

May 30, 2017

Senator Jason M. Lewis, Senate Chair
Representative Paul Brodeur, House Chair
Joint Committee on Labor and Workforce Development
State House
Boston, MA 02133

RE: Letter relative to workforce development bills (H. 1026; H. 3145; H. 3146; H. 3147; H. 3157; H. 3160; S. 993; S. 1005; S. 1006)

Dear Chairman Lewis, Chairman Brodeur, and Members:

Associated Industries of Massachusetts (AIM) and its thousands of employer members recognize that the creation of a job and a person's ability to do that job weave together every important aspect of social and economic stability: the desire for a better life; the ability to support a family; the confidence to start a business; and the need to support efficient government management of services like education, health care, and public safety.

In 2015, we celebrated our 100th anniversary, and crafted a plan or [Blueprint for the Next Century](#). We would urge legislative members to review our Blueprint, which highlights many of the issues before the Committee today. To create this Blueprint, AIM spoke with hundreds of business owners and managers with the goal of collecting ideas for ensuring that the Bay State remains a global economic powerhouse.

We also spoke with people outside the business community – elected officials; economists; academics; journalists; high school teachers; students; and labor unions. Our conversations took place in regional meetings and human resources roundtables, in speeches to business groups, through an online survey, on social media and in statewide webcasts. Two years later, we continue to update and hone the goals and objectives included in our plan.

But even two years later, certain priorities have not changed. Our respondents almost unanimously name the shortage of qualified workers as the central impediment to the future of our economy. The worker shortage crosses almost every industry, from manufacturers in the Pioneer Valley to software companies in Boston's Innovation District to research and engineering firms on the North Shore.

Massachusetts employers acknowledge the need for effective and well-managed regulation that ensures the health and welfare of society without weakening the financial underpinnings of the job market. We believe that government and business must develop the best system in the world for educating and training workers with the skills needed to allow Massachusetts companies to succeed in a rapidly-changing global economy.

For Massachusetts to accomplish this goal, our focus should be threefold: identify the areas of opportunity where we can restructure our workforce training programs to anticipate both near and long-term workforce growth; refocus our education and training system to diversify the types of

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relevant training and education available to students statewide; and allow our public education system the flexibility and adaptability to respond to the needs of the local and regional workforce, so our graduates enjoy greater economic opportunity.

Many of the bills before you today will help us to accomplish these goals. Below, we have included a brief overview of our positions on nine of the bills under consideration before you today. Attached, we include letters of testimony specific to each one.

Two particular bills that I would like to highlight today are House bill 3160, *An Act relative to workforce development and job training*, and Senate bill 1006, *An Act to diversify the use of the Workforce Training Fund to support the Workforce Competitiveness Trust Fund*, filed by Representative Joseph Wagner and former Senator Ken Donnelly, respectively. We would like to respectfully suggest a small amendment to add a pay-for-performance funding structure to the proposed grant program.

The two bills would require a transfer of up to \$1.1M, up to 5%, of funds from the Workforce Training Fund to the Workforce Competitiveness Trust Fund to be used for sector-based job training for non-incumbent workers. The Workforce Training Fund generates revenues via employer assessments, and is to be used for incumbent worker training. To maximize the opportunity not just to train workers, but also to place them in new jobs, we propose the following language be added to tie half the grant funds under this program to job placement and retention outcomes:

The grants shall be performance based; with 50% paid upon enrollment in the program, and the balance to be paid contingent on job placement and retention outcomes; provided that for the purpose of this section, job placement shall mean placement in a training related position requiring at least 30 hours per week; further, retention outcomes shall mean placement in said position for at least two months.

We would urge the Committee to consider similar language for any similar pieces of legislation before you. While training is vital to preparing underemployed and unemployed workers to re-enter the workforce, we must maintain focus on the ultimate goal: job placement and retention. This goal allows us to connect the available workforce with our Commonwealth's employers so that all regions and industries have a similar opportunities for success.

Thank you for taking AIM's position into consideration. We look forward to working with you to develop a solution and bring positive change to our Commonwealth. Should you have any questions please feel free to contact me directly at 617-262-1180.

Sincerely,



Katherine E. Holahan
Vice-President, Government Affairs
Associated Industries of Massachusetts

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Bill No.	Position	Reason
House 1026	<i>Oppose</i>	We are concerned by the idea of requiring employers to sell a business to their employees. Although this could and should be encouraged as an option, we do not believe it should be a requirement in statute.
House 3145	<i>Oppose</i>	We are concerned that this bill presumes the Workforce Training Fund (WTF) assessment will generate more than \$22M in revenue. Historically, the WTF has not generated that level of revenue. Additionally, this change would redirect funds specifically levied for the purpose of supporting training for incumbent workers.
House 3146	<i>Oppose</i>	
Senate 1005	<i>Oppose</i>	We are concerned that this bill presumes the Workforce Training Fund (WTF) assessment will generate more than \$22M in revenue. Historically, the WTF has not generated that level of revenue. Additionally, this change would redirect funds specifically levied for the purpose of supporting training for incumbent workers.
Senate 993	<i>Review</i>	We would like time to further review the policy included in this bill to understand its implications more fully.
House 3157	<i>Support</i>	
House 3147	<i>Support with amendment</i>	We would be happy to support this legislation if pay-for-performance metrics were included. We believe the goal of any program such as this should be not just to train workers for new opportunities, but to aid them in achieving those opportunities. Thus, we would ask that language be included requiring part of the funding to be contingent on the placement of each worker in training-related full time position within 60 days of training completion.
House 3160	<i>Support with amendment</i>	We would be happy to support this legislation if pay-for-performance metrics were included. We believe the goal of any program such as this should be not just to train workers for new opportunities, but to aid them in achieving those opportunities. Thus, we would ask that language be included requiring part of the funding to be contingent on the placement of each worker in training-related full time position within 60 days of training completion.
Senate 1006	<i>Support with amendment</i>	We would be happy to support this legislation if pay-for-performance metrics were included. We believe the goal of any program such as this should be not just to train workers for new opportunities, but to aid them in achieving those opportunities. Thus, we would ask that language be included requiring part of the funding to be contingent on the placement of each worker in training-related full time position within 60 days of training completion.