the Federal Government this month.

11 The approach that we have taken in Pennsylvania
12 is for a very comprehensive look. And it's not just
13 Labor & Industry and PDE, Department of Education, and
14 Human Services. But we have DCED as part of the plan,
15 Agriculture, Military and Veterans Affairs, Corrections,
16 Aging. Every one of our agencies that has anything in
17 terms of employment and training. We're taking a
18 holistic approach.

19 So, yes, we anticipate working much more
20 collaboratively with all of our sister agencies in
21 partnership, including DCED.

22 But I don't really foresee that as being a loss
23 of any services . I see that as being just another way
24 to enhance services to the businesses and workers of
25 Pennsylvania.

1 MINORITY CHAIRMAN MARKOSEK: Okay. So the
2 Strategic Early Warning Network will continue?

3 SECRETARY MANDERINO: There's been no discussion
4 of anything else, yes.

5 MINORITY CHAIRMAN MARKOSEK: Thank you very
6 much.

7 SECRETARY MANDERINO: Sure.

8 MAJORITY CHAIRMAN ADOLPH: Thank you, Chairman.
9 Madam Secretary, as you know, it is the custom
10 of Chairman Markosek and I to invite the Chairmen of the
11 standing committees. And with us today is the
12 Republican Chair, Mauree Gingrich, who I know you're
13 very familiar with.

14 And I just want to wish congratulations to John
15 on his promotion to Chair. I'm looking forward to
16 working with you as well.

17 REPRESENTATIVE GALLOWAY: Thank you.

18 MAJORITY CHAIRMAN ADOLPH: Okay.

19 I have some questions but I'm going to ask them
20 at a later time.

21 Chairman Gingrich.

22 REPRESENTATIVE GINGRICH: Thank you, Mr.
23 Chairman, for the early opportunity.

24 And before we get to that, I want to thank you,
25 Madame Chairman. And I'm looking around the room and

1 I'm seeing a number of your able staff that I've had an
2 opportunity to work with. And I want to share my
3 appreciation with that but also to both Chairmen for all
4 the work that's being done over these few weeks on
5 Appropriations. I could tell you how much I miss it and
6 I do. However, the schedule is grueling. And I
7 understand that as well. But this is such vital work
8 that you bring to the rest of us. Thank you very much.

9 So I appreciate the opportunity just to talk to
10 you a little bit about one area. You're going to hear a
11 lot of important questions, a lot of important
12 discussion, because this Committee is all about jobs,
13 everything related to Pennsylvania jobs.

14 So right now I want to talk to you about just a
15 piece of what we do because there's a lot of interest
16 and activity in my Committee. And that's with the
17 Office of Vocational Rehabilitation, if you don't mind.

18 And we'll talk a little bit about what we look
19 to see in the budget proposal. We look to see an
20 increase of 2 million, you know, depending upon how all
21 this goes. I just have a few clarification questions
22 with regard to that.

23 One is, I'm just a little puzzled that under the
24 Federal Rehabilitation Act, the Federal grants are
25 matched at 78.7 percent and the State 21.3. But those

1 numbers don't quite add up to get the 2.1 million that
2 we're seeing in additional Federal funding.

3 What's going on there? Is that a misprint?

4 SECRETARY MANDERINO: Yes. I'll have to get
5 back to you.

6 Let me tell you what we did in the budget and
7 what it's intended to do. And then we'll just
8 double-check and get back to this Committee with regard
9 to the numbers, if they don't add up.

10 REPRESENTATIVE GINGRICH: Okay.

11 SECRETARY MANDERINO: Thank you.

12 First, if I may step back just to this year. In
13 the '15-'16 Budget that was approved was 5 million
14 additional dollars for OVR. That allows us to maximize
15 our Federal drawdown, that match that you were talking
16 about, putting up all the State dollars available to
17 maximize what we can bring back home from Washington to
18 serve people with disabilities and get them into
19 independent and productive employment.

20 The anticipation of what we're being told will
21 be available from Washington, D.C., this year is the 2
22 million extra that we're asking for is in there for.
23 It's to stay available to draw down these maximum
24 dollars.

25 And let me explain why that is important. For

1 two reasons. One, we have way more many people in
2 Pennsylvania who need and can use OVR services than we
3 have the dollars to serve. And so whenever we can get
4 basically a better than 4-to-1 match on our dollars to
5 serve more people, we want to be able to do that.

6 Secondly, at the end of the Federal fiscal year,
7 states that have left money on the table, like
8 Pennsylvania had done in the past, those leftover
9 dollars, for lack of a better word, other states get a
10 chance to compete for them. But if you haven't
11 maximized your state match to begin with, you're not in
12 the pool to be available to those.

13 So with the additional dollars that we got this
14 year, we're anticipating the ability to serve over 8,000
15 additional people. And then the same thing will happen
16 with the additional dollars that we're requesting for
17 '16-'17.

18 The last point I want to make is -- because I
19 know this is important to the Chairwoman, but also
20 probably to many others -- the new Federal Workforce
21 Innovation Opportunity Act requires us to do the right
22 thing called transition-age youth, young people who are
23 still in high school getting early work experience and
24 connections and skills that will allow them to
25 transition easily, more easily, from school to work.

1 OVR in the past was serving just a very small
2 population of young people. The extra dollars that we
3 are bringing in this year, 23 million, 20 million of
4 those are going to be to expand our youth, and so our
5 services, pre-employment, transition services for youth.

6 So with those extra dollars, we weren't going to
7 have to take services away from any adults. And we have
8 a little bit of capacity to serve a few more adults and
9 we're able to meet this great demand for young people.

10 So thank you for that.

11 REPRESENTATIVE GINGRICH: Thank you, Kathy.

12 So those numbers, you're talking about the
13 required 15 percent held back for just those
14 transitional purposes?

15 SECRETARY MANDERINO: Correct.

16 REPRESENTATIVE GINGRICH: Thanks.

17 That leads me to more specifically -- and you
18 and I have talked about this, too -- House Bill 400,
19 which is now over in the Senate in their Appropriations
20 Committee and waiting for action. And we're also
21 talking about we owe -- I don't know how to say that
22 better. Just to shorten it up, we owe requirements.

23 You know, when it comes to the 15 percent
24 Federal funds, will that supercede what we have defined
25 in 400 or will the enactment of that supplement the

1 program requirements that are already in there?

2 SECRETARY MANDERINO: Well, they're kind of
3 compatible with each other. And what I mean by that is
4 the intent at OVR, which is also reflected in the intent
5 of House Bill 400. So we're doing it with or without
6 400.

7 REPRESENTATIVE GINGRICH: Okay.

8 SECRETARY MANDERINO: But 400 is really
9 important. It's been great to see so much support from
10 the advocacy community and from the members of the
11 General Assembly understanding how important the
12 pre-transition opportunities are for young people.

13 And our emphasis, you know, we're kind of
14 building out an expanded structure at OVR, both
15 internally and through external partners, to make sure
16 that we can do this well. We're going to be investing
17 in not only voc rehab counselors and mobility
18 specialists but really early-reach coordinators,
19 business reps because if we really -- if our first
20 priority is going to be to get folks these job
21 experiences, we need to be out there pounding the
22 pavement and recruiting employers who are willing to
23 give folks job experience.

24 So we're going to have a whole array of services
25 that we're going to be looking to do that align with

1 what is in House Bill 400.

2 REPRESENTATIVE GINGRICH: Well, thanks. And
3 that's been the concern of some folks. We don't want to
4 take away from one to give to another. But for those
5 who don't recognize the importance of this particular
6 effort, sometimes referred to as 21 -- we have all kinds
7 of terms that we use for it.

8 Think back to your first job when you were in
9 high school. The fact that you got out in the workplace
10 and got to learn the soft skills like getting to work on
11 time and meeting the commitments, you know, described
12 for you in the workplace, the more we can do that, the
13 better chance those folks won't graduate to the couch
14 and, you know, never have a meaningful career.

15 SECRETARY MANDERINO: And that's, again, why the
16 dollars, the new dollars, State dollars, that you put up
17 this year was so critical. Because had those new
18 dollars not been there in order to meet the requirements
19 under the Federal law, we literally would have had to be
20 taking services away from folks who already get them and
21 are deserving to folks who are also deserving and
22 weren't getting them.

23 REPRESENTATIVE GINGRICH: I'm so pleased.

24 SECRETARY MANDERINO: And now we can stay the
25 course with one and expand with the other.

1 REPRESENTATIVE GINGRICH: Yes.

2 SECRETARY MANDERINO: It's fabulous.

3 REPRESENTATIVE GINGRICH: And I thank leadership
4 on all sides for being so supportive.

5 I can't wait to hear all the other questions.
6 So I'll be here for the duration.

7 Thank you.

8 SECRETARY MANDERINO: Thank you.

9 MAJORITY CHAIRMAN ADOLPH: Thank you very much.
10 I'd like to acknowledge a couple members of the
11 General Assembly that are also here. They're not
12 members of the Appropriations Committee but have a lot
13 of interest in Labor & Industry issues.

14 Representative Eddie Pashinski is here along
15 with Representative Maloney and Representative Ward.
16 Welcome.

17 Chairman Galloway.

18 REPRESENTATIVE GALLOWAY: Thank you, Mr.
19 Chairman.

20 And good afternoon, Secretary Manderino.

21 SECRETARY MANDERINO: Good afternoon.

22 REPRESENTATIVE GALLOWAY: Good to see you.

23 SECRETARY MANDERINO: Thank you.

24 REPRESENTATIVE GALLOWAY: First, Mr. Chairman, I
25 don't know if I'm going to get the chance to say this

1 again at these hearings. But I would like to
2 acknowledge and congratulate the Majority Chairman,
3 Representative Adolph, on his -- not only his years of
4 service to this body but to this Committee in
5 particular.

6 And I'd like to congratulate you. I don't know
7 how many more chances I'm going to get. But I don't
8 know what you're going to do with all your free time, to
9 be honest with you. But good luck and congratulations.

10 MAJORITY CHAIRMAN ADOLPH: Thank you.

11 REPRESENTATIVE GALLOWAY: Secretary Manderino,
12 good to see you.

13 SECRETARY MANDERINO: Good to see you.

14 REPRESENTATIVE GALLOWAY: Like many other
15 representatives in this body, I, too, served with you as
16 well. You were a great help to me when I first came on
17 almost ten years ago.

18 There are going to be a lot of issues talked
19 about today, labor issues, that we just don't have
20 consensus on. Many of them will get brought up.
21 Minimum wage, for example, the Governor's initiative to
22 increase the minimum wage.

23 But what I want to do is I want to focus on
24 areas where we agree. I want to go back to the opening
25 statement of the Majority Chairman last Monday where he

1 opened up these hearings and he set a positive tone.

2 SECRETARY MANDERINO: Okay.

3 REPRESENTATIVE GALLOWAY: He talked about using
4 this time and using these hearings to find a consensus
5 and to find compromise. And I appreciated that. I
6 remembered him saying that. I want to come back to that
7 in my statements.

8 I want to talk about three areas where I think
9 we have agreement. One of them has already been touched
10 on by Chairwoman Gingrich. And I would like to say that
11 I do appreciate her effort and the Republicans' effort
12 in finding a bipartisan way of looking at both OVR and
13 the CILs and the important work that they do.

14 It's not a partisan issue. Given that the
15 unemployment rate -- people with disabilities has more
16 than doubled that of people who do not -- there has not
17 been a partisan push and pull to find out how we can
18 match out the Federal funds as much as possible.

19 So I appreciated her bringing that up. And I'll
20 move on from there.

21 The second issue I would like to talk about is
22 something that's front and center with us Democrats and
23 with Republicans as well. And that's unemployment
24 compensation specifically as it relates to the bill that
25 we passed in 2012 to make the unemployment compensation

1 fund solvent, which was a good bill. It was a
2 bipartisan bill. Unfortunately, it had an unintended
3 consequence as it deals with cyclical workers.

4 What we didn't know at the time is just how many
5 workers it would have affected. These are people who do
6 pay the unemployment tax. Their work is just cyclical
7 in nature. We're talking about close to 50,000 workers.
8 And not just workers, but the employers themselves who
9 lose employees because of this practice.

10 I'm talking specifically about the 49 and a half
11 percent rule and the negotiations that have been going
12 on on an ongoing basis in a bipartisan way between the
13 House and the Senate, Republicans and Democrats, to
14 address this problem.

15 If we could start with just an overview of what
16 the problem is, what happened in 2012, what it caused,
17 and where we're at today.

18 SECRETARY MANDERINO: Thank you, Mr. Chairman.

19 And I'll try to briefly -- especially for the
20 newer members because I wasn't here. I was out of the
21 Legislature when Act 60 was done.

22 But it was designed and is working successfully
23 with regard to stabilizing the UC Trust Fund. There
24 was, as part of that package, a refinancing bond that
25 was done that allowed us to significantly reduce what

1 was owed back to the Federal Government and save
2 employers -- I'm trying to remember. I think it was 32
3 -- I get my millions and billions mixed up -- but a lot
4 of money. And that bond, by the way, is set to be
5 repaid as scheduled in 2019. So that's Issue No. 1.

6 REPRESENTATIVE GALLOWAY: Okay.

7 SECRETARY MANDERINO: Issue No. 2, it set on
8 track a pathway for Pennsylvania to get to what the kind
9 of general guideline is. You should have 250 percent of
10 what you kind of pay out in a given year in your Trust
11 Fund to be considered fully solvent. And we put it on
12 track to happen by 2016 -- or 2026. And it is on track
13 for 2026.

14 One of the changes that was made were some
15 changes in eligibility. And one of the eligibility
16 changes that you're talking about was to change the
17 amount of earnings someone can have in unemployment in
18 quarters, in a high quarter of your unemployment, in
19 order to still be eligible for unemployment
20 compensation.

21 And it went from an eligibility of 37 percent in
22 a high quarter to 49 and a half in a high quarter. And
23 so if somebody -- am I -- I'm saying this right. If
24 somebody has 49 and a half percent of their earnings
25 outside of a high quarter, they're ineligible for

1 unemployment altogether.

2 This not only affected 48,000 people, but it
3 affected 48,000 people in what folks sometimes refer to
4 as cyclical or seasonal work but it affected industries
5 all across Pennsylvania and probably in ways that you
6 wouldn't see.

7 I've had a number of employer associations,
8 industry associations, come in to see me, heavy
9 highways, construction. It's really surprising the
10 industries that it's hit.

11 If you were a -- let me give you two examples
12 people don't usually think of. You're a maintenance
13 person out at TMI. They shut down the plant for the big
14 overhaul. The folks who go in there and really realign
15 that plant during that earn an awful lot of overtime in
16 a very short amount of time getting that equipment back
17 up.

18 Those are the kinds of folks that ended up with
19 this really high quarter earnings outside and were
20 ineligible.

21 A lineman who's out there when there's big
22 storms and big power outages and really bad winter,
23 hurricanes, those things, they work literally around the
24 clock for weeks. And just by having had that incident
25 that came and helped them get our power lines back on,

1 they then found themselves ineligible for unemployment.

2 So it's affected a lot of people.

3 We would really like to -- and I know we've been
4 working closely with the Chairs of all the committees
5 and giving you all of the information that you need to
6 make a decision. I know there is a desire to get as
7 many folks back on and eligible for unemployment
8 compensation as we can. And we want to see that, too.

9 And time is of the essence. We have literally
10 lost a winter now. And so I just really want to urge
11 you to keep working together and letting us know what
12 else you need from us to get all the parties kind of on
13 the same page.

14 And that's my last point I want to leave you
15 with. Because we don't want to keep coming back every
16 two years and adjusting it, which is why I think it's
17 important to get everyone who has an invested interest
18 in solving this problem to agree on a lasting solution.

19 REPRESENTATIVE GALLOWAY: Thank you.

20 And I do look forward to working with the
21 Republican Chair and also over in the Senate. This is
22 an extremely important issue. And again, it's one in
23 which we all agree. It's not a Democrat issue. It's
24 not a Republican issue. It's just down to the details
25 now. It's time to make a deal and get it done and help

1 the workers of Pennsylvania.

2 The last issue I want to talk to you about is an
3 issue that's near and dear to my heart. It's something
4 I've worked on for a long time. And that's the issue of
5 undocumented workers.

6 There is a push in the House of Representatives
7 specifically to expand the 2012 law, the E-Verify Law
8 that we put in place. E-Verify again was a bill that
9 was done with strong bipartisan support. It wasn't a
10 Democrat bill. It was my bill that I introduced. But
11 it wasn't a Democrat or Republican issue. It was done
12 and dealt with on a bipartisan basis.

13 While people in Washington, D.C., have been
14 arguing for decades on how to deal with this issue, we
15 moved forward. It's one of the few bright spots that
16 you can point to in the last couple of years in this
17 Chamber that we can really be proud of was the issue
18 where we focused on contractors who were using and
19 abusing undocumented workers for profit.

20 They were cheating. They were providing
21 substandard wages, poor working conditions. They
22 weren't paying taxes. And they were pocketing the
23 profits.

24 We passed a law in 2012 that mandated that all
25 Public Works projects, everything done from the State,

1 the county, the townships, the municipalities, Municipal
2 Authorities, all had to work within the E-Verify
3 program. And it's been a tremendous success.

4 There is a push now, two different approaches to
5 expand the E-Verify process in Pennsylvania. The first
6 is a very expansive approach. It was put out by
7 Representative Daryl Metcalfe and Representative Dom
8 Costa. And their approach is to mandate that this
9 system be used across the board for every single job in
10 Pennsylvania, whether it's someone working in a pizza
11 parlor or pushing a lawn mower or busing tables at IHOP.

12 Another approach is a bill that I just recently
13 introduced. It's a much more narrow approach. It
14 strictly deals with construction, which I felt back in
15 2012 when we passed the bill that strictly deals with
16 construction, that construction is the hardest hit area.
17 It is the place in which we can really help out the
18 Pennsylvania worker.

19 We have data from the Pew Research that shows
20 there are almost 20,000 undocumented workers in the
21 construction industry alone. And the unemployment rate
22 in that sector is well over 20 percent .

23 Right now we have the E-Verify system in place
24 for construction for Public Works. My bill would go
25 strictly towards expanding it, strictly, again, towards

1 the construction industry again.

2 What I need to know is, from an administrative
3 standpoint, there will be a push this summer for
4 expanding E-Verify. There is a push all over this
5 country. Immigration is front and center. And it's
6 going to be again in the summer.

7 What I need to know is, from the Administration,
8 what will your role be? What will the Administration's
9 position be? And can we count on you for guidance on
10 how we can find compromise again in helping
11 Pennsylvania's working families?

12 Thank you.

13 SECRETARY MANDERINO: Thank you.

14 As you mentioned, Mr. Chairman, the E-Verify
15 that was put into place in 2012 is administered over at
16 the Department of General Services. L&I doesn't have
17 experience with using that.

18 I don't know -- I guess I would suggest to you
19 that we -- I don't know that the Administration has a
20 position on your bill. Our Department doesn't.

21 But let me also say that also in 2012, the
22 Employee Misclassification Bill, to make sure that
23 employers in construction were not underclassifying and
24 therefore underpaying their workers, was implemented.
25 That is something that my Department has responsibility

1 for. And we have made very significant strides in our
2 enforcement of the Misclassified Worker Legislation and
3 are collecting both significant wages for employees who
4 were misclassified and therefore underpaid, as well as
5 had a real uptick in our enforcement of that law.

6 REPRESENTATIVE GALLOWAY: I do understand that
7 DGS is responsible for the phone calls and the
8 complaints and the followup. And I appreciate that.
9 They have the statistics. However, I cannot go to DGS
10 and ask them for guidance on where the Administration
11 stands as it relates to E-Verify.

12 You know, E-Verify is a program started under
13 George W. Bush. It was strengthened and enhanced under
14 President Barack Obama. It is the cornerstone of Barack
15 Obama's stated immigration policy. And what I'm looking
16 for is the Department of Labor to communicate with the
17 Governor to send me a signal of where they stand on
18 immigration.

19 I'd really appreciate that.

20 SECRETARY MANDERINO: Then I guess I would say
21 to you, consider your signal received. And I will pass
22 that on up.

23 REPRESENTATIVE GALLOWAY: Thank you. Thank you
24 very much, Madam Secretary.

25 SECRETARY MANDERINO: Thank you.

1 REPRESENTATIVE GALLOWAY: It's very good to see
2 you again.

3 SECRETARY MANDERINO: Thank you.

4 REPRESENTATIVE GALLOWAY: Thank you very much,
5 Mr. Chairman. I appreciate it.

6 SECRETARY MANDERINO: Thank you.

7 MAJORITY CHAIRMAN ADOLPH: Thank you.

8 Representative Keith Greiner.

9 REPRESENTATIVE GREINER: Thank you, Mr.
10 Chairman.

11 Good afternoon, Madam Secretary.

12 SECRETARY MANDERINO: Good afternoon.

13 REPRESENTATIVE GREINER: Glad to have you here.

14 SECRETARY MANDERINO: Thank you.

15 REPRESENTATIVE GREINER: I have a fairly quick
16 question. It seems a little bit outside the role of
17 L&I, but it will tie in.

18 Governor Wolf in his budget has proposed about
19 \$33.3 billion spending for the year '16-'17, which would
20 be an increase of about 8 percent over this year's
21 budget if you include the 7.4 billion in proposed
22 supplemental spending to get to where we're at now.

23 However, the Governor had vetoed \$500,000 in
24 appropriations for the New Choices New Options Program
25 on June 30th as well as December 29th. And I can say

1 firsthand I've been invited to Lancaster City to kind of
2 look at the people who graduated from that program. And
3 I was impressed at the self-confidence that these women
4 have who graduated.

5 Now, they have a very passionate Executive
6 Director down there, too. And I'm sure that's the way
7 it is statewide.

8 And as I said, this particular program, as
9 you're aware, but for everybody else here, it's intended
10 to assist single mothers, displaced homemakers, and
11 women in transition in achieving economic
12 self-sufficiency. Like I said, I was very impressed.

13 The Governor, however, has also recommended zero
14 funding for this program in '16-'17, you know, in spite
15 of the additional dollars he was asking for. I guess
16 what I'm wondering, is the Governor opposed to this
17 program or is this one of these situations where we're
18 caught up in budget negotiations?

19 And I thought maybe I could give you an
20 opportunity to kind of, you know, explain that. Because
21 I know back home -- and I know the New Choices people.
22 I think they, you know, are very concerned. I think
23 they do a good job back home.

24 Thank you.

25 SECRETARY MANDERINO: Thank you. Thank you very

1 much, Representative, for highlighting the very stellar
2 work of New Choices New Options.

3 My older colleagues will remember when Jerry
4 Stern and I were the New Choices New Options advocates
5 on this Committee. So I'm very familiar firsthand with
6 the good work that they do.

7 The Governor supports New Choices and New
8 Options. I support New Choices and New Options. And I
9 guess I don't need to tell you that there are often
10 initiatives that come from the Executive Branch and
11 initiatives that come from the Legislative Branch. And
12 I think that's what you're seeing reflected in those
13 numbers.

14 REPRESENTATIVE GREINER: I appreciate you
15 clarifying. I just wanted to be clear. So thank you
16 very much. Thank you for being here this afternoon.

17 Thank you, Mr. Chairman.

18 SECRETARY MANDERINO: Thank you.

19 MAJORITY CHAIRMAN ADOLPH: Thank you,
20 Representative.

21 Representative Tim Briggs.

22 REPRESENTATIVE BRIGGS: Thank you, Chairman.

23 And welcome, Secretary. It's always great to
24 see you.

25 SECRETARY MANDERINO: Thank you.

1 REPRESENTATIVE BRIGGS: I have a few questions
2 from our friends at the Pennsylvania Assistive
3 Technology Foundation.

4 As you know, they extend loans as well as give
5 information and other funding resources. Considering
6 that, would you be agreeable to changing the name of the
7 line item from Assistive Technology Devices to Assistive
8 Technology Financing?

9 SECRETARY MANDERINO: Gee, I don't know that
10 it's my line item to change. But I'll certainly take
11 that under advisement.

12 REPRESENTATIVE BRIGGS: Okay.

13 SECRETARY MANDERINO: I'm very familiar with
14 what they do, and, again, think that it is an asset that
15 we really have in our Commonwealth and that serves
16 Pennsylvanians who need assistive technology very well.

17 So we'll take that back and figure out how it
18 got the name it has and who has the ability to change
19 it.

20 REPRESENTATIVE BRIGGS: Great.

21 So considering what a great job you know they
22 do, the PATF's line item was severely cut during the
23 last Administration. It's currently \$400,000. PATF is
24 doing more work with Pennsylvanians with poor and no
25 credit and are unbankable. What is the Department's

1 commitment to increasing the line item to where it was
2 five years ago?

3 SECRETARY MANDERINO: We need a little help from
4 you, Representative Briggs. Again, I know the good work
5 that they do. And I know that every dollar that this
6 General Assembly appropriates for them will be put to
7 very good use.

8 REPRESENTATIVE BRIGGS: And the last question
9 regarding PATF. They've prepared this Cents and
10 Sensibility booklet, the only one in the country that
11 provides information on accessing benefits,
12 understanding asset limitations, learning about work
13 incentives, learning how to save wisely. The Workforce
14 Innovation and Opportunity Act includes many new
15 activities, including financial education for
16 opportunities using PATF's publication, Cents and
17 Sensibilities.

18 Do you think the Department could distribute
19 that information and offer suggestions on how to use
20 this booklet throughout the Department? I'm sure you
21 could.

22 SECRETARY MANDERINO: I'm sure we could.

23 REPRESENTATIVE BRIGGS: So the last question
24 that I've been asked is, shortly after your nomination
25 for Secretary, you stood with our friend Auditor General

1 Eugene DePasquale as he released his audit of Labor &
2 Industry's then sketchy enforcement of a law prohibiting
3 forced overtime for health care workers.

4 If I remember correctly, the audit showed a lack
5 of follow-through in investigating complaints, lack of
6 documentation, and weak enforcement.

7 Can you please tell us what you and the
8 Department have done to rectify that situation? Was
9 there anything else that needs additional staffing?

10 SECRETARY MANDERINO: Thank you very much.

11 And, yeah, that was a real bummer -- is that a
12 technical term? -- you know, within my weeks of being
13 Secretary in my official capacity to have to receive a
14 report that a law that I helped vote for wasn't being
15 enforced.

16 We pledged to do better and we are. We're doing
17 better both proactively in terms of education and in
18 terms of enforcement.

19 Just to give you an example -- and this is the
20 prohibition against mandatory overtime for health care
21 workers. So just comparing the year before I got there
22 to this past year that finished 2015, we had 156 cases
23 in 2014. We have 567 in 2015. We had \$7,000 -- \$7,500
24 worth of penalties in settlements in 2014. We have
25 \$38,000 worth of penalties in enforcements in the

1 current year, the year that just passed.

2 Our staff has really ramped up and made this a
3 priority under this Administration. And they've made it
4 a priority in terms of education as well.

5 Some of the violations were intentional. But
6 quite frankly, some of the violations were being
7 unfamiliar with the fact that Pennsylvania had actually
8 passed this law.

9 So even though the law didn't require it and
10 employers aren't required to put up posters like they
11 are about some labor laws, we created posters in our
12 Department. We made them widely available to folks so
13 that we're educating folks about the law. And the best
14 part about it is we have had health systems and
15 hospitals and health care entities come in and meet with
16 our staff or we go out and meet with them to say, okay,
17 let us understand the law and how do we make sure we're
18 complying?

19 And in the end, that's the best thing because
20 people aren't messing up. And people aren't being
21 forced to work overtime.

22 So we're very proud of the path that we're on.
23 Kudos to the staff in Labor Law Compliance. They have
24 13 different State labor laws that they are responsible
25 for enforcing. And we have made this one one of the top

1 priorities.

2 REPRESENTATIVE BRIGGS: Thank you very much,
3 Secretary.

4 Thank you, Chairman.

5 MAJORITY CHAIRMAN ADOLPH: Thank you,
6 Representative.

7 Representative Marguerite Quinn.

8 REPRESENTATIVE QUINN: Thanks, Mr. Chairman.

9 And it's great to see you again, Madam
10 Secretary.

11 SECRETARY MANDERINO: Good to see you.

12 REPRESENTATIVE QUINN: Hope you're doing well.

13 SECRETARY MANDERINO: Thank you.

14 REPRESENTATIVE QUINN: I have sent a letter to
15 your office. If you haven't seen it, it's probably just
16 getting there or got there this morning or maybe even
17 tomorrow morning.

18 SECRETARY MANDERINO: Okay.

19 REPRESENTATIVE QUINN: But in it, I'm just
20 asking you to drill down a little bit further for us,
21 get back to me, obviously not now, but get back with
22 some pointed questions that I have with regard to your
23 complement and the increases in your GGO with regard to
24 specifically health care percent increase, dollar
25 increase, pension percent increase, dollar increase, and

1 the same with regard to salaries. Okay?

2 SECRETARY MANDERINO: Very good.

3 REPRESENTATIVE QUINN: Thanks in advance for
4 that.

5 SECRETARY MANDERINO: Okay.

6 REPRESENTATIVE QUINN: So One Call. Okay. The
7 PUC regulates the utilities and they promote the use of
8 PA One Call. But the enforcement currently falls to the
9 Department of Labor & Industry.

10 As I look at this -- and I've been in touch with
11 some utility contractors in my District and throughout
12 the Southeast, actually throughout Pennsylvania -- you
13 know, I've come to get a better understanding of the
14 problem that's here, that there are, in fact, hits to
15 the system or hits to lines.

16 And while the PUC is in charge of certain
17 elements of it, the enforcement is housed under your
18 Department. And it just seems to me to make sense that
19 while you are focused on safety issues for the workers
20 of Pennsylvania, this seems to be more consistent, in my
21 view, with the jobs that are tasked under the PUC right
22 now, especially since, you know, so many different
23 industries -- well, all the utilities come under there.

24 So just last week or the week before, the
25 Governor's Pipeline Infrastructure Task Force

1 recommended that the transfer of One Call enforcement
2 responsibilities go from your Agency to the public
3 utilities. And this seems to be consistent, as I just
4 said, with the PUC's interest.

5 Could you please tell me how is the cost for
6 Labor & Industry's One Call enforcement paid for and has
7 it changed over the last couple of years?

8 SECRETARY MANDERINO: Sure. And by way of
9 background, our view is that PA One Call is much more
10 than a utility issue. It's an enforcement issue of
11 public safety and workplace safety. And that is very
12 much at the heart of what the Department of Labor &
13 Industry's compliance divisions do.

14 These are workers who are operating heavy
15 machinery, working in ditches. We want to make sure
16 that when that ground breaks that they are safe and that
17 the community around them is safe.

18 I can tell you that in this past year, last year
19 before I got to -- in 2014, our compliance officers had
20 investigated 352 cases. Last year in 2015 we
21 investigated 1,400 cases.

22 And let me tell you what is the most important
23 part of an investigation. It's getting a body out there
24 when a hit happens. We have over 30 field investigators
25 all across the State in our Labor Law Compliance

1 Division. When a hit happens, they can be there within
2 35 to 45 minutes or less. And that's what's really
3 critical from our point of view.

4 REPRESENTATIVE QUINN: Okay.

5 SECRETARY MANDERINO: In terms of the cost, it
6 is the cost that is in our budget for the Bureau of
7 Labor Law Compliance. That is who does that operation
8 for us. So we don't have a separate line item that we
9 are given for enforcement of PA One Call.

10 REPRESENTATIVE QUINN: Thank you.

11 And out of the 1,400 cases -- and I understand
12 there's about 6,000 hits a year. So you investigated
13 about 1,400 and there's about 104 penalties?

14 SECRETARY MANDERINO: That's correct. That's
15 the second highest year on record for PA One Call
16 collections was last year.

17 REPRESENTATIVE QUINN: Okay. What warrants a
18 penalty and then where did the money go?

19 SECRETARY MANDERINO: I will get back to you
20 what warrants a penalty. The money does go into a
21 restricted account.

22 As a matter of fact, of all the different fees
23 that we collect, I think that's the only one that we
24 keep within the Department. The others all go into the
25 General Fund.

1 REPRESENTATIVE QUINN: And to keep that within
2 the Department, does it stay to go back into training
3 and enforcement for just this --

4 SECRETARY MANDERINO: Yes.

5 REPRESENTATIVE QUINN: -- or does it spread out
6 into others?

7 SECRETARY MANDERINO: No.

8 REPRESENTATIVE QUINN: So you don't know about
9 how much that generates a year?

10 SECRETARY MANDERINO: It's not a significant
11 part of the budget.

12 REPRESENTATIVE QUINN: Okay. Thanks.

13 What other responsibilities do the Labor &
14 Industry field investigators have in addition to One
15 Call?

16 SECRETARY MANDERINO: They have all of the labor
17 laws. Like I said, there are 13 different labor laws.
18 Most of their work is consistent and retained. And some
19 of their work is on an as-needed basis.

20 And what I mean by that is, a hit on a utility
21 line is something that when it happens, you have to be
22 there. I think that the 30 that we have in the field
23 with labor law -- and we've actually started to cross
24 train all of our -- certain of our folks who are also in
25 the field with our occupational industrial safety. So

1 when we're done, we'll have about 60 people in the field
2 that when a hit happens, they can respond.

3 My understanding is that the PUC's proposal is
4 for seven.

5 REPRESENTATIVE QUINN: When you say that other
6 investigations have to do with labor laws, they're not
7 attorneys?

8 SECRETARY MANDERINO: No. No. These are field
9 investigators.

10 REPRESENTATIVE QUINN: Okay. Thanks.

11 SECRETARY MANDERINO: Somebody calls and says
12 there is an employment site that is up and they're
13 misclassifying workers or there's something going on and
14 there's a Child Labor Law violation. And our folks go
15 out in the field, walk the work sites, and find out
16 what's happening.

17 REPRESENTATIVE QUINN: I think the big deal or
18 what's really brought this to our attention this year is
19 the death in Armstrong County. It was absolutely just
20 horrific and unnecessary.

21 SECRETARY MANDERINO: You know, there needs to
22 be a cooperation between reportable -- when the hits
23 happen and them being reported. And that is a
24 cooperation that has to happen between what's happening
25 in the field and what's happening with PA One Call and

1 what's happening with the enforcement entity.

2 REPRESENTATIVE QUINN: Is there an ongoing
3 investigation about that situation, the Armstrong County
4 death?

5 SECRETARY MANDERINO: I believe there is. Yes.

6 REPRESENTATIVE QUINN: And does that come
7 through your Department?

8 SECRETARY MANDERINO: Yes.

9 REPRESENTATIVE QUINN: Okay. And as far as the
10 training of your investigators, it sounds to me like
11 they have got a --

12 SECRETARY MANDERINO: I'm sorry. I knew there
13 was something. The PUC actually closed their
14 investigation. We're still investigating.

15 REPRESENTATIVE QUINN: Okay.

16 SECRETARY MANDERINO: We think there's still
17 more to investigate.

18 REPRESENTATIVE QUINN: Okay. Great.

19 And the training that your investigators receive
20 with specifics to the utility, the One Call, could you
21 please elaborate on that?

22 SECRETARY MANDERINO: Let me send them to you
23 because I don't have them off the top of my head.

24 REPRESENTATIVE QUINN: Okay. Thank you.

25 And just giving your commitment, which is

1 obvious to the workers and their safety, would you, in
2 holding on to this, assuming that the enforcement side
3 holds on, stays under you -- how's that? -- would you
4 advocate for having no exemptions to the PA One Call?

5 SECRETARY MANDERINO: I'm not exactly sure how
6 you're using that term, what it means.

7 REPRESENTATIVE QUINN: My understanding is that
8 there are certain utilities that are exempt from having
9 to mark their lines. And that's probably why you have
10 an ongoing investigation in Armstrong right now, that
11 you have some, be it legacy or newer oil and gas lines
12 that just don't have to be marked. They're exempt for
13 whatever reason.

14 SECRETARY MANDERINO: Yes. We don't do the
15 marking. But let me get back to you because my folks
16 behind me clearly know what you're talking about but I
17 don't. And I want to make sure I articulate the answer
18 correctly.

19 REPRESENTATIVE QUINN: Thanks. And my guess is
20 that most people in here don't right now.

21 SECRETARY MANDERINO: Right.

22 REPRESENTATIVE QUINN: But for those in that
23 industry, meaning those down in the ditches or have
24 loved ones down there, it's extremely important that
25 there are no exemptions so that you're not going out

1 there and just hitting a line and literally blowing up
2 on it.

3 SECRETARY MANDERINO: Okay. Actually, I can
4 clarify for you.

5 REPRESENTATIVE QUINN: Okay.

6 SECRETARY MANDERINO: The exemptions that you
7 were referring to apply to everyone. So right now those
8 exemptions are out there, whether we're enforcing it or
9 the PUC is enforcing it.

10 We would be happy for those exemptions to go
11 away.

12 REPRESENTATIVE QUINN: Okay. Thanks. I know
13 that they're applied to everyone right now. I just
14 wanted you to weigh in from a safety point of view where
15 it goes.

16 Thanks, Madam Secretary.

17 SECRETARY MANDERINO: Thank you.

18 REPRESENTATIVE QUINN: Thank you, Mr. Chairman.

19 MAJORITY CHAIRMAN ADOLPH: Thank you,
20 Representative.

21 Representative Schweyer.

22 REPRESENTATIVE SCHWEYER: Thank you, Mr.
23 Chairman.

24 Madam Secretary, welcome.

25 SECRETARY MANDERINO: Thank you.

1 REPRESENTATIVE SCHWEYER: Happy Thursday.

2 SECRETARY MANDERINO: Thank you.

3 REPRESENTATIVE SCHWEYER: Or happy end of the
4 day Thursday.

5 And on that note, I'll try my best to be quick.
6 Just a question and really a bit of it is shout out and
7 kudos to our friends with the Center for Independent
8 Living. I see a bunch of my friends here from the
9 Lehigh Valley Center for Independent Living. And they
10 do a tremendous job for not only my constituents but for
11 folks from across the Lehigh Valley.

12 At a more appropriate setting, I'll invite you
13 down to come take a tour of their facility, Madam
14 Secretary.

15 SECRETARY MANDERINO: Okay.

16 REPRESENTATIVE SCHWEYER: I read in your budget
17 the combined total between the Act 10(a) before the blue
18 line plus the supplemental appropriations that the
19 Governor is seeking, the total is 2.3, a little bit more
20 than 2.3 million. That is also what you're asking for
21 for Fiscal Year '16-'17, if I'm not mistaken.

22 Now, the amount that was authorized by the
23 Governor was 1.9 million. That's the same as the
24 previous year, correct?

25 SECRETARY MANDERINO: Yes. What I can tell you

1 -- I'm not sure. And it could be just how you're
2 articulating the numbers. So if you don't mind, let me
3 rephrase them as I understand them and see if we're on
4 the same page.

5 REPRESENTATIVE SCHWEYER: Okay.

6 SECRETARY MANDERINO: The amount of money that
7 has been going to the State-supported CILs has been flat
8 for a number of years.

9 In last year's budget, the Governor proposed an
10 increase. And in this year's budget he's proposing --
11 and that didn't all --

12 REPRESENTATIVE SCHWEYER: Correct.

13 SECRETARY MANDERINO: -- get funded.

14 REPRESENTATIVE SCHWEYER: Because of the blue
15 line and everything else. Right.

16 SECRETARY MANDERINO: Right. So he is -- we are
17 asking for that to be increased to the same level again
18 this year.

19 REPRESENTATIVE SCHWEYER: Okay.

20 SECRETARY MANDERINO: And I would like to
21 explain why.

22 REPRESENTATIVE SCHWEYER: Please.

23 SECRETARY MANDERINO: As you know -- and I'm not
24 going to repeat it. But the CILs do very important work
25 in advocacy and connecting folks to services needed and

1 keeping folks independent. And they're doing it on
2 about -- I think we sent out about \$258,000 a year to
3 each of our nine State-supported Centers for Independent
4 Living.

5 When we surveyed kind of nationally to see what
6 was happening in other states, we became aware -- we
7 knew that our State CILs were really below the national
8 average. So how we came up with a number that we asked
9 the Governor to put in his budget -- and he did -- was
10 to bring those CILs up to about \$358,000 a year, which
11 is in keeping with the national average for Centers for
12 Independent Living.

13 REPRESENTATIVE SCHWEYER: Okay. So it is your
14 goal to bring it up so that we go from below average to,
15 at the very least, the median level for --

16 SECRETARY MANDERINO: Correct.

17 REPRESENTATIVE SCHWEYER: -- CILs statewide?

18 SECRETARY MANDERINO: Correct.

19 REPRESENTATIVE SCHWEYER: Thank you.

20 Are there any other efforts that your Department
21 is taking to work with either CILs or other similar
22 organizations that help folks that are living with
23 disabilities like that, aside from the OVR that we've
24 already discussed?

25 SECRETARY MANDERINO: Well, yes. In OVR, which

1 really has many partners that help reach all across the
2 State in a lot of different ways to help people with
3 disabilities get what they need for independence and
4 productive and gainful employment.

5 So the CILs are, again, one of our many partners
6 out there that we work with, work through, and help
7 support.

8 REPRESENTATIVE SCHWEYER: Thank you very much.

9 Again, I just want to thank you and commend you
10 for your commitment to those organizations and to,
11 frankly, helping all folks that are living with
12 disabilities have a healthy and independent, productive
13 life.

14 So thank you very much, Madam Secretary.

15 SECRETARY MANDERINO: Thank you.

16 REPRESENTATIVE SCHWEYER: Thank you, Mr.
17 Chairman.

18 MAJORITY CHAIRMAN ADOLPH: Thank you,
19 Representative.

20 Representative George Dunbar.

21 REPRESENTATIVE DUNBAR: Thank you, Mr. Chairman.

22 Good afternoon, Secretary.

23 SECRETARY MANDERINO: Good afternoon.

24 REPRESENTATIVE DUNBAR: I promised our
25 illustrious Vice Chair of Appropriations, Representative

1 Mustio, that I would ask a question or two for him.

2 SECRETARY MANDERINO: Okay.

3 REPRESENTATIVE DUNBAR: Unfortunately, Mark had
4 to be somewhere else. And he told me he wanted to ask a
5 couple of question in regards to Career Link and what
6 was going on there.

7 And he informed me that it was -- you know, you
8 can look up this information in the Workforce Innovation
9 and Opportunity Act. I said, well, Mark, you know,
10 there's a new one coming out. And he said, well, just
11 look through it. All right.

12 SECRETARY MANDERINO: I know. We'll get through
13 this together.

14 REPRESENTATIVE DUNBAR: I think Mark set me up
15 when he said that.

16 SECRETARY MANDERINO: Representative Dunbar, go
17 ahead. Just go ahead.

18 REPRESENTATIVE DUNBAR: But specifically he had
19 some questions in Career Links and understanding is
20 there a virtual way for job seekers to fill out the
21 forms that are necessary? And I looked through here.
22 And there was a couple different points on strengthening
23 data sharing, which specifically says they're going to
24 try and do that as well as areas needed for improvement
25 where it specifically says increase in the quantity and

1 quality of online cell service, be it Career Link
2 options along with direct customer access to live person
3 assistance via phone, Internet, coaches, and access
4 points.

5 Mark's specific questions were, how do
6 constituents register for advance services for job
7 search without having to travel to a Career Link office?

8 A lot of his constituents have trouble and they don't
9 want to travel all the way into town, pay for parking,
10 travel.

11 And he also wanted to know if there will be a
12 virtual registration system for advanced services? He
13 said he understood that there was one in the past but
14 now it's no longer there.

15 SECRETARY MANDERINO: Yeah. I'm not sure.

16 Let me explain what is there and then if there's
17 something -- there might be something specific that Mark
18 is looking for that I'm not familiar with.

19 But our State public workforce system is
20 operated in Pennsylvania through both the Department of
21 Labor & Industry and our partners on the local level,
22 the State Workforce Investment Boards.

23 In the new State plan that is being submitted
24 this month, there is a lot of emphasis on working
25 better, smarter, faster with all modalities to be able

1 to connect people where they need to be.

2 At the State level, the Department operates Job
3 Gateway. It is a public-facing website, job-matching,
4 career-exploration tool. It is for the general public.
5 It's very easy to find. Jobgateway.pa.gov.

6 If you are a job seeker, you can find all the
7 job postings in Pennsylvania on there. If you are an
8 employer, you can post with us. You can learn about
9 what training opportunities are available in your
10 backyard and all the way down to middle school. If I
11 can give a plug, you can learn about career exploration.

12 So there's really good stuff there. We've
13 worked really hard this year to make that mobile
14 friendly so that people can access it from their mobile
15 phones. And that's all kind of good stuff. And that's
16 a way that you can link in to the system without
17 physically having to go into Career Links.

18 But let me also talk about those Career Links
19 because bricks and mortar are important and they're
20 expensive. And I just have to let folks know, because
21 this is the next two years, we're all going to have to
22 look at this together.

23 We are operating the same size bricks-and-mortar
24 system that we operated 15 years ago, but we're
25 operating it with a lot less support coming into the job

1 system. And we're going to have to make some
2 adjustments.

3 And so we're going to be looking comprehensively
4 with all of our partners around the State in terms of,
5 how do we meet people's needs? How do we have the
6 technology there for those who want to and can use the
7 technology? How do we have enough bricks and mortar
8 there for those folks who need that?

9 And then the final point that I want to make is
10 all of the -- what you were talking about, like the
11 advanced -- I think he might have been referring to
12 specifically what training might be available, what
13 other things are available.

14 REPRESENTATIVE DUNBAR: I think he was trying to
15 get to specific job searches as well.

16 SECRETARY MANDERINO: Yeah. Well, the job
17 searches can all get done through Job Gateway. And
18 we're always enhancing the tools and features on that
19 website to make it more user friendly and more mobile
20 friendly. We made some significant improvements this
21 year. And we're going to continue doing that.

22 The actual employment and training and more
23 in-depth services that somebody might need to attach or
24 reattach to the workforce are all delivered through our
25 local workforce investment or what are now called

1 Workforce Development Boards, what people refer to as
2 the WIBs. And those are kind of not necessarily always
3 the Career Link but often the Career Links are
4 administered by the WIBs in partnership with L&I.

5 And we're also encouraging our local -- the
6 Workforce Development Boards and the local elected
7 officials who operate those to make sure that they're
8 meeting people where people need to be met as well.

9 REPRESENTATIVE DUNBAR: And to change speeds
10 briefly. Chairman Galloway had referred to some issues
11 that he believed were bipartisan issues.

12 Being one of the members from the Southwest coal
13 country where the Manderino name is very big out our
14 way, we have some concerns about the impacts of clean
15 power plants.

16 We have lost close to 400 jobs with the closures
17 in Fayette and Washington Counties with the Hatfield
18 Ferry/FirstEnergy Mitchell. And we were wondering if
19 the Department has had any discussions about potential
20 job losses relating to the Federal Cross-State Air
21 Pollution Rule and the clean power plant and if you've
22 had any discussions with DEP how you can potentially
23 avoid any future job losses in the coal region?

24 SECRETARY MANDERINO: Let me get back to you if
25 there was anything specific.

1 But I can tell you that we have -- and I've met
2 and our workforce folks have met with folks from the
3 Southwest. And we're working both in the Northwest and
4 the Southwest in different areas to try to get
5 additional transitional type of grants that are
6 available in Washington where we've experienced layoffs,
7 I know in Fayette and Greene, with regard to coal and
8 seeing what more resources we can bring to bear.

9 REPRESENTATIVE DUNBAR: Okay. Thank you.

10 SECRETARY MANDERINO: Thank you.

11 REPRESENTATIVE DUNBAR: Thank you, Mr. Chairman.

12 MAJORITY CHAIRMAN ADOLPH: Thank you,
13 Representative.

14 Representative Karen Boback.

15 REPRESENTATIVE BOBACK: Thank you, Mr. Chairman.

16 Good afternoon, Madam Secretary. So good to see
17 you again.

18 SECRETARY MANDERINO: Thank you.

19 REPRESENTATIVE BOBACK: Well, I had a question
20 about the CILs, Centers for Independent Living, but it
21 was answered so eloquently.

22 I do have to tell you that I even have an
23 outreach person that comes to my office. I'm a rural
24 legislator. And he'll come up once a month. And I
25 can't tell you what an asset that is to my constituents.

1 So that's money well spent with our Centers for
2 Independent Living.

3 So since that was answered, I'm going to go to
4 my second runner-up. Yesterday, we were interviewing,
5 if you will, the community colleges. And I had asked a
6 question about the students that graduated, what did
7 they graduate in as far as their salary goes and their
8 job placement?

9 That's very interesting because I think that's a
10 selling point if a community college can say, we have
11 this many placements and this is what they get upon
12 graduation. But because of limited resources, I know
13 your office, all offices, they said they could not track
14 that.

15 I was just wondering, is there any way that your
16 Department can do anything to help our community
17 colleges track this?

18 SECRETARY MANDERINO: Yeah. I'll have to take
19 it back and think a little bit more specifically about
20 community colleges in general.

21 However, many of the community colleges are
22 partners with what is done at the L&I in workforce.
23 They might be some of the workforce training providers
24 in different areas.

25 And early on when I talked about the initiatives

1 that we're doing and I talked about our data share
2 project that we're doing, that is the whole purpose of
3 that, is to be able to track people who are in the
4 workforce system and in an employment and training
5 program, what are the outcomes? Are we getting the bang
6 for our buck?

7 The idea is that as we get sophisticated enough
8 and we get our data in there, we should be able to,
9 after a couple of years, see, are we spending our money
10 wisely? Are we investing in programs that aren't having
11 the outcomes that we expect them to have? Or are we
12 getting the outcomes we expect to have? And the whole
13 idea is to be able to invest our limited resources where
14 we're getting the most bang for the buck.

15 If I may, just two minutes, tell you also about
16 something that I'm very proud of. And that is what the
17 community colleges and a couple of other higher
18 education institutes are partnering with us on. We were
19 one of only six states that were successful on a
20 competitive national grant for innovation in workforce
21 designs.

22 And we just received a grant from the U.S.
23 Department of Labor for a proposal we put in for
24 something that is called Micro-Credentials. And the
25 idea behind it is there are so many people who need to

1 attach to the workforce immediately and so while they
2 know they might need skills, training, and upgrading,
3 they need a job first.

4 And we didn't want it to be a pick or choose.
5 So we have seven different community colleges. And I
6 think Mansfield University is one of them -- or maybe
7 they might all be community colleges. I'll have to get
8 you the list. Somewhere I have the list.

9 But we have seven different higher education
10 institutions that we're partnering with. And they will
11 each be designing kind of their idea of little
12 micro-credentials, credentials in smaller chunks than a
13 certificate or Associate's Degree or full degree that
14 someone can get while they're working that will then be
15 another kind of credential they can show to the
16 employer, build on top of each other -- we call them
17 stackable credentials -- and eventually build towards a
18 degree, a certificate, a degree, a diploma. But at the
19 same time they can do it while they're working.

20 And we're really hopeful that that will be a
21 real model for the future.

22 REPRESENTATIVE BOBACK: That's exciting to me.

23 And I could see that perfect match, too, if you
24 would inquire or check into or see if there is a
25 possibility that we can track these students. They're

1 finishing a two-year program. Are they getting
2 good-paying jobs? Are they going into the field that
3 they studied?

4 SECRETARY MANDERINO: Yes.

5 REPRESENTATIVE BOBACK: I think that's
6 important, not only for me as a mother, a parent, but
7 what if I wanted to go back. I would like to know from
8 that college, what are you producing? And what are they
9 getting paid?

10 SECRETARY MANDERINO: Yes.

11 REPRESENTATIVE BOBACK: Again, you're limited in
12 resources, too. But anything you could do, I'll work
13 with you on this. I think it would be very worth our
14 while.

15 SECRETARY MANDERINO: Great.

16 And if I can -- I know, Mr. Chairman, I'm doing
17 the Kathy thing when she used to be on Appropriations.
18 But I just have to take a minute to say we've really
19 undersold the value of technical education to our young
20 people as well.

21 REPRESENTATIVE BOBACK: Yes.

22 SECRETARY MANDERINO: And there are really
23 good-paying jobs with real career paths and
24 family-sustaining opportunities that you don't
25 necessarily need a college degree. And we're going to

1 be working on that as well.

2 REPRESENTATIVE BOBACK: Great. Thank you so
3 much for your time.

4 SECRETARY MANDERINO: Thank you.

5 REPRESENTATIVE BOBACK: Thank you, Mr. Chairman.

6 MAJORITY CHAIRMAN ADOLPH: Thank you,
7 Representative.

8 Representative Maria Donatucci.

9 REPRESENTATIVE DONATUCCI: Thank you, Mr.
10 Chairman.

11 And hello, Madam Secretary. It's always good to
12 see you.

13 SECRETARY MANDERINO: Thank you.

14 REPRESENTATIVE DONATUCCI: In 2009, President
15 Obama signed the Lilly Ledbetter Fair Pay Act in
16 Pennsylvania with the Equal Pay Law of December 17th,
17 1959, to end workplace pay discrimination based on
18 gender when the work requires equal skill, effort, and
19 responsibility.

20 The law hasn't been updated since 1959. That's
21 over 56 years ago. And it's not that I haven't been
22 trying for the last two sessions. So fines are only
23 fifty to two hundred dollars for gender pay inequality.

24 Having said this, my question is: Does the
25 Department of L&I receive complaints from women

1 regarding either unequal pay in the workplace or the
2 nondisclosure of wage rates when they think there's been
3 discrimination? If so, what is the process of
4 investigation and enforcement? If not, how do we bring
5 it to the forefront since studies and statistics say
6 it's happening?

7 SECRETARY MANDERINO: Thank you very much for
8 that question because the Equal Pay Law is one of the 13
9 different laws that L&I is charged in enforcing.

10 Most of these are tracked by complaints. That's
11 how we know. The Equal Pay Law is not an area where we
12 have significant complaints that come into the
13 Department. So I had in my materials here the top 6 of
14 the 13 that we get the most calls about, and that is not
15 one of them.

16 Having said that, I will get back to you to let
17 you know specifically what we know about the calls that
18 have come in. Clearly it is an issue of general public
19 education and letting folks know that that is the law.

20 And I believe that our investigation for Equal
21 Pay Law would be the same process and procedure that we
22 go through when we get complaints about Child Labor Law,
23 minimum wage, prevailing wage, apprenticeship
24 violations, misclassified workers violations.

25 We do field investigations. We interview folks,

1 whatever is appropriate to gather all of the information
2 that we need to make a determination.

3 And then, of course, our goal is, when we find
4 things, we're not only looking at educating the
5 violator, fining the violator, and then gaining the back
6 wages for the person who didn't get the wages that were
7 due them.

8 REPRESENTATIVE DONATUCCI: Thank you. And I'd
9 like to work with you on this.

10 SECRETARY MANDERINO: Thank you.

11 REPRESENTATIVE DONATUCCI: Thank you, Mr.
12 Chairman.

13 MAJORITY CHAIRMAN ADOLPH: Thank you,
14 Representative.

15 Representative Sue Helm.

16 REPRESENTATIVE HELM: Thank you.

17 And welcome, Secretary Manderino. It's always
18 great to see you.

19 SECRETARY MANDERINO: Thank you.

20 REPRESENTATIVE HELM: We just talked about equal
21 pay. Now can we talk a little bit about minimum wage?
22 The Governor proposes increasing the minimum wage from
23 \$7.25 an hour to \$10.15.

24 Back in 2014, the Congressional Budget Office
25 estimated that increasing the minimum wage to \$10.15

1 would reduce employment by as many as 500,000 jobs
2 nationwide.

3 The Pennsylvania workforce makes up about 4
4 percent of the total national workforce. Is it safe to
5 assume that as a result of an increase in the minimum to
6 \$10.15 an hour, 20,000 jobs would be lost? And if not,
7 do you have an estimate as to how many jobs would be
8 lost in Pennsylvania as a result of that increase?

9 Also I just want to keep on going here a little
10 bit. Just last year the Independent Fiscal Office
11 concluded that an increase in the State's minimum wage
12 to \$10.15 an hour would result in the loss of 31,000
13 jobs in Pennsylvania.

14 The results of the IFO study also recited by the
15 NFIB, his report forecasted that the job losses range
16 between 28,000 and 119,000 over a ten-year period.

17 With all this pressure facing Pennsylvania
18 national economies, can we really take the chance to
19 increase the minimum wage and lose these jobs?

20 SECRETARY MANDERINO: Thank you, Representative
21 Helm.

22 This Governor is passionate and I share his
23 passion for increasing the minimum wage.

24 As many studies as there are saying it's bad,
25 there are counter studies that say it's good.

1 But what I can tell you is in the United States
2 of America, we've had a minimum wage since 1938. In
3 those 75-plus years, many, many, many statutory
4 increases in states across the nation and at the
5 national level have been made to increase the minimum
6 wage when the wages weren't keeping pace with what it
7 takes a person to be able to work full time and raise
8 themselves and their family with dignity.

9 So the Governor believes it's the right thing to
10 do. I don't want to battle reports. I will just tell
11 you that every time from 1938 when the minimum wage was
12 set at 25 cents until today, every time there is a
13 discussion about raising the minimum wage, there is a
14 battle of reports.

15 Yet today in Pennsylvania, our employment
16 numbers are higher than they have ever been in
17 Pennsylvania and across the nation. And I think that
18 whatever temporary job setback may happen, the long-term
19 growth outpaces that.

20 And so that's the Governor's position and one
21 I'm proud to support.

22 REPRESENTATIVE HELM: Well, I'm sure you support
23 it. But let me ask you this: Would you think we should
24 go instantly from 7.25 to 10.15? How do you propose --
25 prior to this job, I was an employer for like 25 years.

1 So I know what it is to have a salary and payroll.

2 I know how difficult it would have been for me
3 to raise it quickly like that.

4 SECRETARY MANDERINO: Well, I know you can
5 appreciate, Representative, that the Governor's proposal
6 of \$10.15 an hour is the proposal that I support.

7 Having said that, as you know, all of our
8 neighboring states around us have a higher minimum wage
9 than us. None of those states at this point are at
10 \$10.15 an hour. I believe the Governor's goal is an
11 aspirational goal as well as a practical goal.

12 Just look how much room for negotiation and
13 compromise it leaves everything.

14 REPRESENTATIVE HELM: All right. Thank you.
15 Thank you, Mr. Chairman.

16 MAJORITY CHAIRMAN ADOLPH: Thank you,
17 Representative.

18 Representative Fred Keller.

19 REPRESENTATIVE KELLER: Thank you, Mr. Chairman.
20 Good afternoon, Secretary Manderino.

21 SECRETARY MANDERINO: Good afternoon.

22 REPRESENTATIVE KELLER: I would just like to
23 follow up on a few questions from the previous speaker,
24 Representative Helm.

25 And understanding that a lot of people that work

1 -- there's a lot of high school kids, a lot of college
2 individuals, that earn minimum wage. And there are also
3 employers, people in our school districts. I know my
4 kids when they were in high school and between grades
5 and college, you know, worked at the school district and
6 they earned minimum wage.

7 Has anybody looked at the impact being that
8 we're concerned with property taxes and all those items?
9 I know a school district, a small school district, that
10 said if it was raised to 10.10 -- and this was a year
11 ago -- it was raised to 10.10 that would cost that small
12 school district \$200,000 a year.

13 Have you looked at the school -- has anybody
14 looked at the impact that would have on our school
15 districts for people that work part time or work during
16 the summer and what that would mean to our property
17 taxpayers?

18 SECRETARY MANDERINO: Thank you for the
19 question.

20 I think everybody has looked at the numbers a
21 million different ways, which is why we have so many
22 competing reports.

23 What I can tell you, we just came -- once a year
24 the Minimum Wage Board of Pennsylvania publishes its
25 annual minimum wage report. That was published earlier

1 this week. There's a lot of numbers and statistics in
2 there about what the minimum wage demographics are
3 today.

4 I do want to make sure that folks understand
5 that 25 percent of the people who earn minimum wage are
6 teenagers. We also have over half of the people earning
7 minimum wage that are in what I'll call their most
8 productive earning years from ages 20 to 44.

9 So, you know, it's not something that is just
10 all about teenagers' first jobs. There's a lot of folks
11 cobbling together a lot of minimum wage jobs to make
12 ends meet to support their family.

13 I hear what you're saying with regard to any
14 particular business or entity. I also know that there
15 have been numbers run in terms of when those folks are
16 wage earners and earning more money, there's additional
17 tax revenue that comes in.

18 I'm going to let the Secretary of Revenue, if
19 she hasn't been here already, explain that.

20 I appreciate that this is a complex issue and
21 you can run the numbers in lots of different ways to
22 prove whichever point you want to make.

23 I think that the Governor's point of view, and
24 my point of view, is that work should pay; that every
25 worker has dignity; and that somebody working full time

1 ought to be able to put bread on the table and a roof
2 over their head. And that's where we're trying to get
3 to.

4 REPRESENTATIVE KELLER: If I can just jump in
5 there, too. I believe every job is important and every
6 person has dignity also.

7 I do have the report here because I actually --
8 I've actually gone through it and looked at a few things
9 in here.

10 And the question I have on the report, if you're
11 a tipped employee, you know, they typically make less
12 than the minimum wage but then they count on tips.

13 Where do they fall in that report as far as
14 people that are minimum wage? Because their hourly wage
15 might be less than the minimum wage but when they factor
16 in the tips -- and I'll speak from experience. I
17 know --

18 SECRETARY MANDERINO: If you look in the report
19 --

20 REPRESENTATIVE KELLER: If you just let me
21 finish my analogy here.

22 SECRETARY MANDERINO: Sure.

23 REPRESENTATIVE KELLER: Because my daughter is a
24 bartender, okay. She's a single mother.

25 SECRETARY MANDERINO: Um-hmm.

1 REPRESENTATIVE KELLER: She's a tipped employee.
2 She made almost \$50,000 last year. Okay. So I just
3 wonder where a person like that falls into your report.

4 SECRETARY MANDERINO: I do believe that they are
5 in the report in the section that's called Minimum Wage
6 and Below.

7 REPRESENTATIVE KELLER: So everybody that we say
8 is making a minimum wage with their tips might be making
9 -- well, we say they're making --

10 SECRETARY MANDERINO: Well, hopefully they're
11 reporting their tips and paying taxes. And then the
12 Department of Revenue will be able to tell us.

13 REPRESENTATIVE KELLER: Well, as I said, the
14 numbers I got -- my daughter -- that was off her W-2
15 form or off her income tax.

16 SECRETARY MANDERINO: Um-hmm.

17 REPRESENTATIVE KELLER: So she does. But I
18 guess the point is, your point of being able to take
19 numbers and make them say whatever you want, you can do
20 that no matter how you want to do it.

21 SECRETARY MANDERINO: Right. I agree.

22 REPRESENTATIVE KELLER: And I think we need to
23 be careful because we've got a lot of people that if we
24 raise the minimum wage to \$10.15 an hour, what do you do
25 for all the folks that are earning \$11 an hour or \$12 an

1 hour that now have trouble -- I mean, I think we have to
2 be considerate of them because I think that just puts
3 them that much closer to a government program.

4 So I think there's a lot of dynamics here. And
5 I just would ask you and the Governor to make sure when
6 we're having this discussion, we're looking at
7 everything.

8 Because if we have a school district that has to
9 raise another \$200,000 in revenue, someone might
10 consider that a mandate on them, that's going to go to
11 the property taxpayers, many of whom are on fixed
12 incomes.

13 So there's a lot of things to consider. Every
14 job has dignity. Every person has dignity. Every job
15 is important. I get that. I've worked for minimum wage
16 when I was a kid. My kids did. So it's important
17 things.

18 One question I would like to ask you since we're
19 -- think it's so important to update our minimum wage
20 because it hasn't been done in a long time, I would hope
21 that the Administration would have the same passion to
22 give a little bit of mandate relief to our school
23 districts and our municipalities by considering
24 increasing the prevailing wage threshold that hasn't
25 been changed since 1963.

1 Thanks.

2 **MAJORITY CHAIRMAN ADOLPH:** Thank you,
3 Representative.

4 The Republican Chair of the Committee has
5 another question.

6 **REPRESENTATIVE GINGRICH:** You can't get rid of
7 me, Kathy.

8 **SECRETARY MANDERINO:** That's all right.

9 **REPRESENTATIVE GINGRICH:** I thought it would
10 have been touched on so far and I was kind of waiting to
11 see. I told you I was very interested in questions.

12 Listen, the benefit of a Thursday afternoon
13 hearing is people need to get back on the road so
14 they're allowing me a second question. That's how I'm
15 getting away with it.

16 We didn't talk about the industry partnerships.
17 Now, I know I had asked you about this in a prior
18 conversation. But I just want to talk about it a little
19 more. Because when I'm looking at the budget proposal,
20 when you look at an increase that appears to be like a
21 99.8 percent increase -- I'm shocked that nobody asked
22 this yet today.

23 You and I can talk a little bit more about it.
24 It looks like the budget as proposed for '16-'17 would
25 provide 11.6 million and then 4 million supplemental

1 from '15-'16.

2 And I know you talked about expansion. Take a
3 minute to make sure everybody knows, because I wasn't as
4 familiar as I would like to have been about the
5 partnerships, the way they're broken down into clusters.
6 And when you do that, you can lead into what are you
7 going to do if you get all this extra money -- more
8 clusters? more people? more enhanced training? Good
9 program, but that is a lot of money in increase.

10 SECRETARY MANDERINO: Well, yeah. And let me
11 put it into perspective.

12 Other than the State matching dollars that go to
13 OVR for voc rehab that has a significant component that
14 has to do with our workforce development, this is the
15 only State dollar pot that Pennsylvania invests in our
16 employment and training system.

17 Almost all of our employment and training system
18 dollars are our Federal dollars. The State doesn't put
19 anything in the pot except for a particular grant
20 program or two that the State may create.

21 The Industry Partnership Program is one of those
22 special line item kind of State-funded initiatives that
23 started many years ago.

24 At its high point, it was over \$20 million that
25 the State used to put into the Industry Partnership

1 Programs. It shrunk very much over the years so that in
2 the recent past, the line item was only 1.6 million
3 flat.

4 Now I'll get into what an industry partner is,
5 because we view industry partnerships as a good bang for
6 our buck and a real help to Pennsylvania employers and
7 employees. We want to increase that State line item to
8 give more capacity to do this across the State.

9 So what is an industry partnership? An industry
10 partnership is really a consortium of employers in a
11 region that will come together, organized usually
12 through their State Workforce Investment Board, which
13 has to be a partner in it, to look at their common
14 going-forward employment and training needs and getting
15 their incumbent workers the additional skills that they
16 need to keep pace with where their industry is going in
17 the future.

18 And so a lot of employers -- if you're a huge
19 employer, you do this as part of your HR function. But
20 all across Pennsylvania, many of our small and midsize
21 businesses don't have the capacity to do this. They are
22 running their business every day and then I need a
23 machinist or maintenance mechanic or something yesterday
24 because my guy or gal just left.

25 And they are not having the ability to look

1 forward in terms of what they need in training and
2 skills.

3 So industry partnerships is the way that the
4 State helps support them through their local Workforce
5 Investment Board with their partners in their region who
6 have similar training needs.

7 We identify what are the high-occupation,
8 high-priority occupations in Pennsylvania. For example,
9 in the Adams, York, Lancaster area, advanced
10 manufacturing is one of those, just to use an example.

11 There are a lot of small to mid-sized employers
12 if they had an industry partnership going there, they
13 would join together maybe 8, 10, 12 employers, figure
14 out what it is they need for their industry going
15 forward and, working with that Workforce Development
16 Board, design the training they need for their workers
17 that they can all share.

18 They also pay for part of it. So every time we
19 have one of those, for every dollar of State dollars
20 that go in, at least another dollar, and often more, of
21 private money from those employers is coming into the
22 pot. And they are jointly training their workforce.

23 That's increasing their workforce skills.
24 That's increasing their workforce earnings. And that's
25 opening up entry-level positions as those businesses

1 grow on the bottom.

2 So that's what it's all about. It's a kind of a
3 program that if we don't have the money, we just don't
4 have that many partnerships. We used to have about 60
5 or 70 of those operating around the State. We're down
6 to 20. And we're down to 20 that get fewer resources
7 than they used to, so they're not doing as intensive
8 training and skills training as they want.

9 So I hope that is helpful to understand why
10 you're seeing that request for a big increase, because
11 we really do think it's a way to keep growing our
12 businesses and growing their skills. And the more of
13 those industry partnerships that we can develop, the
14 better.

15 Now, in anticipation if the '15-'16 budget would
16 have had the additional 10 million in there that the
17 Governor had asked for, we wanted to be able to hit the
18 ground running at L&I and get those dollars out to the
19 consortiums.

20 So we put a grant RFP out on the streets in
21 anticipation of that. And we got back about 40
22 applications, many of them very high quality, which
23 would have used up all of that money. So what I know is
24 that the demand is out there from employer consortium
25 groups to use this as a tool for their incumbent worker

1 training.

2 REPRESENTATIVE GINGRICH: Okay. And that leads
3 me to my question about access and promotion. I just
4 had a call interestingly enough because you and I had a
5 discussion on this because it hit me in the budget right
6 away. What's going on there? Give me some goals. Give
7 me some outcomes. Tell me what you're going to do. Why
8 is it, you know, increased by that much?

9 And then my phone rings in my District office
10 with a company interested in participating. So I'm
11 curious about -- obviously, I get your comments about
12 the need for the money. And I assume that's expanded
13 staffing as well as expanded training opportunities.

14 SECRETARY MANDERINO: We push it all out into
15 grants. We push it all out as grants.

16 REPRESENTATIVE GINGRICH: So it's not your
17 staff?

18 SECRETARY MANDERINO: No. No.

19 REPRESENTATIVE GINGRICH: Okay.

20 SECRETARY MANDERINO: So it's a grant program
21 that we have.

22 REPRESENTATIVE GINGRICH: Totally grants?

23 SECRETARY MANDERINO: It's total grants.

24 So we put out, you know, a request for
25 proposals. And then through the local Workforce

1 Investment Boards, they work with the industries in
2 their area, figure out what are high-occupation areas,
3 where do employers have interest, where are folks
4 telling us they need this kind of training. And they
5 put together their model and their proposal and submit
6 it to us.

7 REPRESENTATIVE GINGRICH: What are you seeing
8 across the Commonwealth? Are there certain areas? Do
9 you have some goals on hitting target areas that aren't
10 able to access or take advantage of this?

11 SECRETARY MANDERINO: Well, in '14-'15 when we
12 awarded about 1.6 million -- like I said, there were 20
13 different partnerships. And we focused on industry
14 sectors. There was Advantage Manufacturing, energy, and
15 health care.

16 The proposal or the request for proposals that
17 went out this year that we weren't able to fund because
18 we didn't have the money, we expanded again based on
19 what our demographics, you know, the demographic
20 department we have and working with our locals.

21 So the RFP allowed them for the advanced
22 manufacturing, agricultural and food production,
23 building and construction, business services, energy,
24 health care, and logistics and transportation.

25 I don't have off the top of my head like the

1 proposals that came in, how they fit there. But I
2 actually think that they were pretty representative of
3 the priorities that were being reflected in our data and
4 that we asked folks to do.

5 And it's not a kind of a grant program -- it's
6 not a kind of a fund that someone can tap into as an
7 individual employer. If that's what the person is
8 looking for, there may or may not be other opportunities
9 through their local Workforce Development Board for
10 something that's specific to them.

11 But this is really designed to look at kind of
12 industry-sector growth and training needs in a
13 consortium kind of way where multiple employers in a
14 region are joining together to do something together
15 that they wouldn't be able to afford to do on their own.

16 REPRESENTATIVE GINGRICH: Also needs to be not
17 just high quality. I guess I'll use the term high tech.
18 I mean, the training has to be training that's worth it
19 on all levels.

20 SECRETARY MANDERINO: Yes. I mean, they design
21 it. They design their program. They go out and find
22 the vendor to do it. There are many different industry
23 partners that are out there. There are models.

24 I mean, just to give you one little example.
25 One of the ones in the past was the Keystone Utility

1 Partnership. It was a consortium of employers in the
2 electric, gas, and water sectors along with their supply
3 chain and construction workers. And they had over 4,000
4 workers in the utility industry go through their
5 partnership training since 2006.

6 So that's one that we have had ongoing for a
7 while. And I'm pretty sure that one is a statewide
8 consortium. Some of them are regional.

9 REPRESENTATIVE GINGRICH: Great.

10 Thank you.

11 SECRETARY MANDERINO: Yes.

12 REPRESENTATIVE GINGRICH: Thank you very much
13 for the explanation. And good luck with that much
14 funding.

15 SECRETARY MANDERINO: Thank you.

16 MAJORITY CHAIRMAN ADOLPH: Okay. I want to
17 thank you, Madam Secretary, for being here today and for
18 your passion and your enthusiasm and your knowledge of
19 the subject matter. I also appreciate your frankness.

20 If you have a chance to talk to the Governor,
21 obviously, there's many legislators that support, as you
22 did, New Choices New Options. And a couple of the line
23 items that some members talked about, I think we had
24 them in our budget bill.

25 And if the Budget Secretary would take a look at

1 that, some of the members, some of the members on the
2 other side of the aisle, were very interested in and
3 they're not in the Governor's budget.

4 I'll send you a letter on that.

5 SECRETARY MANDERINO: Thank you.

6 MAJORITY CHAIRMAN ADOLPH: I'm looking forward
7 to working with you between now and June as well.

8 SECRETARY MANDERINO: Thank you.

9 And thank you, members of the Committee, for
10 staying so long.

11 MAJORITY CHAIRMAN ADOLPH: Thank you.

12 Safe drive back, everyone.

13 On Monday, for the Committee's information, we
14 will reconvene at 10 a.m., Monday morning, March 7th,
15 with the State Employees and School Employees Retirement
16 Systems.

17 Have a safe weekend.

18 (Whereupon, the hearing concluded.)
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I hereby certify that the proceedings and
evidence are contained fully and accurately in the notes
taken by me on the within proceedings and that this is a
correct transcript of the same.

Jean M. Davis
Notary Public