

**Testimony of James T. Kunz Jr. before Majority Policy Committee PA House of Representatives hearing regarding Workforce Development, September 5, 2012.**

Chairman Reed, Representative Evankovich, members of the Majority Policy Committee, my name is James T. Kunz Jr. I am the Business Manager of The International Union of Operating Engineers Local 66 representing over 7000 men and women in the 33 western counties of Pennsylvania who work in the construction, pipeline, utility and heavy equipment services industries here in Pennsylvania. I am also the Chairman of the Board of the Western Pennsylvania Operating Engineers Joint Apprenticeship and Training Program. This partnership between labor and management is a non-profit educational training program organized for the purpose of providing qualified heavy equipment operators and mechanic technicians to approximately 600 contractors and employers in the construction industry. This is done through both a 4 to 5 year apprenticeship program and also through continuing education training throughout an operating engineer's career. The program is jointly managed by both labor and management. It is tuition free and funded by our members and contractors

Currently, our members are experiencing near full employment. This is substantially due to a number of large industrial projects such as at Allegheny Technologies and at U.S. Steel and to the pipeline and related work that has

resulted from the Marcellus Shale natural gas boom. It is our ability to provide our contractors with the skilled, well trained, productive employees that allow them to successfully bid on and complete these projects. Education and training is the key to this success. And that process must start long before an individual elects to enter our apprenticeship program.

Our program has worked for years with community groups, training providers, school districts and others to recruit qualified candidates for our apprenticeship program. In 2011 we made over 40 recruitment visits to area schools and community groups as well as to numerous job fairs. Yet finding qualified candidates for our program has been a challenge. Much of this can be attributed to our educational system. It seems that the success of many of today's high school guidance counselors is based on the number of graduates they get to go to college. Therefore, fewer and fewer are provided information about a career in construction because most counselors have little knowledge about how the apprenticeship process works or the skills and qualifications needed for the construction trades. As a result, candidates are often not ready to successfully pass the entrance exams nor are they prepared for the interview process. Couple this with the fact that many candidates lack the basic mechanical skills necessary to enter the construction trades because many schools have been forced to cut or eliminate vocational

training due to shrinking funding. As a result we are faced with an ever shrinking pool of interested and qualified candidates. It is important that we provide Pennsylvania's school districts with the information on the skills and qualifications required by the various construction trades as well as other careers that do not require a college degree. In addition, it is critical that we find ways to fund vocational training in our schools. These are real careers with good wages and benefits and are just as important for Pennsylvania's economy as any other. Someone has to build it and someone has to maintain it. That is what we do.

Unfortunately, many industries do not have the resources or financing to create and administer labor – management partnerships like the successful Building Trades Apprenticeship programs. But Pennsylvania does have a successful national model that can meet its workforce development needs. It is the state's Industry Partnership program. Since its creation in 2005 more than 6,300 businesses have trained more than 100,000 workers through about 90 Industry Partnerships. These partnerships bring together the local workforce, small and large employers, education and training providers, non-profit and faith based organizations who identify industry needs and then provides the training necessary for the work force to obtain the skills sets to meet those needs. Studies have shown that these partnerships have been well received by the business community and have allowed

them to significantly increase their productivity. In addition, those workers trained by these partnerships see their wages rise by an average of over 6%. In addition, investing in these partnerships has allowed the state to secure millions in both private and federal funding dollars.

Regrettably, since its creation, Pennsylvania's successful Industry Partnership program has seen its funding cut from \$20 million to \$1.6 million. As a result, Pennsylvania now has only 39 partnerships. It is important that we increase the funding of these cost effective partnerships so that Pennsylvania will be positioned to meet the needs of its employers in key industrial occupations. As noted, these partnerships improve both productivity and income, growing Pennsylvania's economy and providing a return on investment for the state, the employer and the worker.

Recently, Governor Corbett proposed and the Pennsylvania legislature passed a Manufacturing Tax Credit to attract the Shell ethane cracker plant to Western Pennsylvania. We supported this legislation because we recognize the potential return on investment that the state and the region would receive if the plant is built here. Besides the Cracker Plant itself, the downstream industry in petrochemical manufacturing will create tens of thousands of jobs for Pennsylvanians. We believe

the tax credit will pay for itself through the income generated by job creation and business activity. This same logic can and should be applied to both vocational education and Industry Partnerships. Investing in both of these will allow Pennsylvania to grow its manufacturing base, reduce its unemployment, and remain competitive in a global economy. Pennsylvania wins, Pennsylvanians win.

Thank You.

I would be happy to answer any questions.