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**TESTIMONY OF CHRIS MCCONNELL  
PRESIDENT, CM CONSULTING INC.  
WORKFORCE CONSULTANT TO ALLIEDBARTON SECURITY SERVICES  
BEFORE THE HOUSE WAYS AND MEANS COMMITTEE,  
SUBCOMMITTEE ON HUMAN RESOURCES**

**Hearing on Moving from Unemployment Checks to Paychecks:  
Assessing the President's Proposals for Help the Long-Term Unemployed**

Thank you for the opportunity to testify today.

With my testimony I'd like to offer some observations from a private sector employer's experience working with many local workforce agencies to recruit folks on UI and other federal benefits.

Through my firm, CM Consulting Inc., I provide general consulting services and project management to public, private and non-profit clients in the areas of housing, human services and workforce development. I have been involved with this type of work for twenty five years, and although based primarily in New York City, have had the pleasure of representing clients throughout the country.

For the past four years, AlliedBarton Security Services has been one of my clients. AlliedBarton Security Services, headquartered in Conshohocken, PA is the largest American-owned security officer services company. AlliedBarton has over 50,000

employees and 100 offices located across the United States. As such, AlliedBarton is a significant entry-level employer in scores of local labor markets.

We recruit almost exclusively for Security Officers. These are fulltime jobs with benefits, including healthcare after ninety days. We consider ourselves the premier training company in our industry, and have been recognized as one of Training magazine's 'Top 125' for six years in a row. Our training expertise allows us a little more leeway in terms of our ability to recruit new staff with unrelated or even limited prior work experience. We also promote from within and can provide a clear career ladder from security officer to supervisory and management positions.

My initial work with AlliedBarton helped them to recognize the company's value to local workforce development. In turn, AlliedBarton has made a commitment at the corporate level to develop relationships that can most benefit the long-term success of the company by taking advantage of employer incentive programs and reaching out to new pools of potential employees. This is something the company had never before attempted in any coordinated manner.

My role with AlliedBarton is to help them make links with local workforce development agencies and identify policies and programs that help us recruit good staff, and, whenever possible, defray the costs of recruitment, staff training and wages.

I have introduced AlliedBarton to various programs that incentivize the hiring of UI recipients and folks on other federal benefits. Our relationships with local workforce development agencies, whether offered by the public sector or their vendors, have been instrumental in our recruitment of thousands of new employees who had previously been on UI or other federal benefits.

In light of our experience in this realm, I'd like to share of some thoughts on our interaction at the local level and the kinds of programs we find most effective.

### Success is Based on Local Relationships

Even in today's economy, it is rare for AlliedBarton to have a district office that ever truly stops recruiting. This is due partly to our size, when you have 50,000 employees there will always be attrition. But it is also due to our status as an entry-level employer. And when I mention entry-level, I mean that most of our new employees are either entering the workforce or just entering our industry. This puts us square on the first rung of the career ladder, or of a new career ladder.

As an employer, this is not the easiest place to be. But it also makes us awfully useful to the folks that are trying to help UI recipients get back to work.

Unfortunately, it is rare for our district managers, recruiters or human resources directors to be aware of the types of programs that are offered by the local workforce development agency. Some of this is due to how well the programs are publicized, some of this is certainly down to how well our staff are actively seeking out these services. Irrespective, it's part of the reason that I have a job. So through my

experience of working with the public sector, with various state agencies, Workforce Investment Boards, and local program providers, I can usually get the lay of the land in one of our districts much more quickly than our staff on the ground.

This disconnect between what local programs are available to employers and whether employers are aware of the programs has been particularly troublesome in the past couple of years when different streams of stimulus money have landed first on the states, then on the local Workforce Investment Boards. In this respect, I would ask you to be mindful of how difficult the process can be for getting funds from here, through the state capitols, down to the counties and cities, then funneled through their programs to employers like me in the hopes of helping folks secure jobs.

This process can take some time. And sometimes the time limits put on the money put local workforce development agencies under immense pressure. The Federal Government might set a window of eighteen months for a new budget for a new program design to get spent, but by the time the money gets down to the ground, six months might be gone. And then a stretched staff at a county employment office or a non-profit running a jobs program has to take on something new, sometimes unfamiliar, market it to employers and make it happen in a very short time. Or they lose the money, and of course, that's the last thing anybody wants.

We've come across this issue many times. Two weeks ago I was in a meeting just outside of Detroit, and they wanted us to hire twenty people in ten days because one of their On-The-Job-Training budgets for displaced workers on UI would be up at the end of the month. We would have loved to. And we will, eventually, but it might take us a couple of months or more, depending upon how recruitment flows, but no subsidy for wages or training can drive when we have positions available.

So while we understand that the federal government certainly has to have limits to budgets and the availability of budgets, we also contend that an eighteen month window in Washington DC can end up being half that or less for an employer trying to access that program down on the ground, and we hope that you take this into consideration with the JOBS Act.

Another issue is the flexibility on the types of programs that states and local workforce agencies are allowed to offer employers. In our view, the more local latitude in this respect, the better. Local workforce agencies are trying to get folks back to work, we're trying to hire them. We both have our preferences for how to do this most effectively, often based on staff and administrative factors. So please be mindful of how prescriptive the Federal Government is, as this can often create hurdles down on the ground.

A good example of this is how certain funding streams are only allowed to be applied to certain groups of people, like those with a longer duration on UI. As an employer, we need to see the people that best fit our job opportunities, regardless of when they might have lost a job or what their benefit status might be. So it's frustrating for all of us down on the ground when a job developer has to tell my recruiter that, no, we can't get some help with training costs on these folks because they've only been out of work for X number of months as opposed to these other folks who have been out of work Y number of months.

Also, this seems to be a stipulation that can't possibly take into account the makeup of the UI population in any one area and doesn't allow the local workforce agency to tailor programming to that particular UI population and the local labor market that will potentially get them back to work.

### Wage Subsidy is Preferred

As I mentioned earlier, our goal in working with local workforce agencies is to identify programs that help us to recruit good people, and whenever possible, defray the costs of recruitment, training and wages.

AlliedBarton has made great use of programs where local agencies have had the flexibility to develop incentives for hiring UI recipients. We have been involved with Wage Subsidy and On-The-Job-Training (OJT) programs in New York, Pennsylvania, Ohio, Michigan, Kentucky, North Carolina, Illinois, Oklahoma, Colorado, Texas, Washington Oregon and California, among a few others.

Incentives like Wage Subsidy or OJT do exactly what they are meant to do; give an employer a reason to look a little harder at a particular individual. Let me be clear, like most employers, we have plenty of applicants these days. In some districts, as many as thirty for each job opening. So if the federal or local government wants us to focus on particular folks, well, these incentives are a good place to start.

Plus, when we generate revenue from an area of our business where we had never expected to generate revenue, this improves our bottom line and makes us more competitive. Which in turn makes it easier for us to grow our business and hire more people. Hopefully via the same programs.

We have had success with both types of programs, but certainly have a preference for a Wage Subsidy.

Wage subsidy programs tend to be cleaner. And the easier it is to administer a program, from our perspective, the more likely it will be for us to have success in hiring. I have been in plenty of meetings with local workforce agencies where we have offered to take a lesser subsidy in return for some procedural changes that would make the program easier for us to use. So it's not size, but simplicity.

Wage Subsidy programs are just that, we hire, we pay our employees, the rate and duration of the subsidy is previously established, and we invoice as appropriate. There is nothing that gets in the way of the employer/employee relationship. This is key for us, as I would imagine it is for most employers. We like hiring people, we want to pay them a prevailing wage, train them effectively and hold them accountable for their work. This is what we do and this is what we are good at. Wage Subsidy respects that relationship like no other program available.

From a less self-interested perspective, I would maintain that another strength of Wage Subsidy is that it is a post-employment program. The government funding is spent only in direct relation to the money that the former UI recipient earns.

Similar, though in our estimation not quite as easy to use, is the On-The-Job-Training program. AlliedBarton has used OJT in many states. And while we are a great training

company, and have some success with it, the program is certainly more difficult to use than a straight Wage Subsidy. Essentially, OJT will return a percentage of the wage to the employer for the duration of an agreed training period while the former UI recipient is an employee of our company.

This arrangement necessitates the negotiation of an OJT outline that identifies the scope of the training. While certainly not insurmountable, it is another layer of administration to the process, and on more than one occasion, I have had our staff trainer wonder aloud how workforce professionals with little familiarity with our business can be making such assured determinations on the value of our in-house training.

I can only imagine how difficult it must be for small or mid-size companies where training is less standardized, and runs on more of a mentoring model, where a more seasoned employee is assigned to 'show you the ropes' for the first few weeks or months of work.

Unfortunately, as OJT has been around for many years, it's reputation with many employers is still that of the past, when it was typically an even more cumbersome program. In fact, one of our obstacles in currently working with OJT is that so many of our recruitment managers had bad experiences with OJT in the past, inside and outside of the security services industry, and I had to go through a reeducation process to get them to try it once more.

Finally, I'd like to touch on the "Bridge to Work" model. For AlliedBarton, these types of programs where somebody is training with us while receiving UI are a no-go proposition. Legally, we can't have anybody standing post as a security officer unless we employ them. I would imagine that we aren't alone in this sense.

We're also very conscious of equity in the workplace. We want to treat all of our employees with the same set of rules and employment conditions. A program like Wage Subsidy is the most effective way for us to take advantage of an incentive because the employee is being paid and supervised just like all of their peers.

One last element of some of the programs we've run across is the employment mandate, whereby the employer must provide some sort of guarantee that once the period of subsidy or training is finished that the client will automatically be offered employment.

First of all, if somebody makes it through subsidized wage period or OJT term as an employee of good standing, the last thing we would ever want to do is let them go. That individual has proved herself to us, and we want to keep her, keep training her, and make her the most productive employee we can. To do otherwise, in our estimation, is simply bad business.

On the other hand, the nature of our business, like any business, can be difficult to predict. We gain business, we hire more people. We lose business and unfortunately we have to let people go. Which is why a guarantee of employment is conceptually impossible for us, and something we could never legally agree to. Again, I would imagine we aren't the only employer who would maintain this position.

What we can guarantee, and have guaranteed, is that if somebody finishes their subsidized wage or OJT term and we have work for them to do, they will work for us. And this tends to be the case about 99% of the time.

Hopefully the dialogue on these types of programs will be ongoing, as we feel that Wage Subsidy in particular is something that every local workforce agency should have as a tool to deal with the dilemma of unemployment in its community.