

COMMONWEALTH OF PENNSYLVANIA

HOUSE OF REPRESENTATIVES

FINANCE COMMITTEE

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PUBLIC HEARING

IN RE: HOUSE BILL 2196

Youth Employment Incentive Tax Credit

* * * * *

BEFORE: DAVID K. LEVDANSKY, Chairman
Adam Harris, Josh Shapiro, and Chris
Sainato, Members

HEARING: Tuesday, March 4, 2008
Commencing at 10:18 a.m.

LOCATION: Philadelphia City Hall, Room 405
Broad & Market Streets
Philadelphia, PA

WITNESSES: Lori Shorr, Joe Mahoney, Laura Shubilla,
Kathryn Klaber, Lisa Nutter, Michael
Nutter, Janet Riley Ford, Patty Hasson,
Mary Rathje

Reporter: Ben Hunter Mengel

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P R O C E E D I N G S

CHAIRMAN LEVDANSKY:

Good morning. I want to welcome everybody to this public information meeting of the House Finance Committee, and the subject is the youth employment incentive tax credit. Before we get started I'd just like to introduce the members of the Finance Committee that are in attendance today.

To my far right we have Representative Chris Sainato. Chris' legislative district is Lawrence County and a couple of communities in Beaver County. To my immediate right is my executive director, Bob Kassoway. To my far left is Representative Adam Harris, whose district includes Juniata, Mifflin and Snyder Counties as well.

We're also joined today by another member of the Finance Committee Representative from here in the southeastern quarter of Pennsylvania, Representative Josh Shapiro, who I would like to recognize for a few remarks on this legislation.

REPRESENTATIVE SHAPIRO:

Thank you, Chairman Levdansky and thank you all for being here today to discuss this very important issues that will have dramatic effects on

1 the City of Philadelphia and the five-county region,
2 and indeed all across the Commonwealth of
3 Pennsylvania.

4 Before I begin opening remarks about the
5 substance of the bill, let me thank Chairman Levdansky
6 for his leadership on this issue. We have spent the
7 better part of the last year working through the
8 specifics of this legislation and getting it to the
9 point where we can have broad consensus from many
10 individuals who we'll hear from today.

11 Without Representative Levdansky's
12 leadership, without his willingness to quite literally
13 travel from one end of the state to the other to be
14 here to receive testimony to help us move forward, we
15 wouldn't be here, so Dave, thank you for your
16 friendship. Thank you for your leadership on this
17 issue.

18 I think this issue is one of paramount
19 importance because it can have for a relatively small
20 price tag, a couple million dollars, a dramatic impact
21 on the Commonwealth of Pennsylvania. National studies
22 have shown that youth who work in high school are less
23 likely to drop out than their peers who do not work.
24 We have also found that youth employment will help
25 with the crime problem in Pennsylvania and indeed,

1 right here in Philadelphia. A statistic I saw in
2 yesterday's news, a majority of both the perpetrators
3 and the victims of crime in 2006, the homicides in
4 2006 in Philadelphia, were dropouts who were
5 unemployed at the time that they either victimized by
6 crime or the perpetrators of crime. And then in terms
7 of the five-county region, southeastern, Pennsylvania,
8 70,000 people between the ages of 16 and 24 in the
9 five-county region are not in school and do not have a
10 job.

11 That's why we need to help young people
12 get access to a good job, get access to a better
13 opportunity. Think of it, if you put an opportunity
14 and a paycheck into the grasp of a young person, we
15 can have a much better opportunity to take a gun of
16 the hand of that young person.

17 So my belief is very simple. You say to a
18 young person who comes from a family under 235 percent
19 of the poverty level would be eligible for an
20 internship anywhere in the state and in turn that
21 internship, the cost of that internship the company
22 would be able to write off 70 percent of the total
23 cost of that internship, as a result of the \$20
24 million tax credit. So again, the company, whether
25 it's Comcast, whether it's IBC, some of the leading

1 companies in Philadelphia will participate in an
2 internship program in the Philadelphia area.

3 If they hire disadvantaged students under
4 235 percent of the poverty level, those companies will
5 qualify for a tax credit of up to 70 percent of the
6 total cost of that internship, and the total cost
7 statewide will not be able to exceed \$20 million.

8 I've spoken a lot about Philadelphia but
9 I want to make it clear that is a bill that has broad
10 support all across the state from Beaver County to
11 Allegheny County, Montgomery County, Delaware County,
12 obviously Philadelphia County. This is something that
13 can impact in a very positive way all across the
14 state. We can reduce crime and give kids a greater
15 opportunity and set them on a course for a successful
16 life. It's critical to the committee to hear this
17 testimony and then ultimately we'll go forward.

18 I want to thank Chairman Levdansky for
19 his leadership, and the other members of the committee
20 who are here today. Thank you.

21 CHAIRMAN LEVDANSKY:

22 Thank you, Representative Shapiro. At
23 some point during the course of the agenda, I
24 understand that Mayor Nutter will be joining us for a
25 few words. We'll get started with the hearing and the

1 first person to testify is Lori Shorr, the chief
2 education advisor to Mayor Michael Nutter. Lori,
3 welcome.

4 MS. SHORR:

5 Thank you. Good morning, Chairman and
6 members of the House Finance Committee. My name is
7 Lori Shorr, and I am the chief education advisor. I'm
8 here before you today to discuss the Mayor's
9 commitment to increasing workplace experiences for our
10 young people here in Philadelphia, and also supporting
11 the efforts and leadership Representative Shapiro to
12 promote increased job opportunities to improve the
13 outcome for young people in Pennsylvania. Improving
14 job opportunities is not only a crucial part of the
15 city's economic plan but plays a major role in our
16 public safety and the quality of life in our city.

17 Mayor Nutter is a strong supporter of
18 efforts to increase the number of high-quality
19 internships for youth in Philadelphia. Throughout his
20 campaign for the Mayor's office, he stressed the value
21 and importance of equipping our young people with the
22 21st-Century skills they need to be successful.

23 On different occasions, he delivered
24 keynote remarks at public events in Philadelphia in
25 2007, where he spoke to a thousand of the more than

1 8,000 young people who participated in high-quality
2 work and work-related experiences that come from
3 government, foundation and private-sector assistance.

4 I am particularly pleased to note the
5 Mayor has included \$1 million to support workplace
6 experiences in Philadelphia in his proposed budget for
7 fiscal year '08-'09, which he submitted to the
8 Philadelphia City Council on February the 14th.

9 Since the very early days of his
10 administration the Mayor has been extremely impressed
11 by the commitment demonstrated by the employer
12 community of our young people. Former Governor Mark
13 Schweiker, Joe Frick, and the Greater Philadelphia
14 Chamber of Commerce have done remarkable work in
15 rallying the Philadelphia business community.

16 In fact, he has issued a challenge to the
17 business community to double last year's number of
18 1049 internships to 2000. We've heard a lot of great
19 support for this work. The city will increase all its
20 internships by ten percent to over a thousand young
21 people interning in city government.

22 Of course, Philadelphia is hardly alone.
23 There are public/private partnerships to promote
24 workplace opportunities for young people. Mayor
25 Shirley Franklin and the Atlanta Chamber partner on

1 the Mayor's Summer Training and Employment Program.
2 Mayor Villaraigosa and the L.A. Chamber work together
3 to support summer jobs for L.A. youth. And Mayor Daley
4 of Chicago partners with dozens of employers in the
5 cooperative mission of a summer job program. These are
6 fine examples of public/private partnerships, and I
7 commend all these mayors and employers for these
8 partnerships.

9 If you search for the Chamber of Commerce
10 and youth internships on Google, our definitive source
11 for all things important in our culture, as I did last
12 Friday, do you know that you will find in the first
13 four results, references to the efforts of the Greater
14 Philadelphia Chamber of Commerce to provide employment
15 opportunities to young people. I think this fact says
16 a lot about the strength of Philadelphia and also
17 about the extent that we've become a national model
18 for other local governments around the country.

19 Furthermore, these types of workplace
20 opportunities not only provide work skills, but also
21 have the potential to demonstrate the relevance of
22 school work to a career. In other words, it makes
23 school more important to kids once they see what it
24 means, that they're going to have know that algebra.
25 They're doing to have know how to write a letter; all

1 those sorts of things that we're trying to teach them
2 when they're in school, and it also has the twin roles
3 of decreasing our unacceptable dropout rate, and also
4 increasing the percentage of citizens who hold post-
5 secondary credentials.

6 As successful as these efforts have been,
7 we must continue to press forward to sustain this
8 work. As we see a decrease in federal funding for
9 workforce development programs, it is apparent that we
10 need leaders across the sectors at state and local
11 levels to try and create a solution and continue to
12 expand opportunities for our young people.

13 I believe that House Bill 2196 represents
14 such an example for private sector investment in high-
15 quality workforce preparation. The bill offers
16 inducements for employers to provide opportunities for
17 young people.

18 Mayor Nutter believes tax incentives are
19 a useful tool to promote the public good. Last fall
20 Mayor Nutter worked closely with Councilman W. Wilson
21 Goode, Jr. to secure the passage of Prisoner Re-entry
22 Employment Program, or the PREP Program, which is an
23 initiative that provides a \$10,000-per job credit
24 against City business privilege taxes for three years
25 to companies that create new jobs for ex-offenders.

1 The company must agree to provide at least \$2000 in
2 tuition support for education or training of
3 qualifying employees, to improve their career
4 potential. In addition, it directs the city
5 government to evaluate all of its regulations
6 regarding the hiring of ex-offenders and to increase
7 employment opportunities to the ex-offender
8 population.

9 The PREP bill is one of the many
10 strategies being pursued by the administration to
11 increase opportunities for citizens, particularly
12 young adults. We all know that the best crime
13 prevention strategy is jobs, and all of these efforts
14 will improve our public safety and will also growing
15 our economic base.

16 However, the city cannot achieve these
17 goals on its own and we're grateful to Representative
18 Shapiro for the leadership he has shown in this area.

19 In addition to the tax credit contained
20 in House Bill 2196, I would urge the Committee to
21 consider complementary programs that would provide
22 direct support to local communities that demonstrate
23 stronger ties that benefit young people. Such an
24 approach can further increase the number of young
25 people who will be placed in internships and work

1 experiences. It would also help to support the
2 development of the local infrastructure that can be
3 effectively connect schools, young people and
4 employers in an efficient and effective manner, so
5 that employers can make maximum use of the proposed
6 tax credit.

7 Thank you again for the opportunity to
8 appear before you this morning. We in Philadelphia
9 greatly appreciate your efforts to increase workplace
10 opportunities that will help our young people become
11 the active, productive citizens we want and need.
12 Thank you.

13 CHAIRMAN LEVDANSKY:

14 Thank you. Do we have any questions?
15 Thank you very much. Next, I'd like to call Mr. Joe
16 Mahoney, Executive Vice President of the Greater
17 Philadelphia Chamber of Commerce. Joe, welcome.

18 MR. MAHONEY:

19 Thank you. Good morning Representative
20 Levdansky, Representative Shapiro, members of the
21 House Finance Committee, and other interested
22 lawmakers and guests.

23 I'm Joe Mahoney, Executive Vice President
24 of the Greater Philadelphia Chamber of Commerce. I am
25 pleased to offer testimony today on House Bill 2196,

1 legislation that would provide a modest tax benefit to
2 businesses that employ underprivileged youth
3 throughout the Commonwealth.

4 I'm also pleased to be joined this
5 morning by Laura Shubilla, Executive Director of the
6 Philadelphia Youth Network and the Chamber's valuable
7 partner in our *Working Solutions* youth workforce
8 development initiative.

9 As you well know, an educated workforce
10 is vital to the future of this region and the
11 Commonwealth. Like Mayor Nutter and everyone assembled
12 here today, we share a common goal. We know that to be
13 competitive in the current economy and to improve the
14 opportunities available to our residents, efforts are
15 needed to raise the educational attainment of our
16 labor force, especially our young people. Just
17 yesterday, Chamber president and CEO Mark Schweiker
18 said, "it is incumbent upon each of us as stakeholders
19 in the future of this city and region to identify new
20 ways to create opportunity, especially for our youth.
21 Working in alliance with our region's companies and
22 employers and elected officials, we will provide
23 meaningful jobs for youth and make a positive
24 difference."

25 Research demonstrates that workplace

1 experiences and related skills-building efforts during
2 the high school years yield positive benefits for
3 participating youth benefits like higher wages and
4 employment rates later in life; reduced incidence of
5 youth violence and the potential for improved school
6 performance and increased postsecondary participation.

7 Each year in Philadelphia and in
8 communities across the Commonwealth thousands of young
9 people seek internships and related workplace
10 experiences, which can provide life-changing benefits,
11 but are turned away because funded opportunities are
12 simply not available.

13 PYN manages WorkReady Philadelphia, a
14 comprehensive effort to coordinate and expand youth
15 work and work-related opportunities. While they serve
16 nearly 10,000 youth each year, the annual waiting list
17 consistently exceeds 3,000. In 2006 441 eligible
18 students were never able to secure employer-paid
19 internships. The Chamber wanted to be part of
20 addressing this need by opening the doors of the
21 region's biggest companies, and some of the smaller
22 ones, too, to these eager students.

23 So in 2007 the Greater Philadelphia
24 Chamber of Commerce launched *Working Solutions*, a
25 program that connects the regional business community

1 to young people through mentoring opportunities and
2 summer internships facilitated by the Philadelphia
3 Youth Network.

4 Last year *Working Solutions* successfully
5 placed 1,049 students in paid summer internships
6 supported by 138 regional businesses, foundations and
7 non-profit organizations. This represented a one
8 hundred percent increase in the internship
9 opportunities available to young people in
10 Philadelphia.

11 And as you have already heard, the
12 Chamber, the regional business community, and other
13 partners have been challenged by Mayor Nutter to work
14 with him to double again the number of youth
15 internships provided in the summer of 2008 to 2,000.

16 As you might imagine, we are already in
17 the midst of an aggressive engagement campaign to
18 reach our goal of 2,000 paid summer positions. A key
19 element of our strategy is passage of House Bill 2196.
20 We feel strongly that the Youth Employment Incentive
21 Tax Credit will offer added motivation to create new
22 summer internship opportunities and promote greater
23 participation in this worthwhile endeavor among small
24 and medium-sized businesses and non-profit
25 organizations.

1 As you likely know, under the measure if
2 a business hires a young adult who comes from a
3 household with income less than 235 percent of the
4 federal poverty level, that business will be eligible
5 for tax credits equal to 70 percent of the wages paid
6 to the young adult.

7 In May of 2007 many of us here today
8 gathered to testify on House Bill 333, a similar
9 measure that offered an employer-based tax incentive
10 in an effort to expand workplace opportunities for
11 young people. In the last ten months it has been our
12 pleasure to work together with Representatives
13 Levdansky and Shapiro, Laura Shubilla and other
14 partners at United Way of Southeastern Pennsylvania
15 and the Philadelphia Academies, Inc., as well as other
16 stakeholders, to address the issues raised last spring
17 and to further refine the legislation.

18 We believe that the current provisions of
19 House Bill 2196 represents a comprehensive and user-
20 friendly system for application and approval of youth
21 employment opportunities and associated employer tax
22 credits, and further, that the measure contains
23 adequate safeguards to protect the intent and
24 integrity of the program.

25 Key issues raised at last May's hearing

1 and now addressed in the legislation include: the
2 application section was modified to make the credit
3 process prospective rather than retroactive to promote
4 the creation of new youth employment opportunities. A
5 commitment letter will be provided to employer upon
6 approval.

7 A section to allow for the sale/transfer
8 of tax credits was added to enable non-profits to
9 benefit, transfer approval to be granted along with
10 application.

11 The definition of covered expenses was
12 expanded to include other related costs such as
13 transportation. Such costs must be included in the
14 application submitted for approval by the Department.

15 Youth income eligibility was changed to
16 235 percent of federal poverty level to be consistent
17 with TANF regulations.

18 Workforce Investment Boards were named as
19 local facilitators to offer consistency statewide.

20 We feel strongly that this modest tax
21 credit program will help to boost the number of paid
22 employment opportunities available to at-risk youth,
23 especially among small and medium-sized businesses in
24 the neighborhoods and communities that surround our
25 urban areas.

1 While we are optimistic that this vital
2 legislation will be enacted soon we are also involved
3 in other strategies to reach our goal of 2,000 paid
4 summer youth internship opportunities. These efforts
5 include: Creating summer internship pilot programs in
6 Chester, Pennsylvania and Camden, New Jersey.

7 Working with Mayor-elect Nutter to place
8 youth in city government jobs.

9 Promoting greater participation among
10 mid-size and small businesses.

11 Engaging our future leaders through the
12 Chamber's Young Professionals Network.

13 Retaining 85 percent of last summer's
14 employers.

15 Increasing the number of internships with
16 existing employers.

17 Targeting industries and additional
18 champions.

19 Securing sponsored internships at local
20 non-profits. With regard to this item we would like to
21 confirm with members of the Committee that it is also
22 the intent of the legislation to make tax credits
23 available to businesses who may not employ the student
24 at their workplace, but would pay for or sponsor the
25 student's employment, for example, at a small business

1 or non-profit organization.

2 In addition to our efforts locally we
3 have been involved in education and outreach to
4 elected officials and community partners in regions
5 outside of Greater Philadelphia. Interest has been
6 enthusiastic and it is our intent to share best
7 practices with organizations throughout Pennsylvania
8 and to aid in replication efforts or development of a
9 qualified youth employment initiative.

10 Today you will hear from Katherine Klaber
11 from the Allegheny Conference on Community Development
12 about the efforts underway in the western part of the
13 state. We are also pleased to add the Pennsylvania
14 United Way to the list of organizations supporting our
15 efforts.

16 I'd also mention that this morning before
17 coming here, I had a call from Delaware County about
18 their interest in how we run the internship program
19 and what we're doing here in Philadelphia.

20 In closing as we work toward our 2008
21 internship goal, we thank you for your leadership and
22 for your efforts to advance the Youth Employment
23 Incentive Tax Credit legislation. We applaud your
24 commitment to youth workforce development and look
25 forward to working together with you to win enactment

1 of House Bill 2196.

2 Again, thank you again for the
3 opportunity to present testimony today and I'd be
4 happy to answer any questions you might have.

5 CHAIRMAN LEVDANSKY:

6 Any questions? All right. Representative
7 Shapiro?

8 REPRESENTATIVE SHAPIRO:

9 Thank you, Mr. Chairman. Thank you, Joe.
10 Let me just publicly say for the record, the work of
11 the Philadelphia Chamber has been extraordinary in
12 terms of putting together programs without any tax
13 credit to give young people an opportunity. So I want
14 to commend you and Governor Schweiker for your
15 leadership of the issue.

16 I want to ask one question. When we go
17 back to the Capitol and try to move this bill out of
18 committee and onto the floor, there are going to be
19 some who say, \$20 million is a lot of money in a very
20 tough budget year, and they're going to ask us to
21 defend that. I can certainly defend this proposal and
22 explain the positive effects that you've experienced.

23 Can you maybe talk about it from the
24 business standpoint, the process a business goes
25 through, or a non-profit, in deciding whether or not

1 to hire an intern on its own versus the need for a tax
2 credit incentive. Can you just give us a perspective
3 on that issue?

4 MR. MAHONEY:

5 Our experience last year was that when we
6 undertook this program and really got involved with it
7 for the first time, this initiative, that many
8 employers, and particularly larger employers, didn't
9 ask for a credit. They wanted to participate because
10 they saw the benefits to the city, to the region, and
11 to the regional workforce of having youth engaged in
12 productive summer employment, paid summer employment.

13 What we did find, with the smaller
14 medium-sized companies who saw the benefit of the
15 program, particularly in neighborhoods, and felt that
16 gee, wouldn't it be great if we could hire someone to
17 work in business as well, but we just can't pay for
18 that internship, so there if there is a mechanism
19 involved to help us, that would be something that we'd
20 love to do and to participate in.

21 To that end, we last year arranged
22 through our foundation that this businesses could
23 contribute money for the students, and we were able to
24 create some opportunities that way.

25 I think it's important to note that

1 Independence Blue Cross decided to do the internships
2 that they took last summer --- they're taking 50 this
3 summer, but they're also putting money on the table to
4 finance 62 internships at not-for-profits or small
5 businesses.

6 And we do believe, and we've heard from
7 our members, that a lot of smaller businesses, a lot
8 of medium-sized businesses perceive the value of the
9 program, but to be able to participate because they're
10 not able to raise enough money to this fund
11 internships in some of those situations.

12 REPRESENTATIVE SHAPIRO:

13 Thank you very much.

14 CHAIRMAN LEVDANSKY:

15 Joe, just so I can get an understanding
16 of the expansiveness of the existing program in
17 Philadelphia, the existing internship program here, I
18 think you said in your testimony that last summer's
19 program employed 1,049 students. Do you have any idea
20 what the total amount of spending that the companies
21 actually spending in order to employ that amount of
22 kids last summer?

23 MR. MAHONEY:

24 For the program that we did last summer
25 with the Philadelphia Youth Network, it was \$1,600 per

1 student that was spent last summer, and I don't have a
2 calculator with me, but \$1600 for each of the 1049
3 students was the expense last year. There are other
4 programs that also employ youth.

5 CHAIRMAN LEVDANSKY:

6 So this tax credit to employers would be
7 70 percent of the total qualified expenses, the \$1600,
8 they would get 70 percent of that as a tax credit.

9 MR. MAHONEY:

10 Those who chose to participate in the
11 program, as I commented, I think a lot of the larger
12 companies who participated with us last year would not
13 be ones who would be looking for the credit. For our
14 participants last year, you know, the idea of the tax
15 credit is not to reimburse those who participated last
16 year.

17 CHAIRMAN LEVDANSKY:

18 I want to thank you not only for your
19 support for the existing program but also your input
20 into this legislation. You know, last year we had our
21 initial hearing on the subject in Philadelphia and we
22 learned about it. I think what we've done over the
23 course of this year is to re-write the piece of
24 legislation recognizing some of the things that work
25 well, not just here but across the Commonwealth as

1 well. So I want to thank you for your input and your
2 help and we look forward to working with you and the
3 Chamber to try to make this a reality.

4 MR. MAHONEY:

5 Thank you very much. We'd like to see
6 this state-wide, and I think it will be a great thing
7 for our Commonwealth.

8 CHAIRMAN LEVDANSKY:

9 Thank you.

10 MR. MAHONEY:

11 Thank you.

12 CHAIRMAN LEVDANSKY:

13 Next, I'd like to call Laura Shubilla,
14 president of the Philadelphia Youth Network. Thank you
15 for being here today.

16 MS. SHUBILLA:

17 Good morning, Chairman Levdansky and
18 members of the Finance Committee. My name is Laura
19 Shubilla and I am co-president and CEO of the
20 Philadelphia Youth Network. With me is a colleague
21 who came here from D.C. today and is here to help with
22 any specific questions.

23 I'm very happy to be here this morning to
24 testify about the importance of work and work exposure
25 for young people, and particular about the work that

1 we've been doing in Philadelphia over the last ten
2 years. It's a little bit confusing, I think, how
3 Philadelphia works. Just to give you a little bit of
4 a road map to Philadelphia Youth Network program. We
5 exist to broker relationships between a number of
6 community organizations. We work with the business
7 community. We work with the public school system and
8 the city agencies in order to try to come up with a
9 coherent and cohesive plan for how young people can
10 gain workplace experiences, and we look at that as a
11 way to really contextualize --- and this is what Lori
12 Shorr talked about earlier --- their experience in
13 education. We're trying to make a case about what you
14 learn in school leads to what you need to do in your
15 job, and then that may lead to higher education, and
16 thinking about the skills that you need to be
17 successful. So they are parallel.

18 The summer program along served anywhere
19 between 8,500 and 9,000, and when I say we, I mean the
20 network of organizations that I described. Of those
21 8,500 to 9,000 we're hoping that about 2,000 of those
22 --- that will be our goal for the private sector ---
23 2,000 of those will be paid for by business across the
24 city.

25 There are also program in place for

1 people who are 14 to 21-year olds, so we're looking at
2 that continuum, and our experience has been that the
3 younger, 14, 15-year olds had a different kind of
4 experience than the 16, 17 or 18-year-olds. So the
5 way we construct the program, the older youths are the
6 ones who will benefit most from the private section
7 internships that we're talking about here, are closer
8 in proximity to the work force and more ready to
9 profit from the experience.

10 And the younger youth will have
11 experiences of service projects in rec centers or with
12 the non-profits across the city, where there a little
13 bit more of an opportunity for them to be supervised,
14 and a little bit more opportunity for them to make
15 some mistakes, and have more of a developmental
16 experience.

17 We also look at this program not just as
18 a work experience program, but as I said, more of
19 something to tie together with education, so kids in
20 the program can undertake projects and portfolios and
21 have experiences and receive academic credit as a
22 result of completing those particular projects.

23 So we feel that we've built a program
24 over the last couple of years that does a couple of
25 things that are really key, I think, to make this sort

1 of effort work. Which is, everyone has to be on the
2 same page. You need all of the partners to really
3 work together. Businesses talked to us for a number
4 of years now about how frustrated they were that many
5 people were knocking on the door and wasn't there a
6 way to consolidate efforts? For this to work, all of
7 the parties have to work together. And it's really
8 important for the tax credit, as I testified at the
9 hearing that took place last spring, that the spirit
10 of the legislation is that we're not in fact ending up
11 providing tax credits to McDonald's, who employs
12 hundreds of 14, 15 and 16-year olds in the summer. We
13 want to balance that with the importance of making
14 this as user-friendly to as many employers as
15 possible, and as the regulations are worked out, we
16 all need to keep our eyes on that fact. That's an
17 important part of the legislation.

18 We've been and are extraordinarily
19 grateful for the work that the Chamber and the other
20 groups have taken on, and raised the goal to 2,000 for
21 this year. The Philadelphia Academy is also working
22 in partnership with us, as well as the United Way, to
23 make sure that we're able to achieve that goal. We're
24 hoping that with the incentive of the tax credit,
25 we'll be able to surpass that goal.

1 As Joe testified earlier, we turn away
2 about 2,000 youth every summer who could benefit from
3 these opportunities, but for whom internships were not
4 available. If we start recruiting employers and
5 interviewing kids right now. And those young people
6 will be considered for internships throughout the
7 whole program, throughout the whole city, to look for
8 these summer jobs.

9 And it's a very difficult thing when you
10 get to the end of the summer and you still have
11 applications coming in and still have people coming in
12 for interviews, and you're starting to lose them,
13 because there's not many jobs that are left, to really
14 tell these kids that there isn't an opportunity
15 available. And we've had to piecemeal together money
16 from about 10 to 12 difference funding sources over
17 the past year in order to do any kind of summer
18 program effort. So we're looking forward to this
19 additional incentive.

20 Joe already talked about some of the
21 changes that were made in the tax credit legislation.
22 I just want to point out a couple additional ones. One
23 is that in the original language of tax credit was not
24 a prospective tax credit, and that is something that's
25 been changed and we feel that that's a really

1 important part from a planning perspective. So the
2 original legislation talked about proration of tax
3 credit in the event that there were more people
4 applying, but the expenditures exceeded the tax
5 credits available. This kind of prospective approach
6 through the application process will give us a better
7 opportunity to manage those credits and also to make
8 sure that they go to business who are actually doing
9 what the spirit of the legislation intended, which is
10 providing a needed work and learning experience for
11 young persons.

12 The other piece that isn't clearly
13 spelled out in the legislation, but isn't prohibited
14 by the legislation under consideration by the
15 committee, is whether or not these tax credits should
16 be available for multiple years up front. So right
17 now, it doesn't prohibit an application for tax credit
18 over three to five years, but it doesn't explicitly
19 provide for it, either. That would be something that
20 we would encourage rather than having to file an
21 application on an annual basis. Another thing that
22 would likely encourage more businesses to participate
23 is being able to hold the tax credits and use them in
24 future years.

25 The other piece that we put in was the

1 ability to transfer tax credits. One of the reasons
2 that's important is because in Philadelphia's system
3 and other cities across the country, and I'm thinking
4 some of the other municipalities in the state, we have
5 the non-profits and many companies are willing to be
6 the employer of record of young people who are with
7 the program.

8 I was talking to someone last night who
9 said they do that for a number of reasons. Some
10 companies sponsor interns because that company doesn't
11 have anyplace to actually hire kids that age, and
12 that's a problem in some companies. At some companies
13 there are union issues. So this kind of an assigned
14 transfer of tax credits would then allow us to assign
15 that tax credit back to the donor, and thus the
16 companies that contributed money to us would actually
17 benefit from the tax credit, which is an important
18 change in the legislation.

19 So I'm very excited that modifications
20 have been made in the current legislation, I think it
21 makes it stronger, a stronger bill and it makes it
22 something that is more likely to be utilized by
23 employers and more likely to benefit young people in
24 the way that we all intend for them to be benefited.
25 So we've been very happy to be a part of this.

1 We look forward to working with you on
2 this and be a resource for you to make sure we are
3 able to provide jobs for as many youth as possible. .
4 Thank you very much for your initiative on this issue.

5 CHAIRMAN LEVDANSKY:

6 Thank you. Any questions from the
7 members? Representative Shapiro?

8 REPRESENTATIVE SHAPIRO:

9 Laura, thank you for your great work,
10 wonderful work. You're doing a great job in the
11 Philadelphia region on these issues. One quick
12 question for you. Do you have any data that suggests a
13 correlation between youthful internship opportunities
14 in junior or senior high school and ultimately getting
15 hired by that business and is there a relationship
16 between high school internships and post-college
17 incomes?

18 MR. SHUBILLA:

19 We have so far, over the years, tracked
20 about 30 or 35 percent of young people who have worked
21 with the companies who have stayed on with them. We
22 know that. What we don't know is how many young people
23 ever come back to those companies once they go to
24 college. We do know that companies who hire high
25 school students get very attached to them and as they

1 go off to college, many of them want those young
2 people back in the summers, and want them back over
3 breaks. That's great. We really encourage that. So
4 many companies have policies or programs that they
5 offer to young employees, and we have found, through
6 talking to people who've worked in the program, and
7 talking to the employers, that those relationships
8 tend to last throughout the college years. Every week
9 the kids come together on Fridays for seminars and
10 that helps build the social network as well.

11 Two things that really struck me that I
12 hadn't really expected to talk about here. One was
13 that the students recognize that they have been given
14 an opportunity they would have had otherwise. And they
15 are very aware about its importance for the future.
16 And the other thing is that at first they are never
17 sure if they fundamentally understand career areas and
18 they've been able to articulate quite well how those
19 experiences they were having helped them with how they
20 look at that.

21 CHAIRMAN LEVDANSKY:

22 Representative Harris?

23 REPRESENTATIVE HARRIS:

24 Thank you for your testimony. You
25 mention you've seen a significant decrease in federal

1 dollars; is that right?

2 MS. SHUBILLA:

3 Yes.

4 REPRESENTATIVE HARRIS:

5 You said your program utilized monies
6 from various sources. Can you give me an idea what
7 some or all of all those sources are?

8 MS. SHUBILLA:

9 Right. In 1998, the Job Training
10 Partnership Act which had sunset, was replaced by the
11 Workforce Investment Act. The Job Training
12 Partnership Act used to provide a huge infusion of
13 federal dollars into the local areas for summer job
14 programs. When that Act sunset, and the Workforce
15 Investment Act replaced it, the Workforce Investment
16 Act programs would cost anywhere from \$2,500 to \$6,000
17 depending on the program. Now it's \$1,500. So that
18 shrunk considerably the opportunities.

19 At first, the state stepped in pretty
20 quickly, through the Department of Public Welfare, and
21 made available \$15 million statewide that was provided
22 to the local areas to do whatever needed done.
23 Philadelphia received half of that. We got \$3.2, \$3.4
24 for our summer job programs. We have private sector
25 contributions. We have about \$1.5 million from two

1 different foundations. We have money from the
2 Philadelphia Housing Authority. There is money in the
3 pot from the Department of Human Services this year.
4 Last year was the first time we had any city funding.
5 This year we're actually a line item in the city
6 budget for a million dollars. We also received money
7 last year from HPD through a project on violence, to
8 employ as many young people as possible to reduce
9 violence in our cities.

10 So overall, with all of this together, we
11 have about \$10 million. Most of that money is spent,
12 public money, to subsidize internships in public and
13 non-profit organizations. We don't subsidize private
14 sector jobs. And that's something that's important.
15 We have a system to use the private money to pay for
16 the private, and to use the public money for the non-
17 profit sector.

18 CHAIRMAN LEVDANSKY:

19 Laura, you mentioned --- you obviously
20 have come up with a lot of good ideas and I really
21 appreciate your help in that from last year's hearing.
22 We had a good time talking about ways to improve the
23 bill. That's really important, because I expect that
24 we need to work out all the details before we get the
25 legislation in place to move it to the House floor and

1 the Senate. So I just want to thank you for your
2 constructive suggestions, both here and when we had
3 our first hearing on this last year.

4 You raise issue whether we want to have
5 employers be eligible for multiple years of tax
6 credits. At least from my perspective I think that
7 would be very beneficial. As you mentioned if an
8 employer's going to go through the effort to get
9 certified and get eligible to use the credits
10 prospectively, it doesn't make a whole lot of sense to
11 go through the effort to set it up for only one year.

12 In addition I think by --- you know, if
13 employers have ongoing internship program, you know,
14 for multiple years, they really learn how to use kids
15 in an operation how to integrate them into their
16 workforce so that they become productively employed,
17 engaged during the course of the internship.

18 I think it's as much a learning
19 experience for employers as it is for kids. So I think
20 that once an employer gets a program like this up that
21 they should remain eligible for multiple years with
22 maybe another cap on the number of years eligible.

23 I want to thank you for bringing that up.
24 And just one final thing and maybe you want to react
25 to it. In the summer you pay \$8 an hour, in 200 hours

1 they reached the \$1,600 cost of the existing program,
2 so that would be paying kids for about five weeks'
3 worth of work, which really isn't a lot when you think
4 about it. I mean, I had a summer internship 30 years
5 ago, and I made \$1,600 back then. Back then \$7, \$8 an
6 hour was pretty good money, 30 years ago, but it's not
7 a lot when you're looking at it. I look forward to
8 working with you and others and the member of the
9 committee to make this piece of legislation a reality.

10 MS. SHUBILLA:

11 Thank you. I appreciate it. I appreciate
12 that and the --- first of all, 30 years ago, \$7, \$8
13 bucks an hour was a great salary, but to your point,
14 just a couple of things.

15 First, about the multi-year tax credit.
16 Enlightened companies recognize up front that this is
17 a workforce issue that parallels their workforce, and
18 then you look, when they interview young people or
19 kids who might actually want a career in that work
20 area. But the longer a company --- our experience is
21 that the longer a company works with us, the more they
22 start to see the advantage for their own company and
23 the work that they're doing, and the workforce that
24 they have.

25 And that success can take sometimes a

1 couple of years, and so I think we should be able to
2 --- and then you also have mentor-centered training
3 organizations. They know how to work with high school
4 students. The experience gets better and better, the
5 longer the company is involved. We have very good
6 retention rate of those who stay on with the company,
7 and if they don't, it's for a wide variety of reasons.

8 But our experience has been the longer
9 they're with us, they tend to take more kids over
10 time, and the entire company benefits over time, and
11 they start to really come back to us and they say,
12 okay, we actually want you to be more of a pipeline
13 into that company.

14 The program right now is 120 hours over
15 six weeks, so right now a minimum of 20 hours a week
16 for six weeks, the remainder of the money, the \$1,600,
17 is to cover all the costs of taxes, payroll taxes, and
18 also covers the seminars that the kids participate in
19 on Friday. They come together cross the city and
20 there will be four hours of facilitated training, if
21 you will, and I mentioned about one of the things we
22 do Friday seminars together and the kids come together
23 and you hear what's going on. They can come together
24 and get support, help. That's the minimum
25 requirement. Also we have seen some companies who

1 will hire people for more hours, or keep them for
2 longer periods of time in the summer, but we felt that
3 we had to offer some kind of a minimum requirement.

4 CHAIRMAN LEVDANSKY:

5 Okay. The minimum is \$8 an hour times,
6 what did you say, 20 hours a week?

7 MS. SHUBILLA:

8 Times six weeks.

9 CHAIRMAN LEVDANSKY:

10 Times six weeks.

11 MS. SHUBILLA:

12 And then we have the taxes, and the
13 payroll deductions and all within that \$1,600.

14 CHAIRMAN LEVDANSKY:

15 Okay. I had just for the record, I am
16 --- about 30 years ago mine wasn't an internship. It
17 was just a summer job, but I was working for US Steel
18 making \$7 an hour, which over the course of 12 weeks,
19 12, 13 weeks in the summer enabled me --- it's hard to
20 believe this --- to make enough money in the summer to
21 pay for my college tuition, and all my college
22 expenses at Penn State for a couple of years. I worked
23 two summers and financed two years ago, so it was a
24 pretty good opportunity. I learned a lot, too.
25 That's one reason why this subject is near and dear to

1 my heart. I know how important summer work is, and
2 later on, internships. I was impressed with how
3 important internships were. We look forward to
4 continuing to work with you to make this a reality.

5 MS. SHUBILLA:

6 Thank you.

7 CHAIRMAN LEVDANSKY:

8 Thank you, Laura.

9 Next, I'd like to call Kathryn Klaber.
10 Kathryn is the Executive Vice President of Allegheny
11 Conference on Community Development, based in
12 Pittsburgh. Kathryn, welcome.

13 MS. KLABER:

14 Thank you. It's a privilege to be here.
15 Thank you for the privilege to be here. I'm also the
16 Executive Director of the Pennsylvania Economy League
17 in southwestern Pennsylvania, which is an affiliate of
18 the Allegheny Conference, and the Conference works in
19 collaboration public and private sector partners to
20 stimulate economic growth and improve the quality of
21 life in southwestern Pennsylvania.

22 We have heard a lot of things so far
23 today as to why this is a good bill, and an important
24 issue, and we find it will promote a quality workforce
25 to fill jobs that right now unfilled or leaving the

1 area. It's really an economic project in large part
2 for southwestern Pennsylvania.

3 I am pleased to testify today on behalf
4 of the Allegheny Conference in favor of House Bill
5 2196. We had the privilege several years ago of being
6 on a news program to address workforce development,
7 and we work on a continuum that's so important to the
8 economy. And we've already heard about the
9 Philadelphia Youth Network, and that gave us a lot of
10 insight with that model here in Philadelphia.

11 I would like to first congratulate the
12 bill's sponsors and supporters on their
13 farsightedness. House Bill 2196 appears to be a
14 relatively simple approach to expanding the number of
15 summer jobs. It's actually a more sophisticated to
16 what we see as a growing economic development issue,
17 that being a mismatch between jobs that are available
18 and the skills of the applicants for those jobs.

19 Unemployment figures in the Pittsburgh
20 region are below five percent, but large numbers of
21 high school and college students still do not find
22 jobs over the summer or as interns in companies where
23 they might consider a career. Young people who are out
24 of school and who do not have the skills required for
25 most 21st century jobs may find themselves at a

1 lifelong disadvantage for a career unless they can get
2 some practical experience, the kind provided by
3 internships and short-term employment.

4 The employment problems of young job
5 seekers are only one side of the workforce problem as
6 we see it. Today a new crisis is looming, a lack of
7 supply of trained people for the jobs that actually
8 exist in our region. On one hand we have job seekers
9 willing and able to work and on the other hand, we
10 have employers who cannot drive their businesses at
11 full capacity because they cannot find workers with
12 appropriate skills, and this leads to two unacceptable
13 results.

14 We've got youth flight and brain drain
15 from our region to find jobs elsewhere. We also have
16 movement of business enterprises to areas where they
17 believe they can find a qualified and skilled
18 workforce. In both of these outcomes can have long
19 term devastating effects on Pennsylvania. They both
20 can be addressed through a well-planned career
21 development program that includes short term jobs and
22 internships as an essential training element.

23 An analysis for our organization showed
24 that roughly 20 percent of the private equity
25 workforce. Employers such as those who make up the

1 Allegheny Conference and its Regional Investors'
2 Council understand the intern investment necessary to
3 improve the workforce in the years ahead. They could
4 really help educators who sometimes design training
5 without sufficient input from employers about what is
6 required to be successful in the workplace.

7 A smoothly-functioning short-term work
8 program would allow educators and business leaders to
9 begin a dialogue about what is needed to prepare
10 students for the workplace, for jobs that actually
11 exist, but that might go unfilled right here in
12 Pennsylvania.

13 In Pittsburgh the Allegheny Conference
14 has created the Pittsburgh Regional Compact, an
15 agreement to bring employers and educators together in
16 a partnership to develop a regional workforce for the
17 21st century. This workforce development program is
18 comprised of 2000 employers, 129 school districts,
19 countless partnership organizations in the immediate
20 area, across sectors, and we've really organized a
21 sector approach to that for job needs, and preparation
22 needs. Exposure to real life employment experience is
23 a major component of compact. The new tax credit takes
24 education and job experience to a greater level, makes
25 internships more attractive for employers and will

1 increase the number of career education opportunities
2 available to students.

3 Today's jobs are different than they were
4 a generation ago. In the 1950s 70 percent of our jobs
5 were considered unskilled and could be learned quickly
6 in the workplace. In today's workplace more than 50
7 percent of jobs are considered skilled and are not
8 available to people without specific skills training,
9 and that's a four-year degree, a two-year degree, not
10 on the job training. The number of unskilled jobs is
11 expected to drop to about ten percent of the workforce
12 within 20 years in recent research by the Educational
13 Testing Service. Unfortunately, ETS expects 30 percent
14 of the available workforce to remain unskilled.

15 Increasingly, job exposure through short
16 term jobs and internships will be a major factor in
17 convincing students that skills education is necessary
18 for the future. The young people most likely to
19 benefit from House Bill 2196 are also the most likely
20 to end up in the unskilled category. So this Bill not
21 only addresses an economic development issue, it also
22 addresses the problem of unequal preparation for work
23 among Pennsylvania's young people.

24 Young people must begin thinking about
25 careers at a much younger age and 14 is not too early

1 for targeted career education. In the ten-county
2 southwestern Pennsylvania region there are about
3 275,000 people between 14 and 21 years of age.
4 Approximately 90,000 of them could be eligible to take
5 advantage of jobs inspired by House Bill 2196.

6 But this bill is not a budget breaker; it
7 really is an investment. The small revenue losses
8 might actually be replaced fairly soon by the number
9 of young people who are hired at the companies where
10 they worked as interns.

11 To the question, Representative
12 Levdansky, that you asked Laura earlier, the
13 Commonwealth of Pennsylvania Regional Internship
14 Center did show 40 percent of college-age interns are
15 offered jobs at the place where they interned, and
16 about half of them accept.

17 Thank you, Representative Shapiro, for
18 incorporating items into this bill that will make it
19 applicable to a larger number of younger people.
20 Extending the eligibility to young people who have
21 incomes up to 235 percent of the federal poverty level
22 increases the number who can be offered covered jobs.
23 And permitting the sale of tax credit by non-profits
24 allows young people to be hired in the non-profit
25 sector, which now employs large portions of the

1 population in important areas such as healthcare and
2 education.

3 Job exposure programs such as internships
4 are critical to preparing young people for
5 opportunities and for attracting new businesses to
6 Pennsylvania, but incentives will certainly help
7 employers to participate in the education of our young
8 people for a life of work.

9 House Bill 2196 has certain great
10 advantages of the over the old-fashioned summer job
11 programs. First, it's not specific about program
12 design. It allows local design of the young person's
13 work experience. Second, the bill does not create a
14 heavy burden of regulation, reporting and paperwork.

15 The long term solution to the economic
16 development problems of creating the new workforce
17 will not be solved by any individual program or piece
18 of legislation. It is spread over too many responsible
19 parties. Instead, the problem is likely to be solved
20 by market forces and a lot of smaller initiatives and
21 efforts that will combine into a power greater than
22 their sum. Forward-looking measures like House Bill
23 2196 are important pieces in that overall solution.

24 The Allegheny Conference encourages the
25 legislature to pass this bill in time for this

1 summer's hiring season, and to continue it in place
2 year-round as a support to workforce initiatives like
3 the Pittsburgh Regional Compact. On behalf of the
4 Allegheny Conference, I thank you for considering my
5 testimony. I'm happy to answer your questions.

6 CHAIRMAN LEVDANSKY:

7 Representative Shapiro?

8 REPRESENTATIVE SHAPIRO:

9 Kate, thank you for your testimony today.
10 In particular, there's one line in your testimony on
11 page four which I'm going to cite over and over again
12 about cost: this bill is not a budget breaker; it is
13 an investment. And I think your approach to that
14 particularly speaking on behalf of the Chamber and the
15 Conference, will be incredibly useful to us as we move
16 forward.

17 I just have two quick questions. One is,
18 Joe Mahoney testified earlier that his experience in
19 the Philadelphia region is that this bill will help
20 small businesses who want to participate in a program
21 and really can't because of their structure. Are you
22 seeing this the Pittsburgh region, Allegheny County?
23 I guess my question is, do you agree with what he said
24 about small businesses?

25 MS. KLABER:

1 Yes. What I try to talk about is as
2 diversified a strategy as we can in this huge issue
3 about workforce training. I think what we see, as we
4 did across the sectors, because each sector has
5 different characteristic. For example, the financial
6 and professional services sector, a lot of college
7 interns and to a certain degree they're able to take
8 on more interns because they have the staff support.
9 And the large companies that have been referred to.
10 But I think it's appropriate for all of those firms to
11 be able to take advantage of this type of tax break.
12 We've gone through a lot over the last several years
13 getting this program up and running and the biggest
14 challenge for many is attracting new workers for the
15 job openings they have in Pennsylvania is that we
16 don't have a skilled workforce in some key sectors.
17 So it doesn't make sense to just aim this to small
18 companies. So we would certainly be taking advantage
19 of the process in all the sectors, small medium and
20 large.

21 REPRESENTATIVE SHAPIRO:

22 Just one other question. Do you have a
23 similar structure out in Allegheny County for
24 businesses to hire interns? How does that work?

25 MS. KLABER:

1 I wish we had a little more consolidated
2 effort established here, but we really operate on a
3 regional basis in ten counties and 129 school
4 districts, ten county economical development
5 organizations and the county commissioners. So we do
6 not have a centralized administrator for this. That's
7 why we put the regional Compact together not to be as
8 centralized as we heard about the Philadelphia Youth
9 Network is, but to make sure that where there are
10 really wonderful programs being administered, that
11 we're opening those up to more and more students.
12 We've got these programs, but we don't enough
13 employers coming to the table to take advantage. This
14 is where I think this legislation can help fill that
15 gap.

16 REPRESENTATIVE SHAPIRO:

17 Thank you.

18 CHAIRMAN LEVDANSKY:

19 Kathryn, I have a question but I also
20 just wanted to note for the record that you've also
21 included attachments to your testimony, testimony from
22 Mr. David Malone, who is the Chair of the Greater
23 Pittsburgh Chamber of Commerce, and also by Susan
24 McGalla, who is the CEO with American Eagle Outfitters
25 and also Co-chair of the Workforce Quality Committee

1 of the Allegheny Conference on Community Development,
2 as well.

3 Kathryn, if you could just --- do you
4 have any idea in terms of the Pittsburgh Regional
5 Compact, the employers out there right now that are
6 already involved in summer youth internship and
7 employment opportunities, any how many kids in
8 southwestern Pennsylvania are being impacted?

9 MS. KLABER:

10 Well, the number of kids in our program,
11 as we look at this program, which is more middle
12 school/high school, but it's about 180,000 students.
13 It's a readily hard number to get a handle on for our
14 staff. We look at how many students are being touched
15 by the information to let them know about the careers
16 that are available. And for the internships it's very
17 difficult to be able to really capture that number.

18 CHAIRMAN LEVDANSKY:

19 And with the legislation utilizing the
20 workforce investment boards to qualify companies who
21 apply, I think by doing that, by going through that
22 process it will be able to help us quantify.

23 MS. KLABER:

24 Oh, absolutely.

25 CHAIRMAN LEVDANSKY:

1 It will be able to help us get a handle
2 on hard numbers so we know how many kids we're helping
3 with this.

4 I look forward to looking for you and the
5 Allegheny Conference and Philadelphia on this issue
6 really has a track record, so to speak. I mean, they
7 put together this program that's been ongoing for a
8 number of years and it's something I think that would
9 be helpful in other areas of Pennsylvania.

10 I appreciate your input and your support.
11 Thank you.

12 Next, I'd like to call Lisa Nutter,
13 President of Philadelphia Academies. Lisa?

14 MS. NUTTER:

15 Thank you.

16 CHAIRMAN LEVDANSKY:

17 Good morning.

18 MS. NUTTER:

19 Good morning, Chairman Levdansky,
20 Representative Shapiro and members of the committee.
21 I'd like to take the opportunity to support House Bill
22 2196

23 My name is Lisa Nutter. I'm the
24 president of Philadelphia Academies, Inc. We're a
25 non-profit organization that serves about 7,500 public

1 high school students. We have a network of over 400
2 corporate partners. We work with the School District
3 of Philadelphia and partner with companies to focus on
4 career education.

5 So I'm pleased to support this
6 legislation and provide testimony before you today.
7 What I'd like to talk about is that this legislation
8 is going to help young people get the career training
9 to be successful adults. These experiences can trigger
10 something inside you and excite you about what's going
11 on outside that you weren't really aware of. And we
12 get to see that every day that we provide the life
13 skills and incentives to teenagers. So the story that
14 I'm about to tell is one of the stories that is about
15 taking responsibility for supporting and mentoring
16 these young people and that's the way we will achieve
17 our goals. But the story is also about the need for
18 teachers and people in the neighborhoods to be role
19 models to middle school students in particular. The
20 story is also about students interning in the summer,
21 to go and now return to school more motivated to
22 learn. The story is about the values that students
23 learn through work.

24 But the central theme is that we
25 intentionally created a social network and that that

1 network includes students and employers who mentor
2 them along the way. So we want to build bridges,
3 substantive relationships between young people and
4 adults. We really focus on these efforts because it's
5 a way to get young people to get to know what the real
6 world is like. And it's not just during the summers,
7 but also during the school year, and so they're
8 getting this message. The great thing is that
9 Philadelphia is what they call the smallest big city
10 in the country, so it is also an asset to our program.

11 But I want to share with you some of the
12 reactions of our students. They talk about being
13 exposed to skills and role models in ways that they
14 know they really could not have been were it not for
15 this kind of program. They talk about being exposed
16 to workplace culture. They talk about learning about
17 the real world. They talk about just being exposed to
18 opportunities. I think contrary to common belief
19 teenagers like high expectations. They also like to
20 be held accountable to someone, and they talk
21 frequently about setting higher expectations for
22 themselves as a result of these experiences. They
23 have standards that they know they have to adhere to,
24 and rise to, and that is a very big lesson.

25 And then finally, and actually one of the

1 more important things that we hear people talk about
2 and that we know, in our culture and our society, we
3 haven't really given young people a good sense of
4 purpose, particularly in high school. So one of the
5 things that our students talk about is this notion of
6 having a sense of purpose now. They work in an
7 internship situation in the summer, and they like the
8 income, but they get a better sense of what they can
9 do. There's this dramatic --- I don't even know what
10 to call it. It's just that they see such a connection
11 between what they're learning in school and what they
12 need to be successful in the real world. So they gain
13 skills, and equally importantly, they gain a sense of
14 purpose and direction.

15 One of the things I think a lot about is
16 what does it take to really provide internships for
17 every young person --- what would it look like, what
18 would be the scale of that program, to really provide
19 internships for all high school juniors? We might be
20 talking about 20,000 internships annually.

21 So the gap between where we are and where
22 we need to be, although we've done a lot, is really
23 quite large. So an effort like this is critical to
24 helping us close that gap. What we've heard today is
25 that federal money to support these efforts has really

1 diminished and we really don't see anything on the
2 horizon, any time soon, an effort increase that
3 funding. So what I'm saying is that we hope that this
4 will help us continue and even expand our efforts to
5 provide these valuable opportunities for young people.
6 And we really would like to continue the dialogue in
7 support of this effort.

8 CHAIRMAN LEVDANSKY:

9 Thank you. Any questions? Representative
10 Shapiro.

11 REPRESENTATIVE SHAPIRO:

12 Lisa, thank you for your testimony. Thank
13 you for talking about some of this. We can all get
14 caught up sometimes just talking about numbers, which
15 are important, certainly, but thank you for helping us
16 to focus on the underlying reasons. I thank you for
17 your work in Philadelphia. I just want to make sure I
18 understand. How will House Bill 2196 help build the
19 Academies and take some people off that waiting list
20 and move them over into being served?

21 MS. NUTTER:

22 We do work with a number of smaller-scale
23 employers and this would be an incentive for them to
24 participate in the program.

25 REPRESENTATIVE SHAPIRO:

1 Thank you, Lisa. Thank you, Mr.
2 Chairman.

3 CHAIRMAN LEVDANSKY:

4 Lisa, thank you for your insight on the
5 issues this legislation attempts to address, and I
6 think you've been helpful. Thank you for those
7 suggestions and we look forward to continuing to work
8 with you to support the program. Thank you.

9 We're going to have another substitution
10 on the agenda. Gilda Martino is not with us, so
11 substituting for her --- actually not substituting for
12 her, but the gentleman who is now the CEO of the City
13 of Philadelphia, Mayor Michael Nutter, has joined us.
14 Mayor, welcome, and I appreciate your comments
15 regarding this legislation. Thanks for joining us.

16 MAYOR NUTTER:

17 Chairman Levdansky, Representative
18 Shapiro, Representative Harris, Representative
19 Sainato, thank you very, very much for the opportunity
20 to give testimony on House Bill 2196. This is quite a
21 unique experience. I've spent 14 and a half years in
22 this room as a member of City Council, so it's always
23 a pleasure to have the General Assembly here in
24 Philadelphia for this hearing. It is quite important
25 to our efforts. I must also say that anything I say

1 will certainly be less than the testimony that just
2 occurred from the previous witnesses at the table.
3 You have already heard of the number of operations in
4 Philadelphia.

5 On the issue of internships, and the
6 opportunities to promote work for our young people,
7 one of the more exciting developments is that fact
8 that the experience is that much more important to
9 getting our young people focused, focused on the role
10 of work, focused on getting ready for any number of
11 potential careers, but it's really important, just
12 understanding the concept of getting up every day and
13 getting yourselves together, interacting with adults
14 and others in the workplace, learning skills and
15 expanding yourself, through the work environment, and
16 being prepared and focused for a life after high
17 school.

18 We appreciate our own Greater
19 Philadelphia Chamber of Commerce. I know Joe Mahoney
20 is here, but also thanks to Mark Schweiker, Joe Frick,
21 and they've stepped up and are getting employers in
22 Philadelphia and suburban counties focused on the
23 issue of getting young people actively engaged in the
24 world of work. This tax credit, covering 70 percent
25 of the cost of employing these young people, I think

1 is going to be a tremendous incentive to employers,
2 and it demonstrates that the Commonwealth is very
3 serious about this issue.

4 So anything I need to do on the city side
5 to support this particular bill, I certainly will.

6 CHAIRMAN LEVDANSKY:

7 Thank you, Mayor. And I also want to note
8 that the City of Philadelphia is so committed to this
9 program that they included, as one previous testifier
10 mentioned, a million dollars in the coming fiscal
11 year's budget. I think that shows --- that's an
12 example of city putting it's money where its mouth is,
13 and I think that shows a strong commitment from the
14 City of Philadelphia in support of this program, and I
15 think it bodes well and further encourages us in
16 Harrisburg to go forward in moving this legislation.
17 When we see that kind of strength of commitment, not
18 just from your local business community, but from the
19 city as well, I think that augurs well for support in
20 Harrisburg

21 MAYOR NUTTER:

22 Mr. Chairman, thank you very much for
23 pointing that out. As I mentioned on a couple of
24 occasions, I spend a considerable amount of time in
25 Harrisburg, because the city does have to step to the

1 plate. We have to do our fair share. This is the
2 first time in the city's history that there has been a
3 line item for this particular programming. We are
4 committed to make things happen. It's great for our
5 young people. I think it's great for business. But
6 it also keeps young people actively engaged in
7 positive behavioral activities. It adds not only to
8 the economy, but also to the social fabric of
9 Philadelphia.

10 CHAIRMAN LEVDANSKY:

11 Thank you. Any comments, questions?
12 Representative Shapiro.

13 REPRESENTATIVE SHAPIRO:

14 Just briefly. Mayor Nutter, thank you
15 for being here. I know Chairman Levdansky mentioned
16 it, but also on the committee, appreciate the line
17 item, and you don't just talk the talk but walk the
18 walk. We appreciate that. It benefits the city
19 residents and the region.

20 MAYOR NUTTER:

21 Thank you very much.

22 CHAIRMAN LEVDANSKY:

23 Thank you. Thank you very much. Mayor,
24 again, thank you for taking the time out of your
25 schedule to share your words with us.

1 MAYOR NUTTER:

2 Thank you.

3 CHAIRMAN LEVDANSKY:

4 Next I'd like to call Janet Riley Ford,
5 the Senior Program Coordinator for Chester Youth
6 Collaborative. Welcome.

7 MS. FORD:

8 Good morning, Chairman Levdansky,
9 Representative Shapiro and members of the House
10 Finance Committee. I'm Janet Riley Ford, a licensed
11 social worker and Senior Program Coordinator of the
12 Chester Youth Collaborative, a program located
13 Chester, Pennsylvania in Delaware County. Thank you
14 for the opportunity to offer testimony on House Bill
15 2196 that would provide a tax credit for businesses
16 that employ people from low-income households
17 throughout the Commonwealth.

18 First of all, I'd like to tell you about
19 my experience in the Chester Collaborative. We've
20 worked for more than 28 years providing services Much
21 of our work has been as an advocate for people with
22 disabilities. We work with city government officials,
23 local residents, school district officials, young
24 people, and organizations that serve youth. Also the
25 Wellness Center at Crozier Chester Medical Center,

1 which is comprised of five hospitals providing health,
2 social and community services. It is also the largest
3 employer in Delaware County.

4 The Wellness Center's purpose is to
5 improve the health status of adolescents by working in
6 collaboration with other entities, and also serves as
7 the lead agency of the Chester Youth Collaborative.

8 The Chester Youth Collaborative is a
9 city-wide youth development initiative. In September
10 of 2007 a resolution was passed creating the Chester
11 Youth Collaborative for the city of Chester. In
12 addition, the collaborative fosters a strong sense of
13 community in which all youth can reach their full
14 potential and become successful adults. Our vision is
15 based on the premise that youth are more likely to
16 make a successful transition into adulthood when they
17 have access to an assortment of developmental
18 resources and support, and opportunities for skill
19 development and job training. The Collaborative
20 currently consists of 14 funded organizations and five
21 unfunded organizations, collectively serving 1,500
22 youths between the ages of 12 and 18. The mission of
23 the Collaborative is to improve the quality of life
24 and increase opportunities for youth between the ages
25 of 12 and 22. We do this by working to build the

1 capacity of our organizations and increase the
2 sustainability of the programs, and by identifying
3 needed new services. The City of Chester has one high
4 school, and for the past several years, the Chester
5 School District has been consistently at the low end
6 academically. Additionally, Chester School District
7 enrolls one of the largest proportions of students
8 from low-income households in the state. There are
9 few local businesses that are able to provide part-
10 time jobs and/or summer employment to youths. Many of
11 these are small non-profit organizations and do not
12 have the resources. In short, our resources for youth
13 are sparse.

14 This is a phenomenon that often
15 correlates with an increase in other activities, such
16 as drugs, gangs, youth violence and other negative
17 behaviors. To turn this situation around, will
18 require commitment and hard work. Our youth are full
19 of potential, a potential that has routinely gone un-
20 met. The Chester Youth Collaborative is working to
21 enhance the quality and quantity of opportunities. We
22 have been partnering with a number of institutions
23 with additional resources, but what we need even more
24 is to add to the pool of available resources.

25 Research shows that youths who are

1 engaged in constructive activities are less likely to
2 fall victim to the risk factors such as youth violence
3 and drug use. The Chester Youth Collaborate conducted
4 an adult survey of 75 adults assessing the level of
5 support for opportunities for employment, internships,
6 job training and career development. The support was
7 strong. Currently the Collaborative has established
8 partnerships with an array of small and medium-sized
9 non-profit organizations as well as educational
10 institutions like Delaware County Community College,
11 Swarthmore College and Rider University. We're
12 working in collaboration with other organizations like
13 the Career and Technical Education Department and
14 Chester Education Foundation, which already subsidizes
15 some opportunities for youth.

16 If successful, this program will provide
17 funding for 25 to 50 young people in a career and
18 technical education program. Our task is build a
19 successful system to create a generation that
20 recognizes post-secondary education, skills and
21 technical training as important as opposed to being
22 secondary, to increase the current 8.5 percent of the
23 student population that gets a bachelor's degree or
24 higher, and hopefully through an educated student
25 workforce.

1 It is imperative that we address the
2 disparities that exist socially, educationally and
3 economically now, not later. The youth employment
4 incentive tax credit will no doubt add motivation to
5 create new summer internship opportunities, promote
6 greater participation among small and medium-sized
7 business and non-profit organizations, and increase
8 the quality and quantity of out-of-school resources
9 available to young people.

10 Thank you.

11 CHAIRMAN LEVDANSKY:

12 Thank you, Janet. I have just one
13 question. In your testimony you mentioned you have
14 1,500 kids between the age of 12 and 18 in your
15 program?

16 MS. FORD:

17 Right now, the 1,500 are between the ages
18 of 12 and 18, though we serve between ages of 12 and
19 22, so the number is actually higher. The number I
20 gave is only between ages 12 and 18.

21 CHAIRMAN LEVDANSKY:

22 So then in you total program you have
23 funded and unfunded opportunities for kids?

24 MS. FORD:

25 Yes. Well, we don't have funded and non-

1 funded opportunities for young people. When I say
2 funded and un-funded, we give mini-grants to
3 organizations that partner with us.

4 CHAIRMAN LEVDANSKY:

5 But if we enact this legislation, it
6 would enable to even greater expand your program to
7 serve more kids.

8 MS. FORD:

9 Exactly. If this were to pass, we could
10 actually look to many of the organizations that don't
11 have the resources to do this now, to be able to have
12 more interns employed with them both in the summer and
13 throughout the year, as a part-time job.

14 CHAIRMAN LEVDANSKY:

15 Thank you so much for your testimony
16 today. I would next call Patty Hasson. Patty Hasson,
17 President of Consumer Credit Counseling Service of the
18 Delaware Valley.

19 MS. HASSON:

20 Thank you very much, Chairman Levdansky
21 and all the members of the committee for giving me the
22 opportunity to present today. The Consumer Credit
23 Counseling Service of Delaware Valley has provided
24 counseling and education to consumers since 1967. Our
25 mission is to positively impact our community through

1 credit education, counseling and debt reduction
2 programs without regard to economic class.

3 We have seen first hand the impact that
4 education and greater job opportunities can have on a
5 community. We believe it's important to provide
6 opportunities for young people to experience being in
7 the workforce and to encourage them to pursue the
8 training and education to reach their goals. That's
9 why CCS has always been open to providing internship
10 programs for students, especially to disadvantages or
11 low-income students.

12 In 2007 we started what was to be the
13 WorkReady program and we strongly believe that with
14 the internships in that program, we can make a
15 difference in lives of students. We have participated
16 in many different internship programs over the years.
17 In fact, one student interned in his junior and senior
18 years, and when he left, he stated because of the work
19 he did at our agency he was not going into that credit
20 card trap when he went to college.

21 We've had such great experiences with
22 WorkReady that I wanted to share with you. We were
23 very fortunate to hire Queen. We interviewed several
24 candidates and we chose Queen because she had that
25 express desire to work in a customer service

1 environment. Hard to believe in today's world, but
2 she did. And today she has the skills to do filing,
3 updating mail systems, schedule appointments, scanning
4 and entering information into our system. She has the
5 knowledge to act as the front gateway, and she assists
6 the other customer service department personnel in
7 updating client information. Pretty hefty duties for
8 somebody who's a junior in high school. And I think
9 today, when a part-time clerical position became
10 available, that she has shown the determination and
11 the professionalism for that position. She will
12 participate in the program again this year.

13 When I was in high school I was given a
14 chance for an internship at PECO Energy. Through that
15 experience that I had an interest in finance, but I
16 credit that internship as leading ultimately to my
17 position as president of CCS. I was given that
18 internship opportunity and it had an impact on my
19 future, and our agency believes so strongly and
20 understands the value of internships.

21 We're also very fortunate to have the
22 head of the customer service, Lori Graham, who also
23 believes very strongly in this program.

24 But for the small businesses and non-
25 profits being impacted, the tax credit is an incentive

1 to participate in such programs. We must not short-
2 change the issue, the workforce of tomorrow. It is an
3 investment we cannot afford to not make. So we have
4 encouraged other organizations to participate in the
5 program. As vice-chair for volunteer coordination for
6 the Chamber, in partnership with the chair, Mike
7 Pearson, we made it a priority to encourage other
8 small business owners, for-profit, and not-for-profit,
9 to participate in this program.

10 This youth employment incentive tax
11 credit will allow more organizations to free up more
12 opportunities.

13 CHAIRMAN LEVDANSKY:

14 Thank you, Patty. Any questions? Okay.
15 Thank you so much.

16 The final person to testify is Mary
17 Rathje, the Director of Human Resources at Pennoni
18 Associates, which I believe is an engineering firm?

19 MS. RATHJE:

20 Yes, it is. Good morning, Chairman
21 Levdansky and members of the House Finance Committee.
22 My name is Mary Rathje, and I'm Director of Human
23 Resources for Pennoni Associates. Pennoni Associates
24 is a consulting engineering firm headquartered in
25 Philadelphia for the past 42 years. We employ over 830

1 employees in 20 offices. In Pennsylvania alone, we
2 have 11 offices and approximately 450 employees.

3 I appreciate the opportunity to testify
4 today in support of the summer internship programs and
5 the positive impact the youth employment incentive tax
6 credit will have to increase the reach of these
7 exceptional programs. Pennoni strongly supports these
8 efforts, as demonstrated by our longstanding support
9 of internships and other programs in charitable
10 organizations. Programs like the Philadelphia Youth
11 Network's WorkReady program has provided a unique
12 opportunity for us to be provide students with
13 comprehensive summer work experience. In our business
14 we routinely hear of the shortage of an engineering
15 workforce. We believe that by our contributing our
16 support to this program to provide high school
17 students with a summer internship program, we will be
18 able to provide students with different sorts of
19 choices. Additionally, exposing science, technology,
20 engineering and mathematics, careers to high school
21 students and we hope this will have a direct impact on
22 improving Americans' skills compared to foreign
23 students. Last year we developed a rotation program,
24 which allowed them to gain insight into many areas.
25 We're very aware of the impact that this experience

1 has on the students who participate. Additionally,
2 we've developed mentoring relationships that we hope
3 will continue into their professional careers. For
4 2008, we have doubled our commitment to go after more
5 students and sponsor additional students in charitable
6 organizations. We strongly support the youth
7 employment incentive tax credit, which would allow
8 many non-profits and small and medium-size companies
9 to offer additional summer internship opportunities,
10 and expand these programs throughout the Commonwealth.
11 Increased participation of non-profits and small and
12 medium-sized companies, many of which could not
13 otherwise participate, will help to achieve the goal
14 of better preparing our students for the future, and
15 will also positively impact our country.

16 Thank you.

17 CHAIRMAN LEVDANSKY:

18 Thank you. Any questions? Representative
19 Shapiro.

20 REPRESENTATIVE SHAPIRO:

21 Thank you for your testimony. I just
22 wanted to ask you, how many interns do you have now?

23 MS. RATHJE:

24 We had two last summer. This summer we
25 have four and one additional that we'll sponsor.

1 REPRESENTATIVE SHAPIRO:

2 So you'll have five without any tax
3 credits?

4 MS. RATHJE:

5 Yes.

6 REPRESENTATIVE SHAPIRO:

7 I won't hold you to these numbers, but I
8 just want to get a sense of the impact of the tax
9 credit. Any sense on what will happen if this tax
10 credit is in place and you get a credit for 70 percent
11 of the cost of the employee?

12 MS. RATHJE:

13 I would believe that was something that
14 would significantly increase the number, as well as I
15 think companies would also use the ability to sponsor
16 additional students in the non-profits.

17 REPRESENTATIVE SHAPIRO:

18 How long have you been sponsor interns?

19 MS. RATHJE:

20 This is our second year.

21 REPRESENTATIVE SHAPIRO:

22 Okay. Thank you very much.

23 MS. RATHJE:

24 Thank you.

25 CHAIRMAN LEVDANSKY:

1 Just want to follow up real quickly.
2 Those internship you had last summer, you said 16
3 weeks?

4 MS. RATHJE:

5 Six weeks. We paid \$10 an hour and we
6 also gave them the option of working 24 hours a week
7 so they'd work six-hour days and then on Friday they'd
8 participate in a program.

9 CHAIRMAN LEVDANSKY:

10 Thank you. That's all. Okay. Thank you so
11 much for your testimony.

12 MS. RATHJE:

13 Thank you.

14 CHAIRMAN LEVDANSKY:

15 That concludes this public information
16 meeting. I want to thank all the members as well as
17 all of the people who testified before us today. Thank
18 you.

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21 HEARING CONCLUDED AT 12:15 P.M.

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