



**Written Testimony of Secretary W. Gerard Oleksiak**

**Department of Labor & Industry**

**Before the House Appropriations Committee**

**February 21, 2018**

Chairman Saylor, Chairman Markosek, and members of the House Appropriations committee, thank you for the opportunity to testify regarding the Department of Labor & Industry's proposed 2018-19 budget.

I also want to recognize our friends at DCED and PHEAA for their partnership as we work together to create a competitive 21<sup>st</sup> century economy in Pennsylvania.

While the department's state budget allocation is less than 1% of the total state budget, those dollars are critical to providing vital services, ensuring workplace safety, and enforcing laws that protect employers and employees.

With the state funds the department receives, it is able to draw down significant federal funding. Last year, L&I's \$69 million state appropriation comprised slightly more than 6% of the departmental budget. We estimate that with the \$79.8 million proposed in the Governor's budget, we will attract more than \$496 million in federal dollars in fiscal year 2018-2019, allowing us to extend programs, services, and vital job training to more Pennsylvanians.

L & I remains the commonwealth's fifth largest agency, with a broad and diverse portfolio responsible for more than 30 programs and services for Pennsylvanians.

We play an important role in helping to prepare Pennsylvanians for the jobs of the 21<sup>st</sup> century. As Gov. Wolf has made clear, this administration is committed to jobs that pay, schools that teach, and government that works.

The governor understands the importance of continuing to develop a strong business climate that embraces entrepreneurship, and creates family-sustaining jobs that enable our communities to thrive.

In the past year, the department has made significant progress on workforce development while strengthening Pennsylvania's economy. Some of the highlights include:

- L&I's Apprenticeship and Training Office has increased the number of apprentices by 32% and registered 73 new apprentice programs.
- Launched the Next Gen Sector Partnerships, with 11 active across the Commonwealth serving more than 650 businesses.
- \$4.64 million of Industry Partnership funding leveraged \$12.1 million of non-state funds.
- L&I awarded nearly \$2.4 million in federal Business-Education Partnership grants connecting businesses with school districts to promote job opportunities and career pathways, preparing students for the technical skills employers require; more than 8,900 students participated.
- The Office of Vocational Rehabilitation placed 9,304 customers into employment through its services, and worked with more than 6,000 Pennsylvania employers.
- L&I's Unemployment Compensation system paid more than \$1.87 billion in benefits, the vast majority of which went directly into local economies with an economic impact of \$3.74 billion – helping to stimulate local economies and create jobs.

### **Collaborative, Targeted Workforce Development**

Labor & Industry is focused on training and retaining Pennsylvania's top notch workforce. We are striving to connect workers with employers, with a key focus on employer needs and matching those needs with employer training.

Governor Wolf's 2018-2019 budget proposal aims to expand and build on this progress. Through the new PA Smart workforce development and job training initiative, the governor wants to nearly double the number of apprentices in Pennsylvania by 2025 to nearly 30,000 by investing a \$7 million in apprenticeships.

It is a proven fact that apprenticeships equal employment. Registered apprenticeships create career pathways and wage increases. Apprentices earn an average starting wage of \$60,000 per year. On average, apprentices earn \$300,000 more than other workers in similar occupations over their career.

Clearly, registered apprenticeships lead to jobs that pay. In Pennsylvania, nearly 200,000 job openings are projected each year. Of those, more than 26,000 (13%), are expected in occupations that are career and technical education-related. Jobs that require apprenticeships or training are expected to grow 9.2% by 2022.

In early 2016, Governor Wolf created the Apprenticeship and Training Office (ATO), which is responsible for providing outreach, education, and technical support in accordance with the Apprenticeship and Training Act and Regulations. Since the ATO's inception, 2,610 new apprentices and 81 new registered apprenticeship programs have been created statewide, bringing the total number of registered programs to 750 and the total number of apprentices to more than 15,200.

Recently, the Hanover Chamber of Commerce became the first chamber of commerce in Pennsylvania to be approved as an apprenticeship program. The chamber program is an example of an innovative

collaborative model, which allows small businesses to participate in apprenticeship programs by assisting with the administrative tasks of operating them. These models are already showing results and providing best practices, which L&I will use to create and expand additional registered apprenticeship programs.

The Governor's budget proposal also includes an additional \$3 million to expand to Industry Partnerships. The Industry Partnership program is evolving to a new model that puts businesses at the center of a coordinated workforce and economic development system. Next Generation Sector Partnerships, a joint effort between DCED and L&I, uncover common talent management challenges with industries and engage private and public resources to address shared needs.

Currently, 11 partnerships are actively funded, with two more preparing to launch in March. With increased funding, we plan to capitalize on our successes to develop and maintain at least 30 active and sustainable Next Gen Sector Partnerships across the state.

### **Competitive Integrated Employment Opportunities for Residents with Disabilities**

The Pennsylvania Department of Labor & Industry's Office of Vocational Rehabilitation (OVR) is the lead state agency for assisting residents with disabilities in finding and maintaining competitive employment. With \$45 million in state funds, we are able to draw almost a 4-1 match from the federal government. Workforce development and job creation highlights include:

- Last year, OVR assisted more than 9,300 people with disabilities in finding employment with 6,000 employers across the Commonwealth. Of those 6,000 employers, more than 3,500 are small businesses.
- OVR assisted 2,339 students in accessing paid, work-based learning experiences.
- OVR created approximately 578 On-the-Job Training (OJT) opportunities for residents of Pennsylvania with disabilities, allowing employers to receive reimbursement from OVR for up to 90 days of an employee's wages.
- L&I is working with numerous employers to create jobs for both students and adults with disabilities, using customized training followed by offers of employment in several key expanding industry sectors across Pennsylvania including logistics, food manufacturing, hospitality and entertainment, healthcare, and welding.
- OVR has created paid training opportunities using OJT wage reimbursement in collaboration with L&I registered apprenticeship sponsors and pre-apprenticeship workforce partnerships.
- Through the Governor's Employment First Executive Order, OVR and Office of Administration plan to offer up to 20 OVR college interns paid summer work in Commonwealth agencies in the Capitol Complex in 2018.

## **Conclusion**

Over the past six months, I have had the privilege to continue the “Jobs That Pay” tour across Pennsylvania, serve as a member of Middle Class Task Force, and participate in Cabinet in Your Community events.

I have worked on Pennsylvania’s bid to host Amazon’s second headquarters, and worked to make sure that we align the skills of workers in Southwest Pennsylvania with the jobs available at the Shell cracker plant.

I’ve met with business leaders, unions, workers, career and technical schools, apprentices, post-secondary students, organizations that help people with disabilities, and countless other stakeholders.

I’ve seen first-hand our dynamic and diverse economy at work – filled with so much promise and potential. As we continue our work, I ask that you allow us to unlock that potential and pass a budget that includes the funding L&I requires to continue to build upon and improve our progress.

Thank you for the opportunity to discuss L&I’s budget proposal. I would be happy to answer questions.