

Testimony Regarding HB 2196, The Youth Employment Incentive Tax Credit

Submitted by:

**David Malone, President and Chief Financial Officer
Gateway Financial Group
Four Gateway Center, Suite 750
444 Liberty Avenue
Pittsburgh, PA 15222**

Chair, Pennsylvania Workforce Investment Board

Board Chair, Greater Pittsburgh Chamber of Commerce

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Dear Chair and Members of the House Finance Committee:

Please accept my support for Bill 2196, the “Youth Employment Incentive Tax Credit,” on behalf of the Greater Pittsburgh Chamber of Commerce. The Greater Pittsburgh Chamber of Commerce advocates for business climate improvements to create an even more competitive regional environment for new and existing businesses. We are well aware of the looming crisis in finding qualified, trained and highly skilled employees to replace the retiring workforce and to take the new skilled jobs that are developing daily. To remain competitive, it is essential that educators, employers and economic development organizations work together to guarantee young Pennsylvanians the training necessary for the jobs and careers that actually exist in the state. And it is essential that the Commonwealth provide incentives for private sector cooperation and leadership of this effort. HB 2196 helps to provide such incentives. Internships and short-term work experiences with real employers are excellent real-world career preparation, and tax credits for money spent by employers in this effort are an effective way to get them initially interested in the problem of real career training before the crisis overwhelms them.

Statewide, economic development now must focus on developing a skilled employee supply that will make employers want to come here and stay here. Pennsylvania understands the following things about workforce development:

- Workforce preparation is now a major element of successful economic development.
- In order for meaningful career education to occur, we need to dramatically increase the interaction between young people, employers, and educational institutions – We can use the Pittsburgh Regional Compact as a model.

- Employers recognize that they need to attract talent to their business, but may not be taking enough proactive steps to do that, partly because they are lacking incentives and a roadmap to do so.

Young people must begin thinking about careers at a much younger age. Educators need to understand career opportunities and what skills are required for their students to take advantage of those opportunities.

Effectively planned temporary internships with real employers and real work are the best way for young people to explore career opportunities and to develop the skills necessary to succeed in the workplace of the future. Coordination of the education curriculum with an internship is the ideal way to provide career training.

Internships address career preparation in important ways:

- They allow young people to experience first-hand the reality of working in specific job environments.
- They allow young people to experience numerous job opportunities so that they can make informed decisions about career selection.
- They allow “trial runs” of young people as possible permanent employees and they often result in jobs for those young people.
- They open an ongoing dialogue between employers and educators about what specific skills should be developed for various jobs.

Internships and short-term employment opportunities can be a great learning experience for both businesses and potential young employees. Young interns are given explicit instruction and time parameters about what is required of them in the new work environment. Through the internship, students can decide if they want to continue to learn the type of work they are doing and build a career in that field.

Real-world education is the first step in overall education reform. The public schools were founded as a means to prepare an unskilled group of people for the jobs that were available at the time. They gave us generations of career workers in manufacturing, natural resources, energy and skilled trades. They prepared many Americans for additional training in the professions. In the 1950s, approximately 70% of the workforce was engaged in unskilled work that would last, and provide good pay, until retirement. Now, more than 50% of the jobs require specific skills and a serious investment in training and less than 20% of the jobs are classified as “unskilled.” This trend will continue and young people without training and a career path will become a permanent group of economically and socially deprived people. In short, jobs will go to those with specific skills for those jobs and employers will go where those skilled people are available. And, if the skill training system does not correct itself, employers will be forced out of business, or possibly out of the country in an attempt to get appropriately skilled employees.

Job exposure programs such as internships are critical to preparing young people for opportunity and for attracting new businesses to Pennsylvania. But incentives are needed to help employers to participate in this major change in the way we prepare our young people for a life of work. HB 2196 provides one such incentive for employers to participate in the career education of young Pennsylvanians. By providing tax credits for the expenses of hiring interns, the state makes a major commitment to the career future of our young people as well as a commitment to 21st century economic development. Increasingly, economic development is dependent on human resources issues, and career education through real-world work will increase our ability to compete in this new arena.

On behalf of the Greater Pittsburgh Chamber of Commerce, I sincerely hope that HB 2196 is passed in time to make an impact on young Pennsylvanians beginning with the next state budget.

Thank you for your attention to my testimony in support for HB 2196. I am happy to answer any questions.