

**Testimony of Laura Shubilla
Co-President & CEO, Philadelphia Youth Network**

**Before the Finance Committee of the
Pennsylvania House of Representatives
March 4, 2008**

Good morning Chairman Levdansky and members of the Finance Committee. My name is Laura Shubilla, and I am Co-President and CEO of the Philadelphia Youth Network.

It is my pleasure to appear before you this morning to continue our discussions about the importance of work and workplace exposure for our young people, and the need to foster effective strategies that promote employer engagement and leadership in youth workforce preparation.

When I was with you last spring, my testimony included for the record a list of research findings that underscored the power of high-quality workplace exposure. I will not repeat that list, because I think all of us here today understand the value of work and workplace exposure for our young people. Suffice it to say that opportunities for work experience have the clear potential to improve the chances that youth will become productive, engaged and self-sufficient adults.

My organization, the Philadelphia Youth Network (PYN), has more than nine years experience designing, managing and overseeing a wide variety of youth workforce programs in the City of Philadelphia. Taken together, these programs constitute a system of preparation that we call WorkReady Philadelphia. Overseen by the Philadelphia Workforce Investment Board and its Youth Council, WorkReady Philadelphia provides almost \$14M annually in government, foundation and employer investments that enabled more than 8,200 young people in the 2007-08 program year to participate in work and work-based learning experiences.

I want to acknowledge the extraordinary work of Joe Frick, Mark Schweiker, Joe Mahoney and the members and staff of the Chamber in making last year's WorkReady program so successful. The Chamber reached its ambitious goal of more than doubling the numbers of WorkReady employer-paid internships last summer to more than 1,000. Even more impressive, the Chamber is once more rising to the occasion and has pledged to help us double the number of internships again to *at least 2,000* for the 2008 summer.

This is exceptionally good news.

But the bad news is that every year we continue to turn away thousands of eager and talented youth who seek these experiences, but can't be hired because of inadequate funds.

I believe that H.B. 2196 has the potential to address this issue by providing the kinds of incentives that will encourage additional employer partners to join this effort.

Furthermore, I am particularly pleased to note that H.B. 2196 now contains a number of strengthening amendments that emerged from discussions at the Committee's hearing last spring. Let me mention several of the more important additions and modifications.

1. In Section 1702-D, the definition of "Qualified youth employee" was modified to include a median family income of up to 235% of the federal poverty level, consistent with TANF youth development funding provided through the Departments of Public Welfare and Labor & Industry, which serves similar purposes.
2. In Section 1702-D, the definition of "Qualified youth employment expense" was expanded to include additional costs of youth employment opportunities (i.e. to include wages, fringe benefits, related payroll and training expenses, in addition to wages). The definition was further modified to include other ancillary expenses, provided that those ancillary expenses are included in the taxpayer's application and approved by the Department.
3. In Section 1702-D, the definition of "Taxpayer" was expanded to include an entity that assigns credits to an eligible taxpayer pursuant to Articles III, IV or VI of the Tax Reform Code of 1971.
4. Section 1703-D – Section (a) "Application," was modified to make the credit process prospective, which allows participating entities to budget for and create expanded employment opportunities. We believe that this is crucial in order to truly increase the number of youth opportunities, rather than simply reimbursing employers for expenses related to existing jobs. Under the modified proposal, a taxpayer applies prospectively for an allocation of the credit. The taxpayer would submit an application to its local workforce investment board, which would determine whether such applications meet the local workforce investment board's pre-determined threshold criteria. If such criteria are met, the local workforce investment board would then submit applications for consideration to the Department of Community and Economic Development, which could promulgate guidelines for review and approval of such applications.
5. Section 1703-D – Section (b) "Receipt" has been modified and Section (c) "Commitment Letter" has been added to clarify the process for awarding the tax credit. DCED and the allocatee of the credit will sign a commitment letter containing the key elements of an approved taxpayer's application (e.g. number of new youth internships to be created, maximum tax credit amount taxpayer may claim, etc.) and providing for the taxpayer to receive tax credits consistent with its application. These modifications were necessary in order to implement the notion of a prospective credit.
6. Section 1704-D (b) has been modified to allow for more flexible utilization of the tax credit (i.e. not limited to the current year). The revisions permit the credit to be used in future years if contemplated in the commitment letter between the taxpayer and the Commonwealth. We believe that this modification will increase the benefit of the credit, thus further expanding youth employment opportunities.
7. Section 1705-D – "Time Limitations," is modified to provide for use of the credit after the sunset date of December 31, 2010 if the full tax liability could not be utilized in a preceding fiscal year (i.e. new credits would not be allocated after the sunset date, but previously allocated credits could be utilized in accordance with the approved application). This is

consistent with what was already contained in Section 1704-D, which provides for a carry forward of up to fifteen (15) years. This same clarification was made in Section 1708-D.

8. Section 1706-D (b) "Proration," was removed because the change from a retroactive to prospective credit obviates the need for this concept. In other words, the prospective nature of the credit ensures that the credit allocation will not exceed the total number of the tax credits awarded in any fiscal year. This goes to the core of these proposed changes, as the danger of proration would have caused taxpayers to expend fewer funds than they might otherwise spend due to the fear of proration.

Based on these amendments, I believe that the tax credit mechanism in H.B. 2196 now includes provisions that will maximize its utility for employers, young people and the youth-serving organizations that connect them and help to ensure high-quality experiences by making the credit more predictable and encouraging employers to expend additional funds with the comfort that they will have the opportunity to benefit from the credit.

In conclusion, let me also restate my suggestion from last spring that the tax credit strategy might be even more powerful as part of a comprehensive package of related approaches that would provide direct support to WIBs and Youth Councils, and help to build the types of local connections that we have here in Philadelphia which are essential to the success of youth employment programs.

Thank you, again, Chairman Levdansky and members of the Committee, for the opportunity to present testimony today. I applaud your continuing commitment to provide valuable workplace internships to many more of our young people.