

# Senate Commerce Committee

*Angela Leach 271-3077*

**SB 227-FN**, relative to a workforce development and training fund.

**Hearing Date:** March 7, 2017

**Time Opened:** 4:01 p.m.

**Time Closed:** 4:02 p.m.

**Members of the Committee Present:** Senators French, Innis, Soucy and Lasky

**Members of the Committee Absent :** Senator Sanborn

**Bill Analysis:** This bill expands job training programs offered by the department of resources and economic development.

**Sponsors:**

Sen. Feltes

Sen. Bradley

Sen. Fuller Clark

Sen. Hennessey

Sen. Kahn

Sen. Lasky

Sen. Soucy

Sen. Watters

Sen. Woodburn

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**Who supports the bill:** Sponsors, Katie Merrow-NH Charitable Trusts, Michael Power- NH Office of Workforce, Phoebe Stone, Liz Alcauskas, Karen Smith, Michelle Merritt, Joe Hannon, Courtney Gray Tanner

**Who opposes the bill:** None

**Who is neutral on the bill:** Richard Lavers- Employment Security

**Summary of testimony presented:**

**Richard Lavers- Employment Security (Neutral)** The department does not take a position on the bill. The Unemployment Advisory Council is supportive of the bill. The Department submitted a fiscal note on this bill, which is an increase in the administrative contribution rate of going from two tenths of 1% to a half percent. The additional revenue would create up to \$8.5 million and that revenue would be directed to DRED for training and workforce development. In regards to the impact on the trust fund, the department did talk to Senator Feltes about an amendment that would take the additional revenue generated by the increase in the administrative contribution rate and put \$6.5 million going to DRED while keeping the department at their current amount from where the rate is. Then, it would redirect that money back to the trust fund to maintain higher balances and allow employers to maintain a hirer discount. When taking into consideration that further amendment to this bill would not impact discounts, the employers are projected to have discounts through 2019. None of those discounts would be lowered based on this bill.

**Senator Innis-** So, no immediate impact on the tax for employers?

**Richard Levers-** Correct. Our projections only go through the end of 2019. Some of the quarterly balances would be close based on that \$275 million threshold. Based purely on the projections, it would stay above the \$275 million with this legislation. Employers would have the same discount with this legislation.

**Senator French-** With the unemployment rate at the lowest it has been in years, why are we quadrupling the amount to train people?

**Richard Levers-** The labor force and the employed people of the labor force is as big as it has ever

been. The problem is that our growth rate is a third of what it was a decade ago and we have individuals that present barriers to being able to take advantage of the training to get out of being unemployed or underemployed. I believe that they see this as an opportunity to train up that population.

**Senator French-** Programs are not for the unemployed, but the underemployed?

**Richard Levers-** Depending on the program. The Office of Workforce Opportunity could speak to that.

**Senator Feltes (PRIME)-** I offered an amendment. Workforce development and job training is one of the biggest issues employers are facing in the state. We are functionally at full employment or below full employment but we have a skills gap. Right now, our job training programs focus on whether an employer is expanding their operation. A major gap is if they are unemployed or underemployed at a different job. Last month there were close to 20,000 job openings. We know that people are looking for work and they need to be skilled to get matched with an employer. This is a major problem facing the state. That's what this bill does; it meets that need right now. Line 13 through 16 is the portion of the amendment that deals with any excess being put back into the trust fund. Lines 31-32 make sure the commissioner of DRED undertakes rulemaking. It holds that no more than \$500,000 is allocated annually toward their existing job training programs. Paragraph 1 addresses one of the major gaps: training individuals not otherwise eligible for state or federal training funds in order to meet that current demanded employment. Paragraph 2 lines 8 through 12 states if you are not eligible for childcare or transportation assistance, this will help you reengage in the workforce. Paragraph 3, lines 13-16 address the Work Ready NH Program which teaches soft skills done by the community college system; this will be supplemented in an amount not to exceed \$500,000, including a pilot program for high school students. Paragraph 4, lines 17-19 address program marketing and availability for certificate programs and occupational skills training. This will help provide opportunities for NH high school students upon graduation to fill those current job openings. A lot of employers can't wait 4 years. When they graduate, they want to get into these positions right away. Paragraph 5 addresses marketing of NH's workforce development initiatives to employers and the business community. It is so important to market this even more. Paragraph 6 notes that there are some populations that have higher than average unemployment, including people that need training to change careers, persons with substance abuse disorders who are in recovery programs, the refugee population, and legal immigrants; the paragraph addresses making sure they have an opportunity to get a job. In Section 5, lines 30-36 are the annual reporting requirement.

**Senator French-** Can you give me an example of a company that may use this?

**Senator Feltes-** Bobby Seagull of Sanel Auto Parts. They have some tech positions that they need to fill. They have had people come in the door that they like but they just don't have the right skills. This doesn't preclude occupational skills training on site where you could train that worker.

**Senator French-** And that employer would receive money from this fund to train these people to do the job they want to hire them for?

**Senator Feltes-** The amount from this fund would go specifically to train that person.

**Katie Merrow- NH Charitable Foundation- (Support)** I'm here because the ground in NH has changed. The trends that have fueled our workforce have changed. There has been less immigration and population growth and these trends are threatening the workforce now, with a projected 10% gap in terms of workforce by 2040. The foundation has launched a 10-year initiative called "NH Tomorrow" which will increase youth opportunities including the supporting scholarships and partnerships between schools, employers, and colleges that will better prepare the workforce pipeline. One of the areas we are investing in is scholarships and also finding partnerships between local employers and streamlining employees to good local jobs. What we hear every day, is we need more youth trained for the workforce, we have to bring more people into the state and get more kids to stay here. This bill would strengthen the workforce pipeline for those kids that are going to stay here and make sure the education and training pipeline are closely matched. These funds would be well used, a sector partnership initiative which is funded by a federal grant which brings together groups of employers to identify their common training need. And develops which training programs address them. We will have a set of needs adopted by a group of employers that are ready to put people through those programs. The initiative 65 by 25 which was endorsed by the legislature goal was to attain 65 % higher education by 2025. Currently at 49%, that initiative provides a framework to align activities and this bill could provide fuel for that.

**Senator French-** How many more people would this help?

**Katie Merrow**- The scale is significant enough to make a difference.

**Michael Power- NH Office of Workforce Opportunity (Support)** We are the recipient of federal funds from the US Department of labor for job training. Those federal fund come for 3 areas: for adult services which we use for job seekers and our target audience is economically disadvantaged people looking for a job. And dislocated workers, people that are recently laid off from a job and we try to get them back in the workforce as quickly as possible. And the third source of funding addresses youth in danger of dropping out of school and those that have already dropped out. With federal funds comes stipulations on who we can spend the money on. This bill provides our office with an infrastructure to address all the other job seekers that are looking for a career path and do not qualify for any other funding. For people in the middle that get stuck. For people who lost their career and their industry is not coming back. Our client base is made up of two bases, the jobseeker base and the employer base. During the recession most of our efforts were to those that were losing their jobs. Now our work is concentrated on employers who are desperate for workers. The employers are really stepping up to the plate through sector partnerships which take the employers of the sector on one side and then the resources they need on the other side. The employers are stepping up and saying this is what we need in the curriculum. Needed a certificate on tube bending, 30% of tube benders will be retired in 5 years and they wrote it in the curriculum and taught it at the community college, it's a certificate program, they developed this program, of tube bending, job training fund pays for half the training. Need more young people to stay here.

**Michelle Merritt- Senior Vice President of New Futures (Support)**- This bill creates a training fund and expands NH's job training program to include outreach and coordination of services for populations with higher than average unemployment such as individuals in recovery from substance abuse disorders. There are approximately 23.5 million people in the US living in long term recovery. Steady employment is important to sustaining long term recovery but opportunities are limited. Providing targeted employment and training opportunities for individuals in recovery and encouraging employers to take a second look at an applicant in recovery.

**Courtney Gray- Executive Director of NH Providers Association (Support)**- Represents over 110 substance use providers. Echoed all of the comments by New Futures. There is a need for increased service capacity, one of those factors is the difficulty in obtaining a competitive workforce. They have been unable to build their program because their inability to find clinicians. Because of the opioid epidemic, these providers have immediate employment needs. This bill would support people entering the field from a different path, but also supports work ready NH to develop individuals in NH high schools. The demand for substance abuse services is not decreasing in NH.

**Future Action:** Ought to Pass with Amendment

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Date Hearing Report completed: March 9, 2017