

TESTIMONY

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Senate Community, Economic and  
Recreational Development Committee

Senate Labor and Industry Committee

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Good morning.

Thank you Chairwoman Earll and Chairman Gordner and the other members of the Senate Community, Economic and Recreational Development Committee and the Senate Labor and Industry Committee for the invitation to share the view of the Manufacturers' Association of South Central Pennsylvania regarding workforce training programs in Pennsylvania, specifically the Industry Partnership and Incumbent Worker Training initiatives.

For the record, my name is Mike Smeltzer, Executive Director of the Manufacturers' Association of South Central Pennsylvania, and my comments this morning are sanctioned by our Board of Directors.

Let me begin with a brief overview of the Manufacturers' Association of South Central Pennsylvania, which I will refer to as Manufacturers' Association. The Manufacturers' Association was established in 1906 in York, PA to provide manufacturing business leaders with a way to effectively communicate their views and concerns regarding issues affecting their industry and community, and to take action to move our industry forward. One hundred and two years later, the Manufacturers' Association remains committed to that original mission and has developed into a leading voice of business in the region, in the state, and in the nation as well.

While our membership includes businesses from both manufacturing and service economic sectors, our Board of Directors is limited to manufacturing companies.

The Manufacturers' Association is an independent, regional, membership non-profit organization, with the majority of membership located in Adams, Berks, Cumberland, Dauphin, Franklin, Juniata, Lancaster, Lebanon, Perry, and York Counties. Our workforce programs take us to Ohio, Maine, Michigan, Minnesota, California, Texas and more. Our student workforce training program YES is hailed as a model throughout the state. I have testified before the United States Senate on the Workforce Investment Act Re-authorization, I'm recognized as a "Business Champion" by the National Association of Manufacturers advocating for strengthening Community Colleges in America, and I am a member of the South Central Workforce Investment Board. This is important to mention because I believe the Manufacturers' Association has a comprehensive view of the issues and how they affect the Pennsylvania workforce and their employers.

Beginning with the Federal Workforce Investment Act of 1998, there has been a strong movement to build a balanced workforce system, balanced between the job seeker and job provider. The tone of "demand driven" has been adopted by the Federal and State Governments across the country.

Demand driven in its simplest term means that investments in people, in training should be based on the demands of business and the interests of the individual. In my opinion, Pennsylvania is the leading state in the country to develop and implement a comprehensive workforce strategy. Examples of

this strategy include the adoption of new Career and Academic Standards for the pre-k through 12 system, career awareness initiatives in health care, and recognizing high performance workforce areas.

Now I would like to talk specifically to one of the most exciting initiatives, Industry Partnerships and Incumbent Worker Training, managed by the Department of Labor and Industry. For many years, groups like the Manufacturers' Association, MANTEC, and Harrisburg Area Community College have been working with employers to advance the skills of incumbent workers. Much of this work involved larger employers who have the resources to develop detailed training plans, perform job and employee analysis to address skill weaknesses, and attend planning and implementation meetings.

Beginning in 2003-2004, the Department of Labor and Industry provided funding to formalize and expand what we now refer to as Industry Partnerships. This funding required interested regional Workforce Investment Boards to develop a strategy of management and expansion to build Industry Partnerships based on the economy of their particular region. Competitive grant funds were then offered to train the incumbent workers of the Industry Partnerships.

Like each of you, the Manufacturers' Association is keenly interested in wise investments of tax dollars, specifically focused on outcomes. Before I address the outcomes, let me first talk to several myths' I have heard regarding these two programs, Industry Partnerships and Incumbent Worker Training. First, "these grants are not competitively-based?" That is

absolutely not true. Each Industry Partnership, working with their regional Workforce Investment Board, develops an application based on the input of employers and submits the application to L&I. Of course upon submission, everyone thinks their proposal is the best and deserves to be funded. Not every submission can be funded. That's what competition is all about.

Second, "these grants only benefit the larger employers in the State?" As one of the coordinators of the Advanced Manufacturing group in South Central Pennsylvania and the Food Consortium in Lancaster County, I can tell you that more than 100 companies are currently participating; at least 50% employ fewer than 50 people. Third, "these grants are just a form of corporate welfare?" In the past four years, I have seen hundreds of businesses, mostly smaller employing fewer than fifty employees, and thousands of workers benefit from this program. Also, please recognize that this training is not free. In the South Central Manufacturing group, employers are required to provide a 25% cash match, provide in-kind contributions including the wages and benefits of the attendees, and participate in numerous group managing meetings to assure the most cost-effective training classes.

Now I would like to mention some of the outcomes from the 2006-2007 program year from the South Central Workforce area which includes 8 counties; Adams, Cumberland, Dauphin, Franklin, Lebanon, Juniata, Perry, and York. There were five Industry Partnership initiatives: Advanced Materials and Diversified Manufacturing, Building and Construction, Healthcare, Logistics and Transportation, and Information Technology. Two hundred eighty-four companies and unions participated in the training programs. Three thousand eight hundred and eighty-seven workers attended

training during the year. Training classes were provided by multiple suppliers, selected by employers (demand-driven). All five initiatives focused on talent development of the existing workforce with topic diversity from teaching a long-term care nurse leadership skills to teaching a manufacturing worker robotic programming and troubleshooting competence. Although I can't speak specifically to any wage gains attained by these 3,887 people, I can tell you that in this current labor market that anyone with technical skills is in great demand.

I could certainly go on and on about the benefits that the Industry Partnership and Incumbent Worker Training funds have had on the workers and businesses in south central Pennsylvania, but I would like to close with a few final thoughts.

Earlier in this year when it appeared that the State Budget was removing the \$20 million requested by Labor & Industry for these initiatives, employers were quick to respond asking for reconsideration. This was a statement by employers indicating their satisfaction of this continued investment by you.

The skilled labor shortage is upon us. Not a day goes by without an employer calling the Association looking to hire a skilled worker.

They are just not available. We must continue to invest in our current workforce to build the skills necessary for our companies to compete in the global economy.

This model is being admired by states around the country. Next week I'll be in Cleveland, Ohio to discuss the process of building and sustaining industry groups for their advancing manufacturing economy.

This is more than just about training. Our South Central Workforce Board Manufacturing Group is currently investigating a career awareness initiative to educate students and adults of the quality career opportunities in manufacturing.

The Manufacturers' Association thanks you for your past budget support and strongly encourages each of you to join us in advocating for a program that is helping the workers and businesses in Pennsylvania become more successful. Thank you again for letting us speak at today's hearing.

I would be happy to answer any questions.