



## The Workforce Development Investment Act US Representative Ann McLane Kuster (NH-02)

**In Short:** The *Workforce Development Investment Act* creates critical tax incentives that will make it easier for companies and educators to train workers in the skills needed for the 21<sup>st</sup> Century economy.

**The Changing Economy:** Today's rapidly changing, technology-driven economy provides immense benefits to consumers and businesses for economic growth and overall quality of life. These changes also create challenges for workers who are seeking to attain and maintain the skills they need to compete in the workforce and for businesses to find qualified employees. The rate of change also makes it more difficult for educational institutions to train workers in the skills that are in greatest demand.

**The Need for Greater Coordination in Training:** The bipartisan *Workforce Innovation and Opportunity Act* signed into law in 2015 provided an updated framework for state workforce investment boards to coordinate with stakeholders to strengthen their educational offerings to meet the needs of states and communities they serve. This important step should be complemented through incentives in the tax code that bring employers to the table to better participate in skills training.

**The Bill:** This legislation includes two primary provisions that help educators improve and tailor skills training to meet local needs and provide companies with direct assistance to train workers.

1. **Educational partnership credit:** Provides up to \$5,000 in annual tax credits to employers for each partnership with community colleges, career and technical education schools, or other institutions of higher education to improve workforce development.

The specific parameters of the partnership will be set by the Secretary of Labor but the partnerships must help in developing the educational curriculum, assist with instruction in the classroom, and provide internships, apprenticeships, or other hands-on educational opportunities for students.

2. **Direct training credit:** Creates a credit of up to \$5,000 per worker for qualifying employee training costs. Employers are able to utilize the credit for training through the partnerships established by this bill or for apprenticeship programs certified by the Department of Labor.

Workers who complete a registered apprenticeship programs earn an average of \$240,000 more than non-participants and pay an average of \$85,000 more in taxes over the course of their lives. This represents a \$23 return for every dollar of taxpayer money invested.

**Next Steps for Worker Training:** While broad-based reform to simplify our tax code is critical, an important part of that reform should be the presence of training incentives like those in this bill. Effective workforce training is necessary to our rapidly evolving economy and any changes to our tax code should reflect that.