



July 27, 2020

Leader Ronald Mariano
Leader Joseph F. Wagner
House Committee on Resilience and Recovery Special Committee
State House
Boston, MA 02133

Dear Leaders Mariano, Wagner and Committee Members:

On behalf of our members, we write to outline some priorities and principles for the committee to keep in mind as it considers strategies and potential legislation relating to the Commonwealth's economic recovery and workforce training needs.

The Massachusetts Workforce Association (MWA) is a statewide association representing the unified voice of the Commonwealth's workforce development system. Our members include an array of partners and stakeholders, including the MassHire Career Centers and Workforce Boards. Regionally, our members work to respond to the dynamic demands of businesses, job seekers, incumbent workers, and youth throughout the Commonwealth.

Massachusetts faces a lengthy and painful economic recovery. While our state has slowly started to reopen, we are facing historic unemployment, business closures and uncertainty, with many industries and communities being impacted worse than others. In the span of four months, we went from one of the lowest unemployment rates in the country at 2.8% to the highest unemployment rate in the country at 17.4%. Many regions of our Commonwealth are facing even higher unemployment rates with Lawrence at 32.6%, Springfield at 25.3%, and Barnstable at 19.4%. While every industry has been impacted by the pandemic, the hospitality, restaurant, and retail industries have been severely hit, with many businesses and jobs in these sectors slated to never return.

Unfortunately, a crisis like this strikes the most vulnerable in our population in the earliest, deepest, and longest way possible. As unemployment claims increased in our state, we saw low wage workers being impacted disproportionately. These workers were barely surviving when the economy appeared strong, many juggling more than one minimum wage job. The pandemic has also exposed inequities and systematic barriers that have long existed but have been heightened through this public health crisis. As we begin to analyze the economic toll the pandemic has taken on our state and think about how to move forward, we must ensure that investments and public



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policies target those communities who need it the most, with an emphasis on closing racial, opportunity, and geographic equity gaps.

Since March, the MassHire workforce system has had to adapt to a particularly challenging and rapidly changing environment. While MassHire Career Centers and Workforce Boards are currently physically closed to the public, their work has not ceased. Going forward, the MassHire system faces an enormous challenge to assist in the reemployment efforts for the more than 1 million people who have lost their jobs since March. Many of these individuals will not be able to return to the jobs they had before the COVID-19 crisis and will need ongoing support, education, and training to help them transition to new jobs and careers.

While much of the MassHire system's funding is federal, local boards and career centers have received no additional federal funding to face this unprecedented challenge and their current federal funding is based on an unemployment rate below 3% (federal funding formulas are based on the unemployment rate but do not immediately change as unemployment rates change). The MassHire system is starting the fiscal year with a 9% reduction in federal funding, with some regions seeing their federal funding down by 15% or more. The federal reductions are coupled with state funding levels for key workforce programs still being unknown as the fiscal year begins. These cuts and uncertainty will have a direct impact on how many people can be served by the workforce system, how many training vouchers each region will have available to help those who are unemployed or underemployed to upskill/retrain, and how much assistance can be provided to help businesses source the talent they need.

We recognize that the Commonwealth's fiscal picture is uncertain with a significant fiscal gap in both FY20 and FY21 anticipated. While the hope is that discussions at the federal level may help the Commonwealth's fiscal outlook, we are aware that the state will face extraordinary challenges in budgeting for FY21. However, *funding for workforce training and the infrastructure that supports this training cannot wait*. Getting people back to work and providing the necessary education and training to help people get better jobs is a key way to stimulate the economy.

Fully funding the MassHire Career Center system over the next several years will be critical (7003-0803). Investing now, and continuing to invest over the next several years, will help get folks back to work and get them the skills they need to fill the jobs in demand. In addition, and of importance, we must ensure that when employers are ready to hire, we have a skilled and trained workforce available. Additional funding will be necessary in both the MassHire system that provides essential services to businesses and job seekers and other state workforce training programs.

Career Centers are on the front line of employment and training service delivery. Although our state has made significant investments in the workforce system over the past several years,



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current funding levels are insufficient to cover baseline core facility and staffing needs. Additionally, while DUA bears the responsibility for the unemployment insurance system, career centers are often the first place in their local community where individuals go when they become unemployed for assistance with their UI claims, short and long term job search, and connection to other public resources to support them and their families while out of work. We would be happy to sit down with the committee and discuss additional key workforce line items including: YouthWorks, Connecting Activities, Advanced Manufacturing, and the Workforce Competitiveness Trust Fund. In addition, we are supportive of the workforce training funds that would be earmarked out of new revenues from sports betting as included in the House's Economic Development.

Attached to this letter are three regional profiles from some of our members, outlining what they are currently doing to assist job seekers and businesses despite the cuts they have faced. This same work is ongoing in all sixteen workforce regions in the Commonwealth. See attached for full summaries but a few highlights to note:

- **North Shore:** Since COVID-19 started, the MassHire North Shore Career Center and Workforce Board have pivoted to offer remote services and serve more than 1,880 job seekers, including career coaching to 831 individuals, job search assistance to 678, and virtual workshops to 825 unemployed residents. They have served large and small businesses in the region offering free, virtual job fairs, and information on WorkShare and other funding opportunities.
- **Franklin Hampshire:** Since March, the MassHire Franklin Hampshire Career Center and Workforce Board has provided a lot of UI services, including helping over 1297 individuals with employment counseling, job search, job referral, and/or employer connections. In addition, employers have continued to seek help from the Career Center Business Services Team, with 33 participating in a recent virtual Job Fair and over 300 participating job seekers.
- **South Shore:** Since March, the MassHire South Shore Career Center (MHSSCC) and Workforce Board has returned over 2500 telephone calls to both the Quincy and Plymouth career center customers primarily informing them on next steps to apply for unemployment. The MHSSCC developed a virtual customer flow to process all of the jobseekers' needs from attending the Career Center Seminars, processing the RESEA program, and assessing the jobseekers to next steps to training and employment. MHSSCC has processed 410 assessments, 529 counseling activities and 130 RESEAs during this time period.



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With Massachusetts likely to face unprecedented demand for unemployment insurance for the foreseeable future, the employer-led, MassHire workforce system must have the resources necessary to provide businesses with talent to begin the recovery and individuals the opportunity to reconnect to jobs. Targeted investments, both at the state and federal levels, would ensure our workforce system is positioned to address increasing needs.

On behalf of our members, thank you for the opportunity to share our testimony. We would be happy to discuss any of the information included in this letter further. If you have any questions or please don't hesitate to reach out to Tonja at tmettlach@massworkforce.com or 781-249-6032.

Sincerely,

Tonja Mettlach
Executive Director
Massachusetts Workforce Association