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Testimony to

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Executive Budget Proposal: Workforce Development and Education

Presented by

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Good morning and thank you for the opportunity to present testimony at today's hearing regarding workforce development and the State's Executive Budget for Fiscal Year 2024. My name is Crystal Griffith, and I am the Director of Workforce Development at The Business Council of New York State. We are New York's largest statewide employer association, representing approximately 3,200 private sector employers across New York. Our membership is a diverse group of businesses from all sectors of the economy ranging from large scale employers, minority and women-owned businesses, entrepreneurs, and small business owners. Presently, seventy percent of our 3,200 members would be defined as a small business.

Like many other states, New York is facing a workforce shortage. As a direct result of lacking a strong and at-capacity workforce, businesses are unable to grow, and these effects are being seen in our economy. This shortage also makes New York State less competitive when it comes to business attraction, retention and growth. At the Business Council we are working to help businesses grow and to help individuals join the workforce in capacities that best serve them.

At the height of the pandemic, more than 120,000 businesses temporarily closed, and more than 30 million US workers were unemployed. Since then, job openings have continued to climb, with 600,000 jobs added just this year, and many positions remaining unfilled even while unemployment has slowly declined. Employees have quit their jobs over the past year for many reasons which include: increased savings, early retirements, child care, and new business giving individuals the opportunity to be self-employed. As of the most recent review of the US Chamber of Commerce, there were 10.1 million open jobs in the United States and 5.8 million unemployed workers in the United States. Even if every unemployed person in the country found a job, we would still have 4 million open jobs nationally. In New York, as of February 2023, according to the US Chamber of Commerce, there were 447,000 unfilled job openings and a labor force participation rate of 60.5%. Today I will present to you The Business Council's key policy and budget considerations that we believe will address our common goal—improving the workforce, in New York State.

I would like to start with The Business **Council's Key Policy Considerations.**

Pass Senate Bill S. 2144 (Persaud)/ELFA Article VII Bill Part X The income disregard bill, sponsored by Senator Roxanne Persaud and included in the Governor's Executive Budget, is a vital piece of legislation that needs to be supported and passed. The bill will allow New Yorkers to overcome the "benefits cliff" by establishing a 6-month, 100%, income disregard period for individuals participating in qualified educational training or work programs. By allowing this 6-month period, individuals receiving public assistance will be able to meet their financial and familial needs while participating in the workforce. It is an incentive for people to join the workforce, participate in upskilling opportunities and better their education rather than the downside of having their public assistance benefits taken away for, in some cases, just a one dollar increase in income. We must also acknowledge that 70% of people that receive public assistance benefits are employed and working. When they lose their public assistance the first benefits to go are assistance for child care, housing and food— in other words, their basic needs. These are needs that must be met for the labor participation rate to increase.

Pass Assembly Bill A.514 (Peoples-Stokes) Expanding access to advanced courses to improve educational equity supports a high school-to-college-to-career pipeline. It sets students up for long-term success. Not only does this bill support workforce development but also makes parents better informed to make educational decisions for their children and it makes students better equipped to make educational decisions for themselves. This bill, sponsored by Assembly-woman Crystal Peoples-Stokes proposes that schools be required notify parents and students of the advanced courses that are available and the benefits of enrolling in them— some of which include earning college credits and/or work-based learning opportunities. In Washington state, school districts there saw an increase in enrollment in advanced courses by 70%. This is also a state where 80% of students would qualify for advanced courses but only 30% would be enrolled due to lack of understanding the benefits or parental awareness of such courses. This bill targets not only disparities in language communication among families, it also improves the disparities of students enrolled in advanced courses because it would allow for automatic enrollment if students meet course requirements.

Pass Bill S.4388A (Skoufis) / A. 1991 (Joyner) Increasing the workforce can also be supported by creating a state-level work opportunity credit. This proposal amplifies the impact of the longstanding federal Work Opportunity Tax Credit by adopting a comparable WOTC credit under New York's personal income, corporate franchise, and insurance tax. Importantly, to maximize its impact, the state WOTC credit will be refundable, meaning if the credit exceeds tax liability, the excess will be refunded as an overpayment of taxes. In contrast, the federal WOTC is subject to carry-forward rules, meaning that its full value may not be realized by the employer for several years.

The tax credit is designed to promote the hiring of some of New York's vulnerable populations including veterans, long term family assistance recipients and more. At a time when employers are looking to expand their search for employees, and the state is working to support the re-entry of workers into the workforce, we believe this targeted hiring incentive would be a "win-win" for the state.

Pass Bill S.211 (Myrie) / A.1029 (Cruz) Across the nation, individuals face barriers to meaningful employment, housing, education and more because of their criminal record. The Clean Slate NY bill that is sponsored by Senator Zellnor Myrie and Assemblywoman Catalina Cruz offers a solution to eliminate these barriers and to promote economic growth. The national economy loses up to \$87 billion a year because there are 2.3 million people who are kept out of the workforce because of their prior convictions. In New York State, we are losing \$1.9B. On average, people who have been a part of the criminal justice system lose almost \$500,000 over their lifetime. A study in Michigan found that within two years of having their records sealed, people were 11% more likely to be employed and were earning 25% more in comparison to people who have not had their records sealed. The Clean Slate NY bill is currently supported by major players in the business world, including JP Morgan Chase, Verizon and Microsoft. It has had several amendments and has continued to gain support. There is a misconception that this bill will forever clear a person's record. However, the bill would seal a person's record – not clear a person's record – to give them a second chance to be a part of society and their communities.

Now I will move to The Business Council's **Key Budget Considerations.**

Funding For Universal Pre-K Included in the Executive Budget is necessary funding for universal pre-kindergarten (Pre-K) programs. The Business Council supports the governor's proposal to invest \$125M to expand high-quality pre-k programs, matching her investment from last year. Universal pre-k creates opportunities for families to return to the workforce because it increases child care options for parents. Universal pre-k is an education equity necessity for both academic and social development. For children in underserved communities, pre-k programs create opportunities to overcome disadvantages before turning school-age. Data from The National Institute for Early Education Research shows that although pre-k has been offered for over 50 years through programs such as Headstart, still only 41% of four-year olds and 16% of three-year olds participate in pre-k programs. Brain development on an intellectual, social, and emotional level is happening before the age of five, when most children begin school. Providing children with educational and social opportunities at the pre-k level has long-term effects on academic success that follow children through high school and career. Universal pre-k serves as a multi-faceted solution for New York State, and The Business Council strongly urge the support of these programs in your one-house budgets.

High School – College – Career Pipeline There is often much conversation around preparing students from high school for the workforce and in this conversation, we must not exclude preparing students in high school to obtain a post-secondary education in some form. There cannot only be a high school to career pipeline, and this is why The Business Council of NYS supports Governor Hochul's proposal of automatic CUNY admittance and the investment of \$10M, over the next two years, in BOCES and community colleges to strengthen relationships between these entities. We also support the executive budget proposal of \$20 Million for early college high school and P-TECH programs to expand the high school – college – career pipeline.

Child Care Income Tax Credit The Business Council of New York State supports the \$25 Million in the Executive Budget to support the Employer Child Care Tax Credit. It is a necessity for people in the workforce and for people looking to enter the workforce. In 2022, the US Chamber of Commerce published a report that showed that there are one million fewer women in the workforce today than pre-pandemic. This report also showed that 58% of working parents left the workforce due to the lack of child care. Before the pandemic, there were nearly 1 Million child care workers. As of this year, this number has decreased 37%. Businesses are spending up to \$3B a year on employee turnover rates. Expanding the Child Care Income Tax Credit serves as an incentive for businesses to create more child care seats for their employees and alleviate some of this cost— a cost, according to the Economic Policy Institute, that annually is more than the average in-state tuition for a four-year public college.

Funding for the Office of Workforce Development (OWD) Workforce Development is why we are here today for this testimony. It is one of the most critical pieces to improve the New York State economy. Last year, Governor Hochul launched the Office of Strategic Workforce Development as a part of Empire State Development. This office has worked to award grants to businesses across the state that continue to show they are contributing to the workforce in a way that best serves the needs of people. The grants through this office are helping not only with training and educational programs, but are also helping to eliminate barriers like accessibility of programs,

transportation, lack of child care and more. The grants through this office are prioritizing the two pieces that go hand in hand – supporting the programs the workforce needs across all industries and eliminating the barriers to the workforce. Here at The Business Council, we believe that funding to OWD needs to be restored in some capacity.

Conclusion

In conclusion, I do hope that you will consider these key pieces to be passed and included in your one-house budget. New York has continued to make some progress in our recovery from the effects of the COVID-19 pandemic. Now is our time to hasten our pace and not only recover from these effects but to also address, alleviate and provide solutions for workforce concerns that existed prior to and been exacerbated by the pandemic.

Thank you for your time.