



January 21, 2022

The Honorable Josh Cutler, Chair, Joint Committee on Labor and Workforce Development
The Honorable Eric Lesser, Chair, Joint Committee on Economic Development and Emerging Technologies

Dear Chairs Cutler, Lesser and Fellow Commission Members:

Thank you for nominating me to serve as a commissioner on the Legislature's Future of Work Commission. I have enjoyed working with you both and our fellow commissioners over the past year. On behalf of our members, I wanted to pass along some ideas and context as the Commission begins to draft its report. We hope the recommendations outlined below can spark a conversation about how best to fund and support our workforce system in the short and long-term.

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.

When we look at our economy, labor force, and ongoing workforce challenges, this is unlike any time in modern history. We went from a near full employment economy to double digit unemployment rates in a matter of months. And almost two years later, while things have improved, we still have too many people who have fallen out of the workforce, challenges with childcare supply, and thousands of jobs across the state which remain unfilled. Currently, there are over 150,000 individuals unemployed and actively seeking employment, many of whom won't be able to find work in the industry they worked in before. This number does not account for those who have stopped looking for work, those whose hours have been reduced (nearly 153,000 underemployed) or the concerning number of people who have dropped out of the labor force, predominantly women and people of color.

In addition to the devastating impacts of COVID-19, our state is beginning to grapple with an accelerated "future of work" and how it will continue to impact our economy, businesses, workers, and policies. According to the Future of Work report prepared by McKinsey for the Executive Office of Labor and Workforce Development, COVID-19 caused 560,000 residents to become unemployed, and half of all small businesses to close at the pandemic's height in April



MASS WORKFORCE ASSOCIATION
ONE SYSTEM – ONE VOICE

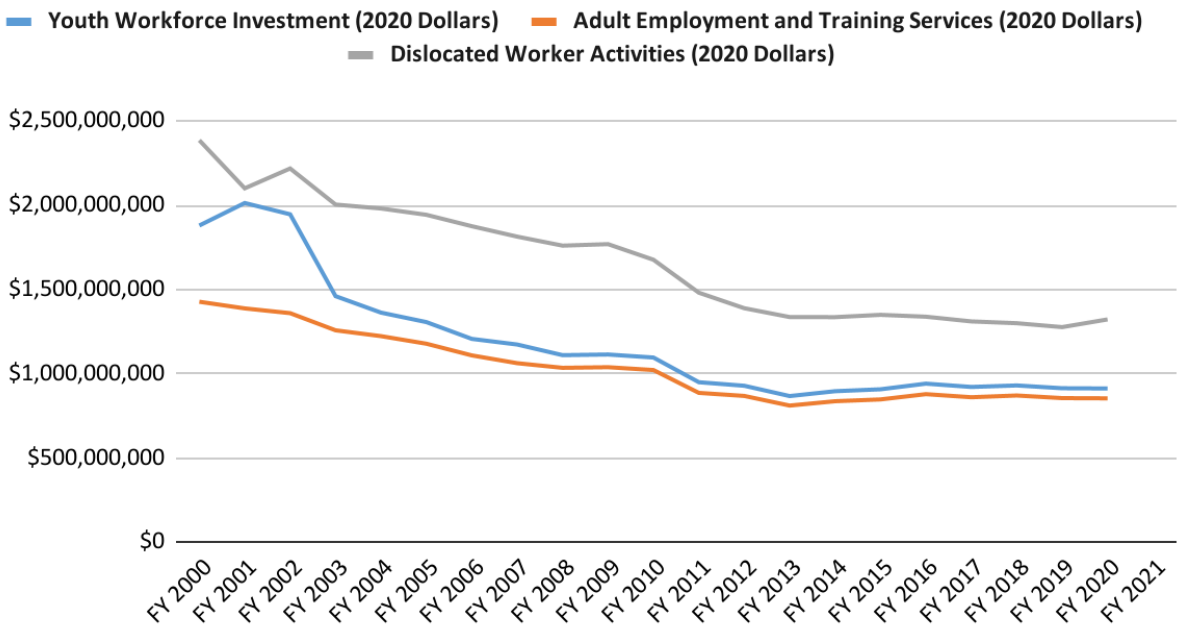
2020. In addition, when taking into account the future upskilling needs of workers, it is predicted that over the next 5 years the Commonwealth will face its largest reskilling need to date.

As this Commission begins to make recommendations around the future of work and the significant workforce issues facing our Commonwealth, one area we must address, and one that the Commission did not focus on during our hearings, is how we fund workforce development and job training. Below is some additional background and context around the public workforce system in our state.

Background and Context:

- The Workforce Innovation and Opportunity Act (WIOA), a law, which was last reauthorized in 2014, establishes our country's public workforce development system and authorizes funding for American Job Center operations (in Massachusetts called MassHire Career Centers) as well as career services for jobseekers. The federal funding that states receive under WIOA for job training is based on a formula primarily driven by the unemployment rate. Therefore, when unemployment rates are low, federal funding declines. While states, municipalities, employers, and philanthropy also fund workforce development, a majority of the funding for job training in Massachusetts is still federally funded. To learn more about how our public workforce system operates and is funded, see MWA's website [here](#) and the Department of Labor's website [here](#).
- Until FY22, federal funding in Massachusetts had been declining for years as the unemployment rates in MA dropped after the last recession. Declining and inconsistent workforce funding makes it hard to maintain core services, keep the same level of staffing, and serve all who need to be served in-between economic cycles. Of importance, federal funding formulas do not take into account the true cost to serve those with multiple barriers to employment or the fixed costs of the system that exist regardless of unemployment rates. Finally, since its passage, WIOA has never been funded to its authorized levels, making dips in funding even more problematic. See the chart below which depicts the declining funding levels for WIOA over the past 20 years.

Funding for WIOA Has Been Steadily Eroded by Inflation



Source: Congressional Research Service.

As we think about the future of work and how we want our workforce system to respond to the changing needs of businesses and residents, MWA and our members seek to create ***“a statewide workforce system that provides strong career opportunities to residents and supplies local businesses with the skilled talent they need so that the Commonwealth can remain economically competitive while also improving the economic mobility of our residents.”***

How do we get there? We must work together at the local, state, and federal level to increase resources, align success metrics more closely with the actual work needed to support un/underemployed and business customers, and to empower our locally-driven workforce system as intended under WIOA. To get there, we should consider the following solutions/discussion points:

- **Full funding of our workforce system regardless of unemployment rates:** Sufficient state and federal baseline funding that actually supports a robust system of skilled workforce development professionals who can serve a wide array of job seekers and businesses, in particular those who have the greatest barriers to success in the labor market. This should include funding for/the creation of:

- Workforce Development Reserve Fund: A reserve fund with flexible funding for operational capacity, state of the art professional development and infrastructure, and other fixed costs that don't decrease when unemployment goes down (in fact, with inflation, health care costs increasing faster than inflation, and the like, flat funding is in effect decreasing resources year over year).
- Future of Work Innovation Fund: An innovation fund designed to seed pilot programs, planning efforts, and new approaches to serving businesses and workers that can be responsive to the locally driven needs of the moment. This will allow organizations to test new programs and ideas, adapt as the future of work impacts training methods, and test new solutions that can be scaled statewide.
- Capacity Funding: Funding for services like career counseling and business engagement, both of which are often underfunded or not funded in competitively awarded workforce training grants but are critical to ensure the success of those who participate in training programs.
- **State of the art data collection systems**: Federal data collection does not accurately allow for tracking how much effort it takes to support a job seeker or business from start to finish. It is more focused on compliance than outcomes. The real costs of workforce development can be challenging to measure because the data tracking is not linked sufficiently to how workforce development “works” or to how individuals and businesses actually interact with the system and its professionals. For example, MassHire Career Centers have to use separate data systems for different programs. These systems do not talk to each other, making sharing customers and tracking outcomes very difficult. Staff also spend a significant amount of time inputting, compiling, and aggregating data manually to meet performance reporting requirements. This cuts into the time they can spend on providing services to jobseekers like one-on-one career counseling. Finally, we must find ways to allow the workforce system to access UI wage records so that we can report on and assess outcomes for jobseekers. While the Baker Administration has filed a bond bill and is beginning to think about replacing its UI and Workforce IT systems, we need to ensure this massive undertaking is completed and done so with local input.



MASS WORKFORCE ASSOCIATION
ONE SYSTEM – ONE VOICE

On behalf of our members, thank you for the opportunity to share these recommendations. We would be happy to discuss them further. If you have any questions or if we can provide any additional information please don't hesitate to reach out to me at tmettlach@massworkforce.com or 781-249-6032.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tonja Mettlach'.

Tonja Mettlach
Executive Director
Massachusetts Workforce Association