

Workforce Solutions Group Statement on the WTF January 13, 2010

The Workforce Solutions Group is a unique statewide coalition of business and labor, educators and activists, and local and state workforce development leaders united by a shared understanding that the economic future of our Commonwealth, of our businesses and our workers, is dependent on the skills of our workforce. Members include: Crittenton Women's Union, MA. Workforce Board Association, MA Communities Action Network, MA AFL-CIO, MA Business Roundtable, Workforce Investment Association of MA, and the Center for Labor Market Studies at Northeastern University.

We call on the state to extend authorization of the Workforce Training Fund which is scheduled to expire this year. The Workforce Training Fund was developed in 1998 to support workforce training and skills development in the Commonwealth. It is 100% paid for by employers through a payroll tax. Every Massachusetts employer pays a flat tax of \$8.00 for every worker in the company—large or small.

Since its inception, the Workforce Training Fund has helped thousands of employers gain a competitive advantage by investing in job-related training for over 263,575 workers. 5,834 companies have been assisted with grants totaling more than \$183 million. This employer generated fund supports the training and skills development that workers need to maintain employment and advance their careers.

This cost effective and crucial economic spark plug is scheduled to sunset on December 31st of this year. Two bills that will be considered at the State House today (**H22 and H1813**) seek to extend the Workforce Training Fund through 2015 and to modify the Fund to a Trust that would remove the requirement that expenditures require prior appropriation through the state budget. These 2 bills would successfully continue the WTF and prevent the diversion of funds collected from employers for other uses.

In FY 2009, the Legislature took 9 million from the Fund and placed it in the General State Fund; and in FY 2010 they reduced the appropriation to \$10 million while \$21 million will be collected, effectively making these employer resources unavailable for training at a time in our economy when it is desperately needed. This fund, supported by employers and paid for by employer-only taxes, must be put to work for employers and employees alike.

- The Training Fund generates between \$18 and \$21 million annually for worker training. Each grant must be matched dollar for dollar by the participating company so it serves as an incentive driving \$36 to \$42 million dollars a year into workforce training in Massachusetts, at NO cost to the state.
- Employers will not want to pay the assessment if it is not used for its intended purpose. After initial skepticism about the Fund employers are now its biggest fans and champions. But an assessment not used for its purpose is a tax plain and simple.
- Every year, the Workforce Training Fund receives more applications than it has money to fund. With industries and technology advancing at breakneck speeds, training is needed to maintain competitive skill levels for workers on a real time basis.

Employers and vocational trainers have perfected techniques for increasing skill levels for working low wage adults, often with on the job training programs. And they've put up the money to fund them. Our state has developed national models in the process; it makes little sense to restrict and curtail higher tax revenues from these workers by holding them back in low wage entry level jobs.

Business leaders, labor leaders and workforce developers will testify at the hearing including Alan Macdonald of the Mass Business Roundtable, John Regan of AIM, Sue Parsons of the Workforce Solutions Group, and Don Gillis of the Mass Association of Workforce Investment Boards.