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**House of Representatives**  
COMMONWEALTH OF PENNSYLVANIA  
HARRISBURG

**HOUSE DEMOCRATIC POLICY COMMITTEE HEARING**

**Topic: Jobs**

**Pennsylvania Convention Center – Philadelphia, PA**

**November 29, 2011**

**AGENDA**

- 10:00 a.m. Welcome and Opening Remarks
- 10:10 a.m. Gabe Morgan  
State Director of SEIU 32BJ  
President of SEIU State Council
- 10:40 a.m. Liz McElroy  
Assistant to the President  
Philadelphia AFL-CIO
- 11:10 a.m. Jonathan Stein  
General Counsel  
Community Legal Services
- 11:40 a.m. Public Comments
- 12:30 p.m. Closing Remarks

workers workers work  
nesses business  
ds roads roads  
veterans veterans  
employed unemployed

# **Jumpstart**

children children  
training training  
schools schools  
businesses business  
economy high-tech  
education education  
skills skills

# **Giving Workers, Businesses & the PA Economy a Jumpstart!**

- **Fix and upgrade roads, bridges & mass transit**
- **Get back to basics: Restore funding to public schools**
- **Invest in PA workers by giving their children a jumpstart**
- **Protect displaced workers from discrimination**
- **Encourage PA employers to create family-sustaining jobs**
- **Give workers a jumpstart**
- **Ease the financial burden on PA families and businesses**
- **Ensure Pennsylvania businesses keep it "Made in PA"**
- **Ensure Pennsylvania's workforce is job-ready & globally competitive**
- **Partner with the community to jumpstart urban employment**



## ***Giving Workers, Businesses & the PA Economy a Jumpstart!***

### **1. Fix and upgrade roads, bridges & mass transit**

Pennsylvania has a nation-leading 5,200 bridges deemed structurally deficient; more than 7,000 miles of state roads are in poor condition.

Pennsylvania needs a long-term, comprehensive transportation infrastructure solution, which would support tens of thousands of jobs for Pennsylvania workers.

### **2. Get back to basics: Restore funding to public schools**

There is no better long-term job-creation and economic development program than Pennsylvania's public schools.

Only by making the necessary investments in our public schools will Pennsylvania be able to develop a high-skill, high-knowledge and globally competitive workforce.

Reverse Governor Corbett's \$1 billion cut to public schools and restore funding to 2010-11 levels, restoring 14,000 Pennsylvania jobs lost due to the Corbett budget.

### **3. Invest in PA workers by giving their children a jumpstart**

Child care and early childhood education can be cost-prohibitive for many working families, hindering low-income parents from re-entering the workforce.

Increase Early Childhood Education subsidies to help reduce the burden on working families and allow low-income parents to re-enter the workforce.

By providing increased assistance, these skilled and experienced workers will be able to expand their job search to include positions that would otherwise be financially unviable.

### **4. Protect displaced workers from discrimination**

Amend Pennsylvania employment law to prohibit any employer from refusing to hire an applicant solely on the grounds that the applicant seeking employment is presently unemployed.

Enact a law prohibiting the use of credit scores in employment decisions.

## **5. Encourage PA employers to create family-sustaining jobs**

Establish a HirePA program to encourage business expansion and job creation:

- Pennsylvania employers could retain 75 percent of payroll withholding tax for newly created, full-time jobs that pay at, or above, the North American Industry Classification System (NAICS) average wage.
- Eligible employers would be required to create five new jobs in designated rural areas or 10 new jobs in designated urban areas.
- Eligible employers would be required to offer affordable, comprehensive health insurance benefits to employees hired through the HirePA program.

## **6. Give workers a jumpstart**

Establish three new Job Creation Tax Credit programs and Job Training Tax Credit program:

- Veteran Job Creation Tax Credit – a \$4,000-per-job tax credit for small-business employers who hire unemployed veterans, capped at \$50 million per fiscal year. It could create an estimated 12,500 new jobs for Pennsylvania veterans.
- Worker Re-Entry Tax Credit – a \$4,000-per-job tax credit for small-business employers who hire long-term unemployed workers, capped at \$100 million per fiscal year. It could create an estimated 25,000 new jobs.
- Recent Graduate Job Creation Tax Credit – a \$4,000-per-job tax credit for small-business employers hire recent high school, trade/tech school and college graduates, capped at \$50 million per fiscal year. It could create an estimated 12,500 new jobs.
- Job Training Tax Credit – a \$1,000-per-worker tax credit for small-business employers who train new or incumbent workers for skills needed for jobs in the industry.

## **7. Ease the financial burden on PA families and businesses**

Establish a Back-to-Work Incentive Program for unemployed workers who accept a new position that pays less than three-quarters of their former wage.

- Applies to individuals who earned \$60,000 or less at their last job prior to being displaced.
- Eligible individuals would receive up to 25 percent of the Unemployment Compensation (U.C.) benefit they otherwise would have received on U.C. – for the duration of their U.C. eligibility.
- Eligible individuals would be capped at earning no more in combined new salary plus Back-to-Work Incentive payment than their total former salary prior to being displaced.
- Reduces the burden on the U.C. system – paying just 25 percent of benefits, rather than 100 percent – while also reducing the burden on employers who pay into the U.C. system.

- Back-to-Work Incentive gives workers a financial incentive to return to the workforce, rather than remain on full U.C. benefits.

## **8. Ensure Pennsylvania businesses keep it "Made in PA"**

Enact incentives for inventors and entrepreneurs to keep their products "Made in PA."

Add a new eligibility preference for economic development programs requiring participating entrepreneurs and innovators remain in Pennsylvania from the product concept phase through the product manufacturing phase.

## **9. Ensure Pennsylvania's workforce is job-ready & globally competitive**

We must help ensure Pennsylvania workers enter the workforce with the skills and training required by employers in today's high-tech economy.

Make new investments in our community colleges and technical schools, with a renewed focus on building and strengthening their connections with the business community to ensure a job-ready workforce.

Restore full funding to successful education programs that help give Pennsylvania students a head start at post-secondary education and/or technical training for an in-demand job – including Dual Enrollment and Early Certification.

## **10. Partner with the community to jumpstart urban employment**

The unemployment rate in many Pennsylvania cities and urban areas has climbed far above the state and national average.

We must make targeted, strategic investments to get Pennsylvania's urban workforce back to work.

Create PAconnect, a new statewide non-profit organization, which would act as a job-training and job-placement network for businesses and workers in Pennsylvania's urban centers.

PAconnect would offer tax credits to individuals and businesses who make a financial contribution to a pre-approved community-based non-profit organization that offers job-training, career counseling, or job placement services within the donor's community.

The logo for Jumpstart PA features the word "Jumpstart" in a large, bold, black sans-serif font. Below it, the letter "A" is written in a smaller, bold, black sans-serif font. The text is centered and set against a background of a faint, light-colored map of Pennsylvania.

***Giving Workers, Businesses & the PA Economy a Jumpstart!***

Testimony  
Of  
Gabe Morgan, SEIU 32BJ  
House Democratic Policy Committee Public Hearing on Jobs  
November 29, 2011



Good morning My name is Gabe Morgan and I am the State Director of the Service Employees International Union (SEIU) 32BJ in Pennsylvania. With more than 120,000 members throughout the East Coast, 32BJ is the largest property services union in the United States. 32BJ represents over 24,000 members across the state of Pennsylvania. Our members, who include commercial office cleaners, security officers, building engineers, window washers, food service workers, custodians, and municipal, water, university and housing maintenance workers, keep buildings and institutions running throughout the state. It is on behalf of our members, and in recognition of the important contributions they make to Pennsylvania's economy and communities, that I am here to testify on important issue of creating and sustaining family-supporting jobs in our state.

Pennsylvania's working families need policy solutions that will improve job opportunities in the state and revitalize their communities. Since the onset of the economic downturn hundreds of thousands of Pennsylvanians have lost their jobs. Economists estimate that the state would need to add 300,000 jobs to fully recover from the jobs lost in the last few years. A deep recession has also diminished state revenues and left residents increasingly vulnerable. Families, businesses, and communities are struggling to make ends meet on wages that are stagnating or on the decline.

More than ever, Pennsylvania's resources need to be leveraged to maximize job opportunities. Elected officials and policymakers must advance a new set of priorities focused on the creation of family sustaining jobs, heightened transparency and accountability in the allocation of scarce public resources, and a better support system for working Pennsylvanians in a challenging economy.

**Ensure that economic development programs fulfill the promise of creating family-sustaining jobs**

Economic development programs and incentives in Pennsylvania are tasked with fostering opportunities for businesses and communities to thrive. Public tax dollars should be spent on economic development that delivers on the promise of good jobs for Pennsylvanians. As the state reviews and improves the effectiveness of its economic development programs, it should ensure that it is getting a good return on investments in private businesses through enhanced transparency, accountability and job standards.

Businesses that receive economic development subsidies through the Department of Community and Economic Development (DCED) should be required to meet family-sustaining wage and benefit standards. The state should ensure that economic development recipients are fulfilling their end of the bargain and delivering the jobs they agreed to create by implementing more rigorous reporting requirements. Finally, the State should regularly evaluate the utility of its economic development programs based on regular review of job creation and compensation data, and where necessary exercise clawback provisions or eliminate programs entirely.

**Invest in public infrastructure projects that will create immediate jobs and ensure that all communities are competitive in the reinvigorated state economy.**

It is essential that we invest in our infrastructure – including roads and bridges – right now. According to the American Association of Civil Engineers, 27% of Pennsylvania’s 22,280 bridges are considered structurally deficient and 17% are deemed functionally obsolete.<sup>i</sup> They also identified the need for a \$15.5 billion over the next 20 years to replace aging drinking water facilities and comply with safe drinking water regulations.<sup>ii</sup>

- a. In order for this country to function and lead in the 21<sup>st</sup> century, we need to update our crumbling and outdated infrastructure in addition to building the infrastructure of the future.

- b. Moreover, investment in infrastructure will result in job creation and can be a source of good quality jobs.
2. In a moment of tightly-stretched state budgets, the political obstacles to raising taxes and tolls, and limitations of traditional funding sources, such as municipal bond markets, there is increasing interest in alternative funding sources, including public private partnerships.
3. While private approaches can bring new sources of capital to infrastructure projects, we do not want our roads and bridges sliced and diced and packaged into financial products. We want to make sure public assets serve the public interest and that the jobs associated with them pay prevailing wages.
4. Public and private pension funds can lead the way in responsible private investments in infrastructure. Infrastructure investments can provide good, reliable returns for pension funds and, as investors, pension funds can insure that roads and bridges serve the public well and provide good quality jobs for the people who build and maintain them.
  - Support accessible public transportation to ensure that workers don't face commuting-barriers to full engagement in the workforce.

**Promote responsible contracting to ensure job standards**

Pennsylvania purchases approximately \$2.5 billion dollars on good services annually. The state cannot afford to spend billions of dollars on contracted services without implementing strong vendor responsibility provisions. When contractors under-compensate their workers, who are then forced to supplement their income with state housing and healthcare subsidies, the taxpayers are the ones picking up the tab.

The state should take affirmative steps to ensure that state contracting does not undermine wage and benefit standards. This includes establishing consistent standards for high-road employers seeking to do business with the state and

improving transparency and accountability through more complete disclosure of state contracting activities

- Move quickly to reform the unemployment insurance system by increasing payments to workers and ensuring that programs are fully funded.
- Support paid family leave legislation so that workers can attend to their own health needs or take time off to care for loved ones without the risk of losing their jobs.

### **Support Pennsylvania's Public School System**

Public schools are essential to preparing Pennsylvania's communities with the skills necessary to effectively participate in an increasingly competitive economy. The challenges of public education are made even more difficult when the state fails to provide adequate funding for all students in all schools.

- Maintain the state's share of funding for public schools. The state's share of public school funding has been on the decline and is not keeping up with the state's demands for school performance. When the state issues mandates for school performance it should provide the resources for schools to successfully fulfill those mandates.

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<sup>i</sup>American Society of Civil Engineers, 2010 Report Card for Pennsylvania's Infrastructure: Keystone in Crisis, *available at*, [http://www.pareportcard.org/report\\_card.html](http://www.pareportcard.org/report_card.html)

<sup>ii</sup> *Id.*

**Testimony of Liz McElroy, Philadelphia Council AFL-CIO**  
**House Democratic Policy Committee**  
**November 29, 2011**  
**Philadelphia, Pennsylvania**

Good morning Chairman Sturla and other distinguished members of the panel. Thank you for allowing the Philadelphia Council AFL-CIO to be here today to discuss the vital issue of jobs in the region. As you know, the Philadelphia AFL-CIO officially represents over 100 local unions and close to 200,000 union members and their families in the region; but, under the leadership of President Pat Eiding, we take seriously the charge to fight for all workers and would be workers whether they are lucky enough to have union representation or not.

We all read the news this week about Black Friday and Cyber Monday and how sales are up over last year. While this is good news and shows that some people have the money to spend, we are simultaneously reading articles or seeing 60 Minutes reports that detail families on the brink. Families where two parents are working and can still not provide for their families. Food banks overwhelmed and taking to rationing food and asking people to only visit once a week in some cases.

The October Jobs Report showed that unemployment had dropped to 9% nationally and that 80,000 jobs were created. The reality is that we need to create about 150,000 jobs each month to keep up with new workers entering the workforce; and would need a steady stream of months where a quarter of a million jobs are created to begin to make a significant dent in the unemployment rolls.

I cannot get excited about a 9% unemployment rate – especially when we know it doesn't tell the whole story. The 9% does not include those who are underemployed or have stopped looking for work. Over 42% of those who are part of that unemployment number are now long term unemployed, meaning they have been out of work for 27 weeks or more.

So, what can be done?

For over a year now, the AFL-CIO has operated a campaign called “America Wants to Work”, a six pillar program to jump start our economy. The six pillars are:

- Rebuilding our infrastructure beginning with schools and transportation.
- Revive our manufacturing base and stop shipping jobs overseas.
- Direct government creation of local jobs to put people to work doing the work that needs to be done.
- Assist state and local governments to avert public service cutbacks and layoffs at local levels.
- Extend unemployment benefits and provide relief to homeowners in danger of foreclosure.
- Reform Wall Street.

The Pennsylvania AFL-CIO has laid out a similar plan which also includes, among other things, a renewed investment in meaningful workforce training and re-training programs. Here in Philadelphia, we’ve added another piece to this framework and that is job retention.

I’m not going to discuss each point here today, but I want to talk specifically about how some of these points play into revitalizing the economic outlook in the Philadelphia region.

### **ASSIST LOCAL GOVERNMENTS TO AVERT PUBLIC SERVICE CUTBACKS**

As someone who was raised by teachers and got my start as a trade unionist in the American Federation of Teachers, this is an issue close to my heart. Laying off social workers, teachers, city workers, police and fire fighters removes strong middle class wage earners from the base of taxpayers. Congress’ current refusal to act to keep teachers and first responders on the job puts the burden back on us in the states to ensure we are making responsible decisions, including finding new revenue if needed, to maintain state and local services.

## **INVEST IN INFRASTRUCTURE**

In a recent Transportation for America report ranking structurally deficient bridges in large metropolitan areas, Pittsburgh was ranked first and Philadelphia was ranked third in percentage of structurally deficient bridges. 20% of the bridges in the Philadelphia region are deemed structurally deficient and in need of repair. And, while the term doesn't necessarily mean that a bridge is unsafe at this moment in time, at some point these bridges must be maintained and repaired or they will become unsafe for traffic.

With over 40% unemployment in the region's building and construction trades, investment in our ailing bridges is a win-win: we get safer roads and we put people back to work

The Governor's Transportation Funding Advisory Commission report was released in August of this year with a number of recommendations to increase revenue to fund mass transit and infrastructure repair throughout the state. Many of these recommendations would have broad support and the legislature should move quickly to discuss and enact provisions that would bring money into the system and create immediate jobs.

## **RETAIN AND REVIVE MANUFACTURING**

Creating jobs in infrastructure and revitalization projects is necessary but is not a total solution. We need to start making things again. The Philadelphia region was a manufacturing base for much of its history. Whole generations of workers could come out of high school and get a job right in the neighborhood, make a good wage, own a home, raise a family, and retire with dignity.

The numbers vary, but somewhere between 3 and 5 million manufacturing jobs were lost in the United States between 2000 and 2010. In 2009, the number of people working in manufacturing dipped to pre-World War II levels. While technological advances can be blamed for some of this decline, the vast majority of job loss is due to the disastrous "free trade" policies pursued since the 1990's.

While trade deals are made at the national level, there are steps that we can take locally to revitalize manufacturing. A “Buy Pennsylvania First” plan, as outlined by the Pennsylvania AFL-CIO, would require state and local government agencies to purchase goods from Pennsylvania companies when available. This would be a good start. If companies knew that there would be a demand for their products, they’d be less likely to pull up stakes and go elsewhere.

The prospect of bringing some manufacturing back to Pennsylvania is an exciting one. But, right now in our region, we are under the threat of a massive loss to our industrial and manufacturing base that can still be stopped: the closure of the Conoco and Sunoco Refineries in Philadelphia and Delaware Counties. These three refineries employ between 1500 and 2000 oil workers and hundreds more building trades contractors. Conservatively, for every job lost inside the refinery, an additional 4 jobs outside would be lost or diminished. This ranges from truck drivers and supply contractors to the diner and lunch truck owners who rely on the workers as customers.

Members of this body can be instrumental in assuring that Sunoco and Conoco are responsible sellers and that every effort be made to sell the refineries, keep them open, and keep thousands of Philadelphia area workers on the job.

### **CONCLUSION**

The Philadelphia AFL-CIO is committed to working with our elected officials at every level and with employers and employer organizations who want to work to retain and attract good, family sustaining jobs in Philadelphia and throughout the Commonwealth.

**STATEMENT OF JONATHAN STEIN, GENERAL COUNSEL,  
COMMUNITY LEGAL SERVICES, INC. ON PENNSYLVANIA'S  
DISMANTLING OF WELFARE-TO-WORK JOBS PROGRAMS**

State Rep. Mike Sturla, Chair,  
Democratic Policy Committee

State Rep. William Keller, Chair  
Labor and Industry Committee

Chairmen Sturla and Keller, and fellow Members of their Committees,

Thank you for scheduling today's public hearing on jobs as it comes just after the state Department of Public Welfare's announcing the closure in Philadelphia of three EARN Centers and three other jobs skills training programs for those in welfare to work jobs programs. These written comments are offered on behalf of our clients, almost all of whom are unemployed or underemployed and struggle each day to find employment to support their families.

As you may know, Community Legal Services, Inc. is a nonprofit law office that provides free legal services to over 18,000 low-income Philadelphian families each year. We represent many families who are going through the welfare-to-work system. In Philadelphia, 39,000 families receive TANF cash assistance, including 10,000 "child-only" families where the adult caretaker, often a grandparent, does not receive assistance. For a family of three, TANF pays but \$403 per month, about 25% of the poverty level. In order to receive TANF, the head of household must participate in a mandatory welfare-to-work activity for 20 or 30 hours per week (depending on the age of their children) unless they are exempt based on disability or some other verified reason. Acceptable welfare-to-work activities include job search, unpaid community service, or basic job training. Most families receive these services at one-stop offices called EARN Centers which are similar to CareerLink offices but only serve families receiving TANF or food stamp benefits.

The current state budget included a 47% reduction in state funding for welfare-to-work programs, sometimes called New Directions. As a result, the budget forecasted a reduction of 40% in the number of cash assistance welfare recipients who would be able to participate in employment and training programs (from a monthly average of 21,355 to 12,755).

Here in Philadelphia, we have already seen the consequences of these cuts. On Friday, November 18, the Department of Public Welfare announced that it would be closing three of the nine EARN Centers effective December 31 (see attached). These three EARN

Centers have provided job readiness and job placement services for over 4,100 families, or just over one-third of the total families who have received services this year. In the same announcement, DPW terminated contracts with three agencies that provided job skills training to hundreds of families looking for a better employment future. No alternative or substitute jobs service were announced, so that these thousands of adult head of families have been tossed into the cold of a recession with zero jobs readiness or placement services available to them.

Earlier in the year, DPW had implemented a new policy that for those accessing EARN Centers, clients could only seek EARN Center help once a year, or a maximum of three times in a lifetime, an extraordinarily arbitrary limitation. As well, DPW ended long standing programs that assisted adults with various serious problems, like physical and mental disabilities, to be able to comply with mandatory work requirements. It is no surprise then that with the ending of this compliance assistance and other reduced staffing to assist clients, new work sanctions, terminating cash assistance, have increased 129% state-wide since August 2011. Overworked county assistance offices have not been able to give the individualized attention to recipients and have not been thorough in evaluating whether recipients have good cause reasons, recognized in state policies, not to comply with work requirements.

As our economy struggles to recover from the recession, it is important that we support low-income mothers and fathers who are trying to move off of welfare and into jobs that will allow them to support their families. It is penny-wise and pound-foolish for DPW to eliminate programs that help people find work, obtain basic jobs training, and move off of welfare.

We are available to respond to questions now or after this hearing. Thank you.

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November 29, 2011



COMMONWEALTH OF PENNSYLVANIA  
DEPARTMENT OF PUBLIC WELFARE | OFFICE OF INCOME MAINTENANCE

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November 18, 2011

Dear LMC Members:

The Department of Public Welfare hosted a Local Management Committee meeting on Thursday, November 17, 2011 at the State Office Building, 801 Market Street to discuss the impact of our system's response to a 48 percent reduction in funding and reducing the infrastructure in Philadelphia by December 31, 2011.

The goal of the discussion that day was to assure that the LMC had the opportunity to express their thoughts and ideas about the process of aligning available resources in a way that would be the most objective and fair not only to the provider community but also to the clients we are serving. As a result of your hard work as an LMC and the ensuing discussion at the Executive Session, you have decided that three EARN Centers and three JSST providers will discontinue services as contractors for the workforce development system in Philadelphia. The three EARN Centers that will close are America Works, Pathways Incorporated and the Transitional Workforce Corporation Germantown EARN Center. The three JSST providers are, Metropolitan Career Center, Harris School of Business and lastly Maxwell Education Group.

PWDC will begin the process of notification to the effected providers immediately. It is imperative that the selected EARN Centers and JSST providers conclude operations on or before December 31, 2011 to offset increasing expenditures impacting the Fiscal Year 2012 budget. A timeline and transition plan will be available to share with the LMC within the next few weeks but no later than the next LMC meeting, scheduled for Thursday, December 8 from 10:00-12:00 at 801 Market Street, The Betsy Ross Room.

We truly appreciate your input in this very important discussion and decision making process and we look forward to continuing our efforts with the Philadelphia Workforce Development System to promote the best possible services to the clients who bring us together in this endeavor.

Once again, we thank you and look forward to seeing you again soon.

Respectfully,

Tamila Lay  
LMC Chair  
Department of Public Welfare  
Office of Income Maintenance  
Bureau of Employment and Training Programs

Mark Edwards  
President and CEO  
PWDC