



MASS WORKFORCE ASSOCIATION
ONE SYSTEM – ONE VOICE

July 27, 2021

The Honorable Aaron Michlewitz, Chair, House Ways and Means
The Honorable Michael J. Rodrigues, Chair, Senate Ways and Means
The Honorable Jason M. Lewis, Chair, Joint Committee on Education
The Honorable Daniel Hunt, Chair, House Committee on Federal Stimulus and Census Oversight

Dear Chair Lewis, Chair Hunt, Chair Michlewitz, Chair Rodrigues, and Members of the Committees:

On behalf of the Commonwealth's regional workforce system, we write to express our appreciation for the many investments in workforce development in the FY22 budget and to offer ideas for how the Legislature can fund key workforce development efforts with the American Rescue Plan (ARPA) funds.

The Massachusetts Workforce Association (MWA) is the voice for the Commonwealth's workforce development system, encompassing an array of partners and stakeholders, including the MassHire Career Centers and Workforce Boards. MWA provides a unified voice for the state's regionally-led workforce development system to ensure it is responsive to the dynamic demands of businesses, job seekers, incumbent workers, and youth throughout the Commonwealth.

The effects of COVID-19 on our state have been devastating and our economic recovery is just beginning. Since March 2020 when the public health crisis began, over 1.9 million individuals have experienced an employment interruption and almost 250,000 individuals will not have jobs to return to. In particular, the pandemic has had devastating effects on many workers, particularly those who are younger, female, Black, Latinx, and/or earning low wages. And too many were a part of a pre-pandemic economy, which appeared strong on the surface, but was rife with racial and economic inequities for far too many in the Commonwealth.

As the Legislature holds hearings and debates how to best allocate ARPA funds for workforce development, MWA respectfully requests that the Committee prioritize the following two key recommendations. In addition, please see the attached report and one-pager for more detail on additional recommendations for workforce funding to ensure a just and equitable recovery.

- *Increasing the capacity of the MassHire System:* From FY2015 to FY2020, federal funding to the MassHire workforce system declined by 22% (28% in 2020 dollars), with some regions seeing higher percentages in cuts. This has led to career center closures, staff layoffs, and a decrease in some services for job seekers and businesses throughout the state. While Massachusetts received billions in funding under the CARES act, and many other sectors have received additional sector-specific federal investments (childcare, transportation, K-12 education just to name a few), the local MassHire workforce system has received **no additional federal funding** since the beginning of the pandemic. In fact,



many areas saw their funding in FY21 decrease while having to continue to serve job seekers and employers.

This is very different from what we saw after the Great Recession. Under the American Recovery and Reinvestment Act of 2009, workforce regions throughout Massachusetts saw their federal funding for training and capacity increase dramatically. This allowed the system to expand to meet the demands of job seekers and employers. And while the state cannot always make up deficits when federal funding declines, the ARPA funds that the state has received are exactly the type of funding that can and should be used to help the workforce system expand its capacity.

This funding will be especially critical given that federal unemployment insurance benefits are ending on September 4th. Local MassHire Career Centers are already seeing increased demand for training, job search assistance, and employers needing to hire more workers. To meet current and anticipated demands, the MassHire system desperately and immediately needs more funds for staffing and programming support to ensure that anyone who wants to access services locally can. Without additional workforce funding, which should be allocated directly to the 16 local MassHire regions, job seekers and employers may find that many of the services they need are not immediately available or accessible.

Workforce development is an integral part of economic development and our state's recovery. To ensure employers have the talent they need to grow and thrive, we must have a well-funded workforce system that is able to respond to what we anticipate will be unprecedented demands on the system.

- **Additional funding for training:** Many unemployed workers will need to or will choose to pivot to new careers given the impacts of COVID-19. The workforce system will need to scale up effective job training programs quickly in order to move people who are unemployed and underemployed into in-demand jobs with career ladders that offer improved economic mobility. Examples of successful training programs in our state, all of which the Legislature has supported, include the Workforce Competitiveness Trust Fund, Learn to Earn, the new Career Technical Initiative, all administered through Commonwealth Corporation, and advanced manufacturing training programs funded through EOHED. Not only are these examples of successful training programs but they all require employer partners, ensuring we are training individuals for in demand occupations where employers are actually hiring.

Additional funding and strategies education, training, and skill development will be a critical piece of our state's recovery. Funding for training should be allocated to both existing training programs funded in the budget and directly to MassHire workforce boards. Our state's Workforce Boards are the best entities to understand what is needed by local employers and job seekers, and have the ability to quickly get funding on the ground in communities. There will be both immediate and long-term needs so allocating



funding with a short and long-term lens will be a necessary strategy for the Legislature to employ.

In addition to needing to reskill those whose employment was impacted by COVID-19, the Administration's recent report on the Future of Work estimates that over the next ten years 400,000 Massachusetts residents will lose their jobs due to automation. In the near term, there are workers whose jobs have changed during the pandemic and now must rely more on technology, or who will need to find jobs that require them to translate the skills they have into new sectors and roles. The MassHire system can help these workers take the skills they have in hospitality or food service roles and map them onto in-demand jobs in health care, IT, professional services or manufacturing. For those workers whose greatest barrier to employment is english language acquisition, contextualized training programs can help them learn both the skills needed to transition to new jobs and the language skills needed to succeed. All of this will require significant investments in workforce development going forward.

In addition to the recommendations above, below is some additional context for members of the committee as it embarks on allocating these once in a lifetime investments:

- *Federal unemployment insurance benefits are expiring:* While federal and state unemployment insurance has been a lifeline for many, federal pandemic unemployment assistance (PUA and PEUC) will be **ending on September 4th**. As such, tens of thousands in Massachusetts will be at risk for long-term unemployment absent job search and/or job training assistance. Since these federal programs are new, we don't have the same information about those receiving them as we do about individuals on regular unemployment assistance. We anticipate that many of these individuals will require support to re-enter the labor market, in addition to the hundreds of thousands we know who will need support. Early [evidence](#) from states who have ended PUA and PEUC already show that employment does not immediately rise after these programs end and that instead, hardship for these residents increases. **Allocating funds to workforce development before federal benefits expire is necessary to meet the anticipated increased system demand.**
- *Economic outlook, what the unemployment rate doesn't tell us:* Although the state's unemployment rate has been steadily declining over the past several months, indicating more people returning to work, this positive development masks the numbers of people who may be working but are involuntarily part-time, discouraged from seeking employment, or otherwise underemployed. The [Bureau of Labor Statistics estimates](#) that as of the end of Q2 in 2021 that there were nearly **180K underemployed workers** in Massachusetts in addition to unemployed workers, making the U-6 rate, or more inclusive labor utilization **estimate of unemployment and underemployment, 12.3%**. In addition, unemployment rates remain in the double digits in several gateway cities including Lawrence (12.3%) and Springfield (10.6%).



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- *Skills Mismatch:* Many who have lost jobs during the pandemic will struggle to pivot into the thousands of job openings that employers currently have without some training or upskilling opportunities. While there are many reasons for why employers are having a difficult time hiring, one reason is that there is a mismatch between the skills needed for many open positions and the skills of those who were laid off in this pandemic. In addition, digital literacy, technology skills, and English language proficiency are even more important than ever. Through continued collaboration and strategic investments we can help close some of the skill gaps and help more employers find the talent they need to survive post-pandemic.

On behalf of our members, thank you for the opportunity to share these recommendations. We would be happy to discuss them further. We have also included a white paper co-authored with the Workforce Solutions Group and Boston Indicators, and a one-pager which includes other pertinent information, including additional workforce recommendations for a just and equitable recovery. MWA is happy to provide additional details or answer any questions committee members might have related to the ongoing needs for investments in job training.

Thank you for your continued leadership. If you have any questions or if we can provide any additional information please don't hesitate to reach out to Tonja Mettlach at tmettlach@massworkforce.com or 781-249-6032.

Sincerely,

Tonja Mettlach
Executive Director
Massachusetts Workforce Association