

Testimony Regarding HB 2196, The Youth Employment Incentive Tax Credit

Submitted by:

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Dear Chair and Members of the House Finance Committee:

Like other regions in Pennsylvania and in the nation, Allegheny County is experiencing a disconnect between job seekers who can't find jobs and employers who can't find employees to fill vacancies. The cause of this problem is lack of appropriate skills on the part of applicants. There is a myth that young people can't find jobs in this region and must leave to find jobs in other parts of the country. But it is true that there are employers in manufacturing, healthcare and professional services who cannot find people to take the jobs that they offer because local young people are not choosing careers and training until it is too late. We need to let our young people know what jobs actually exist in the region and what kind of training is needed to get those jobs. And we need to start this process at an early age so that students can be planning good jobs and careers by the time they finish high school.

Internships are an excellent way for young people to see possible careers to choose from. They allow the intern to have real-world experience in a real workplace. And they let the intern know where they can plan careers in this region. Internships also act as an economic development program that is valuable to employers. When employers bring students into their workplace, they are creating a pipeline of trained workers who can come into their organizations after formal training is complete, whether that is after high school or after getting an advanced degree. It's through this kind of pipeline creation that companies can plan to stay, prosper and expand in this region. There would be no problem placing 100 engineers, 100 welders and 100 hospital technicians in the county right now. But there is no program to let students in high school and college learn where they can get these jobs and what training is required. If students began to plan their careers and training early in high school, many of them would be ready to move into local jobs immediately on graduation. In many cases, college is not required and employers will train potential employees.

House Bill 2196 will allow tax credits for employers who help in training young people through internships. A tax credit as an incentive is an excellent way to promote internships as career training, and HB 2196 makes sure that those most in need of economic advancement get internship opportunities by linking the tax credit to low income. We need to make sure that those who have the least exposure to job possibilities

get a chance to see all the opportunities of careers first hand. It is also impressive that HB 2196 changes the direction of many previous work programs for the economically disadvantaged. Instead of emphasizing a paycheck without regard to the value of work, this bill targets internships as career learning opportunities with for-profit employers who will receive benefit from the intern's work while giving the intern a chance to move into the job market. It changes the focus from a check for "make-work" programs to offering pay for learning. This is the right way to educate our young people for the 21st century careers that they will have.

HB 2196 rewards for-profit employers for becoming even more engaged with the community in which they live. By participating in students' education, they become an even bigger part of the economic future of those students. And employers also act in their own interest by making sure that the region will have an adequate supply of well-trained workers for the future, so that business can continue to thrive here.

Please accept my full support for HB 2196. I wish the sponsors every success with full passage of the bill.

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.