

TESTIMONY OF
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BEFORE THE
PENNSYLVANIA HOUSE FINANCE COMMITTEE
REPRESENTATIVE DAVE LEVDANSKY, CHAIRMAN
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CAUCUS ROOM, PHILADELPHIA CITY HALL

Good morning. Representative Levdansky, Representative Shapiro, members of the House Finance Committee and other interested lawmakers and guests. I am Joseph Mahoney, Executive Vice President of the Greater Philadelphia Chamber of Commerce.

I am pleased to offer testimony today on **House Bill 2196**, legislation that would provide a modest tax benefit to businesses that employ underprivileged youth throughout the Commonwealth.

\$1600/student

I am also pleased to be joined this morning by Laura Shubilla, Executive Director of the Philadelphia Youth Network (PYN) and the Chamber's valuable partner in our *Working Solutions* youth workforce development initiative.

As you well know, an educated workforce is vital to the future of this region and the Commonwealth. Like Mayor Nutter and everyone assembled here today, we share a common goal. We know that to be competitive in the current economy and to improve the opportunities available to our residents, efforts are needed to raise the educational attainment of our labor force, especially our young people.

Just yesterday, Chamber President and CEO Mark Schweiker said, "It is incumbent upon each of us as stakeholders in the future of this city and region to identify new ways to create opportunity, especially for our youth. Working in alliance with our region's companies and employers, and elected officials, we will provide meaningful jobs for youth and make a positive difference."

Research demonstrates that workplace experiences and related skills-building efforts during the high school years yield positive benefits for participating youth - benefits like higher wages and employment rates later in life; reduced incidents of youth violence; and the potential for improved school performance and increased postsecondary participation.

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

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

So, in 2007, the Greater Philadelphia Chamber of Commerce launched *Working Solutions*; a program that connects the regional business community to young people through mentoring opportunities and summer internships facilitated by the Philadelphia Youth Network.

Last year, *Working Solutions* successfully placed 1,049 students in paid summer internships, supported by 138 regional businesses, foundations, and non-profit organizations. This represented a 100% increase in the internship opportunities available to young people in Philadelphia.

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

As you might imagine, we are already in the midst of an aggressive engagement campaign to reach our goal of 2000 paid summer positions. **A key element of our strategy is passage of House Bill 2196.** We feel strongly that the Youth Employment Incentive Tax Credit will offer added motivation to create new summer internship opportunities and promote greater participation in this worthwhile endeavor among small and medium-sized businesses and non-profit organizations.

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

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

We believe that the current provisions of HB 2196 represent a comprehensive and user-friendly system for application and approval of youth employment opportunities and associated employer tax credits, and further, that the measure contains adequate safeguards to protect the intent and integrity of the program

Key issues raised at last May's hearing and now addressed in the legislation include:

- The application section was modified to make the credit process prospective rather than retroactive to promote the creation of new youth employment opportunities; commitment letter will be provided to employer upon approval
- A section to allow for the sale/transfer of tax credits was added to enable non-profits to benefit; transfer approval to be granted along with application
- The definition of covered expenses was expanded to include other related costs (such as transportation); such costs must be included in the application submitted for approval by the department
- Youth income eligibility was changed to 235% of federal poverty level to be consistent with TANF regulations
- Workforce Investment Boards were named as local facilitators to offer consistency statewide

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

While we are optimistic that this vital legislation will be enacted soon, we are also involved in other strategies to reach our goal of 2000 paid summer youth internship opportunities. These efforts include:

- Creating summer internship pilot programs in Chester, PA and Camden, NJ
- Working with Mayor-Elect Nutter to place youth in city government jobs
- Promoting greater participation among mid-size and small businesses
- Engaging our future leaders through the Chamber's Young Professionals Network
- Retaining 85% of last summer's employers
- Increasing the number of internships with existing employers
- Targeting industries and additional champions
- Securing "Sponsored" internships at local non-profits -- With regard to this item, we would like to confirm with members of the Committee that it is also the intent of the legislation to make tax credits available to businesses who may not employ the student at their workplace, but would "pay for or sponsor" the student's employment, for example, at a small business or non-profit organization.

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

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

In closing, as we work toward our 2008 internship goal, we thank you for your leadership and for your efforts to advance the Youth Employment Incentive Tax Credit legislation. We applaud your commitment to youth workforce development and look forward to working together with you to win enactment of HB 2196.

Again, thank you again for the opportunity to present testimony today and I would be happy to take any questions.