

TESTIMONY OF SAMUEL J. GIANNETTI: EXECUTIVE DIRECTOR OF WORKFORCE DEVELOPMENT/WEST CENTRAL JOB PARTNERSHIP (August 11, 2011)

Cost of Doing Business in Pennsylvania

Thank you for inviting me to address your committee today. I will primarily confine my remarks to workforce development and its relationship to job creation in Mercer County and its surrounding region. As the title of this public hearing suggests, there is a price to doing business in Pennsylvania. Traditionally, the workforce in our area has been one of the bargains to those producers looking to locate or expand their businesses here. Companies that build products are well aware of the generations of workers who gained skills and knowledge in the industrial corridors throughout the Shenango and Mahoning Valleys. The work ethic and determination of our residents was, and continues to be, an asset to the manufacturing cluster of businesses.

In the late '70s and '80s, the bedrock of manufacturing began to shift reacting to global competition and new trade patterns. The decades that followed demonstrated that businesses and workers could diversify. Mercer County today boasts 3,093 individual employer units employing 48,900 people. It should be no surprise that health care has grown to be the largest single sector for employment in Mercer County today with 9,472 workers or a 15% share of the total workforce. Most of these positions are licensed practical and registered nurses, various technicians, housekeeping staff, administrators and other clerical support staff amply supplied by the local network of public schools, proprietary schools, colleges and universities. As a representative of the West Central Workforce Investment Board, our direction to the CareerLink Centers in Mercer and Lawrence Counties is to prioritize training for unemployed and underemployed job seekers to high priority occupations as defined by the PA Department of Labor and Industry (i.e., jobs with significant annual opening and a family sustaining wage).

Let me return to manufacturing for a moment. Although conventional wisdom and some headlines suggest that the industrial sector is on its last leg, the data seems to contradict this view. In Mercer County, manufacturing as a whole still represents 16% of the total workforce (i.e., 7,532 of a total workforce of 46,141). Even defined more specifically as Advanced Materials and Diversified Manufacturing, this cluster sector still records 5,781 employees or about 9% of the total employees in Mercer County. While the wider designation “manufacturing” is projected to continue the ongoing loss of jobs (cf., 2005–2010 a minus -12.9% employment change to be followed by an additional shedding of -1.5% jobs between 2010–2015), statistics compiled by Economic Modeling Specialists, Inc. suggest that the more narrow grouping AMDM group will actually grow over the same five year period by +2.6% (i.e., 2010–2015).

This example in manufacturing illustrates what we have come to recognize as a transition to a knowledge based economy. Technology has changed our approach to work whether it be in offices or on the industrial production floors. Raw physical labor has been greatly discounted. A typist with manual and finger dexterity now must know Excel, Word, Power Point in order to find and maintain employment. Likewise in the factories, machine operators have been displaced by Computer Numerical Control programmers and mechanics by Mechatronic Repairers. In most cases employers are looking for someone with these knowledge based skills as opposed to training someone off the street. While Higher Education has performed well in most instances, the transition of the general industrial worker has presented the greatest challenge. Many of the folks who entered the area factories and mills were not prepared with the algebra and trigonometry necessary to progress into higher level positions that the technological revolution of the last 20 years required. This is where the chief cost of retooling our workforce resides.

The resources allocated to the public workforce system, WIA, OVR, TAA, have been targeted to increase the knowledge based skills required by a 21st century worker. Working with the Federal Bureau of Labor Statistics and the PA Center for Information and Analysis, education and training is focused not only on the individual's interest and aptitude but on the market demand represented by the High Priority Occupations for the region and Commonwealth in general. Individual Training Accounts for programs authorized by the WIB and the Department of Labor and Industry may be an option. On-the-job-training is also a tool where a contract with an employer is executed whereby the company is reimbursed up to 50% of a worker's actual time worked (40 hours). An assessment of the job and the participant's skill level determines the length of this program. Customized Training is also a contract with an employer to have an existing employee at an entry level receive training/certification to increase productivity and thereby the raise the worker's wages. In general as a core service to job seekers, the West Central WIB is promoting an online curriculum geared toward eventual testing by the ACT © organization and receipt of a National Career Readiness Credential © that certifies the cognitive achievement of the person. This is a tool to assist human resource specialists select employees who can grow and learn with the company.

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