

House Committee on Education and the Workforce
Legislative Hearing on H.R. 4297
The Workforce Investment Improvement Act of 2012
Tuesday, April 17, 2012

Executive Summary

The San Bernardino County Workforce Investment Board believes in a workforce system that serves customers - businesses and job seekers alike - in an efficient manner that maximizes resources. To that end, the San Bernardino County WIB fully supports a workforce development program that has local board control and a strong majority of private business members within a united workforce development system. We believe *The Workforce Investment Improvement Act of 2012* contains these tenets.

The San Bernardino County WIB supports the tenets of improving services through On-the-Job Training, contracting with community colleges and institutions of higher learning to provide specialized group training that is designed for businesses looking to hire individuals with specific skills, and training for those who need it the most within our communities. The WIB contracts with other entities and provides their clientele with workforce training, job development and job placement services. We work with local industry councils to create a skilled workforce that meets their specific needs.

Jon Novack is the President and CEO of Patton Sales. Jon became a member of the WIB last year because, as he puts it, "This is how the government works with business at its best - proactive partnering with business and education to provide a well-trained and smart workforce. Training is great, but worthless without a job."

Malena Bell was a single mom who was laid off and tried to survive on \$500 a month in Unemployment Insurance. She was hired by Patton Steel through the WIB's On-the-Job Training program. After her training period ended, she was hired full-time and is now celebrating her second year with the company.

San Bernardino County WIB members represent each major industry in our County and participate in monthly meetings with local industry councils. Private sector business owners are invaluable to our Board. They have their finger on the pulse of local business, they are experienced business managers, and they understand the skills local businesses need to grow and diversify.

The WIB and the Manufacturers Industry Council worked with two community colleges to develop and implement an Electrical/Mechanical Advanced Manufacturing training program. Multiple local manufacturing businesses have utilized this program to upgrade the skills of their lower-level employees, moving those employees into higher level positions and then hiring new employees through the WIB One Stop Centers.

Full Written Statement

Chair John Kline and distinguished members of the Committee, thank you for the opportunity to speak today about the *Workforce Investment Improvement Act of 2012 (H.R. 4297)*. My name is Sandy Harmsen, and I am the Executive Director of the San Bernardino County Workforce Investment Board and Director of the County's Workforce Development Department. The San Bernardino County WIB fully supports a workforce development program that has local board control and a strong majority of private business members within a united workforce development system. We believe in business engagement in state and local workforce decisions, increasing local flexibility, and supporting the training needs of all populations.

Strengthening Business Engagement in State and Local Workforce Decisions

The San Bernardino County Workforce Investment Board consists of a majority of business owners who helped establish a local Manufacturing Industry Council and a Transportation and Logistics Council. The WIB is also active as members of the Aviation Industry Council, the Healthcare Workforce Advisory Board, and the California Clean Energy Collaboration. Their connection to the local business community and its workforce needs, coupled with a dedicated Business Services Unit, empowered the WIB to quickly respond to the severe economic downturn. Because of the local connection, the WIB focuses on the needs of all populations in the county. We believe local control could be enhanced even further. One challenge our county has experienced is managing the size of the board. We appreciate that H.R. 4297 emphasizes local control over decision making about which partners serve on the board.

Promoting Innovation

The San Bernardino County Workforce Investment Board was recognized in the January 2012 GAO Report to Congressional Committees for its innovative approach to serving businesses through its process improvement program. San Bernardino County WIB has a dedicated and comprehensive business support program that deploys

federal funds to assist local employers with job creation and retention. Many of the programs developed and implemented would not have been successful without the engagement of business in local workforce decisions.

Maintaining a business focus, the WIB developed relationships with San Bernardino employers in high-demand industries that promise job growth and opportunities for county residents. The business services staff meets regularly with employers to identify specific workforce needs, discover job openings and negotiate subsidized and On-the-Job Training contracts. They also help employers avert layoffs through business efficiency training. The results of local control, with a strong business focus, enabled the San Bernardino WIB to implement a process improvement program that resulted in saving 1,106 jobs and hiring 204 residents into newly created jobs. The impact of this program was to infuse \$25M back into the local economy.

Local control enables the WIB to effectively identify and respond to the needs of local businesses. The strong business presence provides pertinent, timely leadership and decision making regarding workforce issues. Because of the strong business focus, the WIB partners with the local industry councils, chambers of commerce, educational providers and community organizations to provide information and resources that aid growing, as well as struggling, businesses. The WIB business services staff developed and implemented Business Survival Workshops throughout the County. Workshops are conducted in varying locations to reach as many businesses as possible given the large geographic area of San Bernardino County that consists of 20,000 square miles (the largest County in the contiguous U.S.) with more than 62,000 businesses.

The Business Survival Workshops receive an overwhelming response by the local business community. Twenty-nine partners offered free initial consultations to businesses in their respective areas of expertise. More than 400 businesses have taken advantage of a free on-site assessment that identifies their strengths and weaknesses in sales, business processes, customer service, and employee performance and productivity. To date, the WIB's weekly workshops have assisted

more than 1,100 businesses. Utilizing the results of their assessment, a business can request additional targeted assistance available through the WIB:

- **Process Improvement** for streamlining the manufacturing process to reduce production cost and increase productivity. These services also led to increasing the capacity of the participating manufacturers to increase sales.
- **Strategic and Financial Planning** for evaluating the manufacturers' current state and establishing long-term business and strategic goals based on sound financial planning. Referrals to other agencies like the SBA for loans were also made to manufacturers who needed operating and investment capital.
- **Quality Management System** implementation that improved product quality, on-time delivery and met industry ISO 9001 and AS9100 certification requirements. Many of the at-risk manufacturers lost customers because they lacked certifications or could not enter new markets.
- **New product development and diversification of products** to foster innovation and growth. Innovation is a key for small manufacturers to stay competitive and gain market share.

As highlighted in the January 2012 GAO Report, manufacturers who received these targeted services were surveyed six months after they had implemented recommended changes by an independent survey from NIST/MEP and reported:

- \$8 million in increased sales
- \$18 million in retained sales
- \$2.6 million in cost savings
- \$2.1 million of investment in equipment, IT and workforce skills development
- 600 retained jobs
- 117 created jobs

Increasing Local Flexibility

The WIB's business focus is a necessary component to the workforce development system. Local flexibility is necessary to serve specific needs in a designated area. Local flexibility enabled the San Bernardino County WIB to fund business services even during the recession and made a difference for businesses struggling to keep their doors open and to people who needed jobs to keep their homes and support their families.

Jon Novack from Patton Sales said that in 2009 "the wheels came off the bus" for his company. The value of his inventory fell, customers stopped buying, no one could get credit from banks for building, the phones stopped ringing and his trucks sat idle. For the first time in his company's 58 year history, he lost money and faced major layoffs, selling of assets, and went into survival mode. Then a Patton customer who could not afford to stay open any longer came to Jon hoping to sell him his company. Jon felt the customer's company had been neglected, was inefficient and had no vision of the future. To quote Jon, "Enter the SB County WIB". The WIB worked with him every step of the way as he acquired the company. Through WIB support, Jon trained the company's staff in modernized manufacturing processes, assisted him with recruiting new employees, and reduced the cost impact of the new hires' reduced productivity level through its on-the-job training program. Jon became a member of the WIB last year because, as he puts it, "This is how the government works with business at its best - proactive partnering with business and education to provide a well-trained and smart workforce. Training is great, but worthless without a job."

When Malena Bell was laid off from her non-profit organization, she was in the situation that every parent fears – having come one month short of living on the street. "When I lost my job, I was forced to go apply for public assistance," she said. "I went from making \$1,800 a month to \$500 a month."

Malena wasted no time utilizing the work readiness program offered by staff at the county's Employment Resource Centers, and immediately went to work on her resume

and interviewing skills. By attending job seeker workshops offered through the WIB's Employment Resource Centers, she had her ear to the ground when Patton Sales Corporation would be hiring through the On-the-Job Training program.

"She hated being on government assistance and took it personally," said Jon Novack, president of Patton. "She said, 'Give me a chance and let me show you what I'm about'." Malena has now been with Patton for two years and is moving up to sales training. She plans to stay with Patton until her retirement.

Local flexibility and the WIB's relationships with the local business community, educational providers and community organizations support the business community and job seekers like Malena. The stories cited above directly tie in with important tenets of the *Workforce Investment Improvement Act of 2012*:

- Strengthening business engagement in local workforce decisions
- Increasing local flexibility
- Promoting innovation and best practices

Supporting Training Opportunities for All Adults, Dislocated Workers, and Youth

WIBs across the nation work together with various partners to meet the needs of local businesses and job seekers. San Bernardino County WIB and other WIBs invest their funds in researching and seeking reports to identify local demand occupations and growing and emerging industries. We support the tenets of improving services through On-the-Job Training, training for those who need it the most within our communities, and contracting with community colleges and institutions of higher learning to provide specialized group training that is designed for businesses looking to hire individuals with specific skills. These initiatives under H.R. 4297 will ensure that customers are trained in necessary skills to match jobs available with business.

Since 2009, the San Bernardino County WIB has worked with local businesses to develop On-the-Job Training (OJT) opportunities and has placed 1,845 job seekers into these training positions. These positions not only assisted the job seekers in obtaining

needed skills and gaining employment, they also assisted businesses involved in the program by helping them with costs associated with bringing a new employee up to the desired productivity level.

In 2009, after receiving special funding to implement a Summer Youth Employment Training Program, the San Bernardino County WIB provided employment skills training to over 1,800 youth and placed them into summer jobs. Many of these youth were retained by the businesses at the end of the program. In the summer of 2010, utilizing TANF funding, the WIB served 800 youth through a similar program. Annually, the WIB contracts with local providers to serve youth utilizing its WIA Youth allocation.

Streamlining the Maze of Job Training Programs

Many of the OJT positions developed by the San Bernardino County WIB were filled with recipients of public assistance, not because we are mandated to do so, but because this is one of the populations our local area has determined is in need of workforce services. The WIB partners with other entities to serve special populations. The following entities contract with us to serve their clientele for workforce training, job development and job placement:

- Department of Aging and Adult Services
- Probation Department, Sheriff and Department of Corrections
- Head Start
- Temporary Assistance to Needy Families
- Department of Behavioral Health

We agree with the GAO report of 2011 that there is opportunity for better coordination of workforce programs. Strategic decisions on services that get individuals in our community who are unemployed or underemployed back to work should be made at the local level. This legislation places focus on results and closing a growing skills gap by identifying and meeting the workforce needs of both employers and job seekers. We do need to meet the workforce needs of each community at the local level and the

workforce system needs to be funded at an appropriate level to provide effective services for all.

Improving Employment and Training Services at One-Stop Career Centers

The San Bernardino County WIB works with local industry councils to develop training programs designed to provide a skilled workforce that meets their specific needs. Recently, the WIB worked with a local community college to implement a training program for the growing mining industry. The WIB and the Manufacturers Industry Council worked with two other community colleges to develop and implement an Electrical and Mechanical training program in Advanced Manufacturing. The WIB also worked with a vocational school, Technical Employment Training Incorporated (TET), to develop a work-based training program to provide skilled machinists for the manufacturing industry. The TET initiative was recognized in the January 2012 GAO Report.

Ensuring Accountability for the Use of Taxpayer Funds

The San Bernardino County Workforce Investment Board believes in a workforce system that serves customers - businesses and job seekers alike - in an effective and efficient manner that maximizes resources. The San Bernardino County WIB supports performance measures that are based upon outcomes related to the services provided. Our WIB has been recognized for its best practices by the National Association of Counties, the Department of Labor and the California State Association of Counties. This recognition demonstrates that local board control of the workforce system with a strong majority of private business members and collaborative projects with workforce programs are key components for success.