

THE PRESIDENT'S EXPORT COUNCIL

WASHINGTON, D.C. 20230

November 16, 2011

President of the United States of America
The White House
Washington, DC 20500

Dear Mr. President,

America's industrial sector is poised to meet your goal of doubling U.S. exports by 2015. Our bricks and mortar are in place and supply chains stand ready, but our industrial production is only running at 75% of its capacity. To close this gap, we are respectfully submitting recommendations for two key areas of workforce development for your consideration: a) the need to build our pool of skilled trade workers for increased use in U.S. manufacturing; and b) the need to provide greater advanced training to American workers in science, technology, engineering, and math (STEM) skills.

Due to a major education/skills gap, we cannot fill job openings for a wide range of high-skill occupations because too many workers lack the fundamental and/or advanced skills needed for these positions. For example, a recent study by the Manpower Group of Milwaukee found that 52% of employers report they cannot match job openings with available labor due to insufficient education, skills and training.. Bold, immediate action is needed and we urge you to consider the recommendations set forth below as a starting point.

I. Challenge: America Must Upgrade Basic Education and Expand High Skills Training:

The nation's high school drop-out rate creates workers who cannot easily meet minimum job skills. Indeed, in today's job market, a lack of a high school degree greatly increases your chance of unemployment. According to the Bureau of Labor Statistics (BLS), currently, 13.8% of individuals 25 years or older without a high school degree are jobless, compared with 9.6% of those with a high school diploma. In addition, even those with high school degrees often need better basic skills, especially reading, math and science. America's employers depend on our public education system to produce graduates with these fundamentals, which we must improve. We can build upon these skills, but a solid foundation is essential.

Recommendation #1: Make High School Completion a Top-Tier Priority. Federal, state and local educators must partner with state and local governments, and local business and community leaders to make effective education reforms a top priority. Broad collaboration is needed to enhance success in high school and to ensure that a high school diploma reflects basic mastery of reading, math, and science. Additionally, high schools need to include course offerings and career counseling that serve and assist high school students that elect not to pursue the college track. Students need to learn that there are options to college and that well-paying jobs capable of supporting a middle-class family are available to those who choose to learn a skilled trade. Reforms are needed to ensure that these realities are reflected in our nation's education policies. (*See Appendix*).

Recommendation #2: Utilize Time-Tested Skill Training Models in Manufacturing. The apprenticeship training model used in the U.S. construction industry is a highly effective and

completely self-funded approach to post-high school skills training. Apprenticeships provide workers with core employment-related skills including communication and problem solving skills, as well as training on how to deal with a diverse set of on-the-job demands. Moreover, since apprenticeships are demand-driven, they help ensure employees are trained in skills for jobs that are immediately available. In countries such as Germany, between 50% and 70% of all young people participate in apprenticeships, a key factor which has helped it maintain an advanced manufacturing sector. However, in the U.S. only about 5% of all new entrants participate in apprenticeships. Extending apprenticeships not only in manufacturing, but also to fields such as education and health could help prepare new entrants for critical jobs in our economy. (See Appendix).

Recommendation #3: Expand Specialized Training Programs for Veterans: The current jobless rate for post-9/11 veterans is 12.1%.; this rate climbs to 20.9% for veterans in this group under age 24, according to BLS. America's veterans should be given immediate, preferred access to education and training programs that value skills obtained in the military and use them to jump-start entrance into the manufacturing workforce. Those who serve in our active military and who are transitioning to civilian life have earned the right to our assistance unlike any other population. We join the Administration in recognizing the potential role of veterans as employees and applaud the recent launching of the *Veteran Gold Card, My Next Move for Veterans* and the *Veterans Job Bank*. Programs such as the United Association's *Veterans in Piping* can facilitate training and employment of veterans in record time and should be expanded and replicated in other industries. The PEC is willing to work with the Secretaries of Defense, Labor and Veterans Affairs to expand these programs to help transition veterans to gainful non-military employment. (See Appendix).

II. Challenge: Refocus Community Colleges and Bolster STEM Skill Education & Training: Community colleges must be encouraged to re-focus part of their efforts toward enhancing the worth of terminal degrees. Understanding that the core role of community colleges may vary from state to state, they are still uniquely suited to play an effective national role in facilitating and convening local educational partners, employers and labor organizations to identify the skill sets needed in their respective local communities to help workers prepare for the 21st Century workforce.

Recommendation #4: Boost Workforce Readiness Programs at Community Colleges: Federal programs can encourage community colleges to engage employers so that the skills provided in the classroom reflect those needed in the workplace. (See Appendix).

Recommendation #5: Develop a Coordinated and Comprehensive Plan to Expand STEM Training: America lacks capacity in critical STEM skills training when compared to our global competitors. This is one of the most essential areas of workforce development confronting the U.S. today and major public and private resources must be focused on prioritizing and growing education and training for workers within the STEM field skills. Educational and training efforts for STEM can positively impact our nation's ability to compete in international markets and remain a leading force in the world economy. There are a number of plans to promote STEM training and education throughout the nation, such as *Change The Equation*, and the PEC stands

ready to work with other committees, such as the Manufacturing Council and the Jobs Council, to ensure there is a comprehensive and coordinated approach to this vital issue.

Mr. President, American industry wants to see your plan to increase U.S. exports become a historical success. We also believe your vision and our needs are aligned. We stand ready to work with you to identify and replicate successful pilot programs and encourage prioritization of government and private-sector education and training efforts that get Americans back to work.¹

Sincerely,

A handwritten signature in black ink, appearing to read "Jim McNerney". The signature is fluid and cursive, with a large initial "J" and "M".

Jim McNerney

¹ Please note that this letter has been prepared by the private-sector appointed members of the PEC.

Appendix

Recommendation #1: Make High School Completion a Top-Tier Priority

1. The overall quality of public education needs to be increased and graduation rates need to substantially improve. If businesses that have jobs to offer cannot fill them because applicants lack a foundational education, boosting the performance of our education system must be a vital priority. Reinforcing and expanding career and technical education in our high schools can aid these efforts.
2. Career and technical education programs can provide viable career path options for non-college bound high school students and improve high school graduation rates. They can also keep students interested in education and help improve graduation rates. Those programs still in operation need additional support and career and technical education curriculum should be reintroduced into high schools with curriculum aligned to industry-needed skills and competencies. Such schools can and should be linked to formal apprenticeship programs to ensure effective job placement and career development.
3. Teachers, guidance counselors and parents need to understand better the career possibilities of joining America's manufacturing sector as a skilled tradesman. We should make clear the notion that career and technical education can translate into hi-tech, well-paying jobs. White House and individual federal agencies should reinforce this message through a public awareness campaign by telegraphing to educators and students that a career in a skilled trade is a valuable and reliable choice.

Recommendation #2: Utilize Time-Tested Skill Training Models in Manufacturing

1. The Apprenticeship model established in the U.S., which has thrived for well over 100 years in the construction industry, should also be examined and expanded to other industries, especially manufacturing. The apprenticeship programs in the unionized construction trades offer a unique and compelling model for future success. Currently investing nearly 1 billion per year in state-of-the-art skill training for all construction trades, these joint labor-management programs use a system and an approach to training that works and is respected world-wide (as evidenced by the fact that other countries have studied these programs for years).
2. One of the most important points regarding construction apprenticeship programs is they are maintained and operated with virtually all private funds, a reality made possible by shared financial contributions from both labor and management. This approach represents a joint investment by the parties in their common economic future and, as such, and offers a solution that works and works exceptionally well. Firms relying on such programs are not only profitable and competitive, but also supply some of the highest quality services in the construction industry. Given these facts, other industries should study this successful model and consider joint labor-management programs to develop skill training. Further, any future government-sponsored training investments should not be permitted to undermine existing programs in any way, but

should rather be used to assist industries most in need, such as manufacturing facing the most international competition.

3. Apprenticeship training programs warrant a careful and comprehensive review by the Administration, and recommendations concerning how such programs can be expanded and used by industry should be provided to the business community and our educational and local governmental institutions.

Recommendation #3: Expand Specialized Training Programs for Veterans

1. Employment and training programs for veterans that have successful track records should be expanded to better serve returning U.S. veterans. There is no other group more deserving of assistance from the government and private industry. Such programs exist. The *Veterans in Piping Program*, operated by the United Association of Plumbers and Pipe Fitters, has shown that the skill-acquisition-through-apprenticeship path can be accelerated and yield substantial results for both business and workers. *Helmets-to-Hardhats* is a similar program that covers all construction trades.
2. These Veteran programs should be replicated across all branches and sectors of the military and linkages between the services and these programs should be expanded to substantially increase opportunities to military personnel preparing to leave the service and existing veterans, whose unemployment rate generally runs twice that of the general population. This could be done rapidly and key benefits could be realized in real time.
3. In addition, the national partners in the NAM-Endorsed Manufacturing Skills Certification System have developed the technology platform to translate active duty military personnel's occupational codes and training to civilian, industry-recognized credentials to connect new veterans to immediate employment opportunities in manufacturing. The Service commands should revamp transition assistance programs to utilize this program in the nation's manufacturing sector.

Recommendations #4: Boost Workforce Readiness Programs at Community Colleges

1. Community colleges can target specific skill gaps and aggressively work to remediate them - lifting a burden currently borne by many businesses. Community college curriculum must incorporate the learning standards aligned to nationally portable, industry-recognized credentials to ensure their graduates are equipped with the skills needed by American manufacturers. The premier example of this approach is the integration of the NAM-endorsed *Manufacturing Skills Certification System* in community college programs of study. An example of collaboration amongst employers and educators utilizing the NAM Certification as a foundation is the planned partnership of the Des Moines Area Community College, the American Welding Society and a Career Academy to begin a welding certification program, combined with the *National Career Readiness Certificate* Assessment, which will create a local pipeline of NAM-certified welders.
2. The President's Jobs Council has designed a fast-track *Right Skills Now initiative* that will help community colleges target specific skills gaps and provide accelerated training to directly fill that gap, helping unemployed and transitioning workers as well as filling the immediate needs of

business. Right Skills Now was built directly from the NAM-Endorsed Manufacturing Skills Certification System.

3. Business and labor stand ready to work with the Secretaries of Labor and Education to discuss the many programs currently underway, suggest metrics to identify early success, and jump start this effort so more workers are matched to existing jobs. Building effective public-private partnerships, like Skills For America's Future, in which community colleges collaborate with local industry to create degree programs essential to support economic development efforts – should be a policy priority. The Administration should continue to align its available resources to promote nimble and responsive partnerships.
4. The Regional Export Initiatives that have begun emerging across the country as part of the National Export Initiative (NEI) should be utilized in active support of Community Colleges, Small Business Development Centers and other agencies active in this workforce development effort to ensure that sustainable training resources can be made available to place trained workers with small- and medium-sized enterprises engaged in exporting.