

Testimony of Andrew McGough
House Higher Education & Workforce Development Committee
Re: H.B. 3038
April 10, 2013

Good Morning:

My name is Andrew McGough and I'm the Executive Director of Worksystems, the Workforce Investment Board representing the City of Portland, Washington and Multnomah counties. I'm here today, however, wearing two hats, as I have been asked to represent the Oregon Workforce Partnership - the statewide association of Workforce Investment Boards and the hundreds of private sector, labor, economic development, education and community-based volunteers who align and coordinate our state and local workforce efforts.

I'm here to express our collective support for **HB 3038** and provide some information regarding the need for and success of the initiatives proposed in the bill. I would also like to commend representative Gorsek for introducing the bill and Chair Dembrow for his longstanding and ongoing leadership on these issues.

I thought I would frame my remarks today by reading a quote from an e-mail I received from the president of a local machine shop on April 5, 2013,. "Picture a pool of water and the ripple is off-shoring. It hit the other side and is now crashing against our shore. We are busier than we have been in 20 years, and we are not alone. Education is already too late. The ripple will surge back to the other side if we don't perform miracles, now! Yes, we are hiring, but no, we can't find qualified workers. Go made in USA!"

This is a sentiment I'm hearing from more and more companies lately, especially those in the manufacturing and information technology sectors. These types of concerns are also not unique to the Portland Metropolitan Area as many of my colleagues from other parts of the state have shared similar, though less poetic, stories.

The strategies proposed in HB 3038 are in direct response to the immediate concerns expressed by a growing number of employers. HB 3038 offers proven, cost effective strategies that provide a tremendous return to the state, our workers and our businesses.

Work Ready Communities, and the national career readiness certificate, directly align workforce and economic development and provide a tangible way to understand the skills of workers, connect work-ready employees to available opportunities, and to develop services to rapidly improve skills in accordance with employer needs.

The **Back to Work Oregon** program was one of the most successful initiatives I've been a part of in my nearly 20 year workforce development career. The original \$3.28 million dollar investment by the state was matched 1 to 1 at the local level resulting in almost 1,400 Oregonians being placed into jobs at an average annual wage of nearly \$30,000. This means that in one year, back to work Oregon participants earned almost \$42 million and generated approximately \$3.8 million in tax revenue to the state – not a bad return if you ask me.

Reinvesting in Back to Work Oregon is a proven, cost effective way for the state to support skill development and job creation – two things we desperately need.

Reinvesting in the skills of incumbent workers through **the Employer Workforce Training Fund**, is another proven, smart investment that increases skills, improves business competitiveness and spurs job creation.

In the first three years of this program, a \$9.7 million investment from the state was matched by \$21 million in private sector funding. The combined investment trained over 23,000 workers, at an average cost-per-worker of approximately \$1,344 (roughly \$450 public and \$894 private). As a result, approximately 19,500 jobs were retained and more than 2,300 jobs created.

Over three-fourths of participating companies reported increases in both productivity and competitiveness, half of all companies reported reductions in operating costs and rework, and about a fourth reported reductions in cycle time and new capital investments.

Despite improvements in our economy, there remain over 170,000 Oregonians unemployed. An investment provided under HB 3038 provides critical ways to build a stronger workforce, increase our competitiveness, and put our people back to work.

With that I'd be happy to entertain any questions and/or turn it over to Karen Cook of A.R.E. Manufacturing to provide an employer's perspective. Thank you.

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