



## **Testimony**

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*before the* House Committee on Education and the Workforce  
*on* Challenges Facing America's Workplaces and Classrooms

February 5, 2013

**COMMENTS OF THE NATIONAL ASSOCIATION OF MANUFACTURERS**

**BEFORE THE**

**HOUSE COMMITTEE ON EDUCATION AND THE WORKFORCE**

**FEBRUARY 5, 2013**

Chairman Kline, Ranking Member Miller and Members of the Committee, thank you for the opportunity to appear today to testify on behalf of our nation's manufacturers at this hearing on the "Challenges Facing America's Workplaces and Classrooms."

My name is Jay Timmons, and I am the President and CEO of the National Association of Manufacturers, the nation's largest industrial trade association, representing small and large manufacturers in every industrial sector, in all 50 states. And we are the voice of 12 million manufacturing workers in America. I am pleased to testify on behalf of our nation's manufacturers and all those who wish to preserve our nation's competitiveness and prosperity, on the critical issues of education and workforce development.

Before I begin, I would like to let you know that the Manufacturing Institute, the non-profit affiliate of the National Association of Manufacturers, is honoring 120 women tonight from across the country for their leadership in Manufacturing. We applaud all of these women for their hard work, dedication and commitment to the success of American manufacturing.

Manufacturing remains an important economic force across the country. To retain that strength we need to address the fact that it is now 20 percent more expensive to manufacture in the United States compared to our competitors, and that figure excludes the cost of labor. As manufacturers, we have identified four goals to keep manufacturing as leading economic driver.

- 1) The United States will be the best place in the world to manufacture and attract direct foreign investment.
- 2) Manufacturers in the United States will be the world's leading innovators.
- 3) The United States will expand access to global markets to enable manufacturers to reach the 95 percent of consumers who live outside our borders.
- 4) Manufacturers in the United States will have access to the workforce that the 21st-century economy demands.

These goals are our vision for manufacturing. There are however, also very specific challenges we are facing in labor policy, workforce development and immigration that make it difficult to achieve these objectives.

**Labor Policy**

The National Labor Relations Board's (NLRB) aggressive agenda threatens jobs and undermines employer-employee relations. The NAM is committed to defending the rights of manufacturers and their employees and stopping this bureaucratic overreach. We need to

maintain the time-tested balance between labor unions and employers. This balance is critical to economic growth and job creation.

The current National Labor Relations Board and the Department of Labor continue to churn out troubling regulations and case decisions, often overturning decades of established and accepted labor practice. At times it appears these agencies are proposing old-economy ideas to solve problems that simply do not exist in a modern workplace. Based on press accounts, we are likely to see an expansion in the amount of personal information employers will be required to share with union representatives, including personal emails. It is also likely the Board will seek to allow for electronic voting during a unionization campaign election. Both of these initiatives, along with the ambush election rule, and the Employee Free Choice Act, purport to make it easier for unions to hold representation elections, but it is rather interesting when you look at the NLRB's own data about union representation elections and how the Board is dead set on fixing a problem that the numbers continue to show doesn't exist.

This is a pattern with the Board. For example, the Acting General Counsel's Summary of Operations Memorandum for 2012 shows 93.9 percent of union elections were conducted in 56 days or less from the time the representation petition was filed. This rate is above the Board's goal of 90 percent and the 12th straight year the NLRB has exceeded its stated goal. Keep in mind, the ambush election rule that would speed up representation elections never went into effect last year due to litigation the NAM supported. The regulation was invalidated by the District Court last year and is before the DC Circuit Court of Appeals right now. We've been asking the same questions and have yet to receive credible answers from this Board.

What is even more telling however, is despite the U.S. Court of Appeals for the D. C. Circuit recent decision that two of the three current members of the Board were improperly appointed by the President – effectively reducing the Board to one member, the Chairman of the NLRB, Mark Pearce, has stated the Board “will continue to perform our statutory duties and issue decisions.”

The result is rather than being focused on hiring new employees and creating new opportunities for employees, employers are shifting focus to educating themselves on multiple union representation elections, questioning whether or not they should consult with their attorney over representation elections and facing challenges to comply with the shifting landscape of regulations. We anticipate this current focus to continue over the next several years, not just with the NLRB, but as also evidenced by the most recent Regulatory Agenda released by the Department of Labor this past December. Employers will be trying to decipher hundreds of pages of proposed regulations from the Occupational Safety and Health Administration (OSHA), the Office of Federal Contract Compliance Programs, NLRB, and other agencies rather than focusing on the reason they exist in the first place.

### **Alignment of Education and Workforce Needs**

While these challenges are of serious concern by themselves, there is also a long-growing and looming problem for manufactures. Our most recent Skills Gap survey identified approximately 600,000 positions going unfilled due to the lack of qualified applicants. In fact, 82 percent of manufacturers reported a moderate-to-serious shortage in skilled production labor.

The U.S. is betting its entire economic future on our ability to produce leading-edge products. Whether it's in IT, biotech, aerospace or construction...it doesn't matter. Manufacturers will be

the ones to consistently create new and better things. This future promises to be bright, but only if we have the workforce capable of pushing that leading-edge. And right now, that doesn't look like a very good bet.

We have created an education system that is almost completely divorced from the economy at large. The only way to address this monumental challenge and support the economic recovery is to align education, economic development, workforce and business agendas to work in concert and develop the talent necessary for success in the global economy.

It is our belief that we do not need another government program to solve these problems. We should, however, make sure the ones we currently have are actually addressing the problems we face. If they are failing to meet the needs of employees and employers, we shouldn't be afraid to change them. As representatives of the manufacturing industry, we think we've found a solution that fits the needs of our businesses and our labor force while working within the existing secondary and postsecondary education structure.

The solution, called the NAM-Endorsed Manufacturing Skills Certification System, is grounded in the basic set of skills identified by manufacturers - the employers themselves - as required to work in any sector across the manufacturing industry.

The system is a series of nationally portable, industry-recognized credentials based specifically on those employer-identified skills. These credentials, and the training required to obtain them, certify that an individual possesses the basic skills necessary for a career in manufacturing and ensures that they are useful nationwide and across multiple manufacturing sectors. A realignment of this kind would be tangible for our nation and its workforce.

While on its face, the idea of a skills certification system may not seem transformational, it is in fact reforming education and the way we think about it. For too long, any programs that were "career or technical" were pushed off into the non-credit side of academic institutions. This attitude sends a loud and clear message to students and parents about the value colleges and universities place on these types of programs. Yet, it is these very skills and certifications that will lead to a job or career that actually exists.

We are working to integrate credentials into the for-credit side of colleges, so even if a student takes only three or four courses to achieve a certification and heads into the workforce, they have "banked" those credits. Under this system, the individual knows that when they return to achieve the next level certification, they will also be working toward a degree as well.

This approach creates more on and off ramps in education, which facilitates individuals' ability to obtain schooling when their professional career requires it, and positions them to earn while they learn, applying what they learn in class at night on the job the next day. In fact, I know the Manufacturing Institute has worked closely and successfully with Congresswoman Brooks' former employer, Ivy Tech, which is a national leader in quality manufacturing training. These are the partnerships we embrace and hope to replicate.

For many years, postsecondary success has been defined as a four-year degree. This is unfortunate when a valid, industry-based credential can provide the knowledge and skills for a well-paying job and a solid foundation on which to build a future.

Acquiring skills that are in demand by employers is probably the soundest investment individuals can make in themselves and as I said earlier, the federal government does not need

to spend more money to facilitate these investments – but there are things Congress and the President must do in order for this approach to have the greatest impact over the long-term.

In addition to private-sector alignments, we need to look at federal workforce training programs that often do not address the skills that are in demand by employers. For example, programs such as the Workforce Investment Act that have not been reauthorized for decade need to be seriously addressed. WIA can be beneficial to employers, but the program is overly bureaucratic and inefficient which prevents workforce training dollars from getting to the workers who need them. The program should not only be streamlined but also focused on the goal of training workers to credentials that are in demand in the private sector and to jobs that actually exist.

That is why manufacturers support the America Works Act, legislation introduced this morning by Congressmen Barletta and Schneider. The legislation creates this prioritization in WIA but also in TAA and Perkins. For employers, an emphasis on a nationally-portable, industry-recognized credentialing system provides a level of quality in potential hires that does not exist today. For employees, it ensures they are obtaining the skills in demand in the workplace and can work in multiple sectors. For government, it ensures that federal funds allocated to worker training are used more efficiently and effectively. I want to thank Congressman Barletta for working with us on this piece of legislation that is of utmost importance to manufacturers.

For too many years, anything that looked or sounded like skills development was classified into a lesser accepted form of education. It was defined simply as job training, non-creditable courses or career and technical education. In other words, it wasn't considered real education. Skill certifications can and should be part of a traditional education system, but a wall has been built between education and job training by institutions on both sides of that divide. The NAM and the Manufacturing Institute are working to break down that wall. The result will be more individuals gaining the skills they need to build a career and more employers finding and hiring qualified workers.

## **Immigration**

Employers are investing in workforce development that is essential for the future of manufacturers. We have committed to and are invested in reducing the skills gap and will work to find future solutions to support substantive changes and investments in the education system, especially in the areas of Science, Technology, Engineering and Math, but right now there is a skills gap across the country in many sectors.

Employers cannot find the workers they need to get the job done. We need access to the people who will invent, innovate, create and build and many of these people are born outside of the United States. The broken immigration system is making it more difficult to hire the right person with the right skills at the right time.

We fully understand the need and support efforts to address the millions of undocumented and falsely-documented people currently residing in the United States. Whether it is politically popular or not, many of these individuals were born here and many others have lived here for years. This is a serious concern and should be addressed in a thoughtful manner in conjunction with border security and enforcement measures. The NAM supports resolving these issues and looks forward to working with Congress, the President and anyone else willing to work together on a solution.

Just as important, however, is reform of the employment-based immigration system, which in its existing state is hindering economic growth. Manufacturers need a functional legal immigration system that efficiently deals with the lack of necessary green cards and visas. American companies cannot hire the employees they need and will either not hire at all or move jobs abroad if the workers are not available domestically. Put simply, we need to raise the caps on the number of green cards and visas and create a functional system for hiring employees in order for reform to be a workable solution for manufacturers.

A few years ago, a study by the Partnership for a New American Economy, a group of business and civic leaders, found that over 40 percent of Fortune 500 companies were either started by an immigrant or the child of an immigrant. Manufacturers are well represented in this group. American manufacturing enterprises founded by immigrants span all sectors, from technology, to steel, to chemicals, to medical devices, to many others. All told, the study concluded, major companies founded by immigrants or children of immigrants have an economic impact larger than all but two of our competitors, Japan and China.

Every year, even during the economic downturn, the H-1B visa cap is reached, leaving companies without any access to necessary employees. In addition, the wait time for a green card can be up to ten years, leaving employers and employees frustrated and searching for alternate solutions.

During the next ten years, STEM jobs are expected to grow by 17 percent, compared to a 9.8 percent-growth in non-STEM jobs. In 2008, just four percent of all bachelor's degrees were awarded in engineering. In China, 31 percent of all bachelor's degrees were in engineering and throughout all of Asia the percentage was 19 percent. We need these individuals now, but we also need to firm up our pipeline.

But it is not just the education pipeline that needs to be addressed. Comprehensive reform should look to create a program to address the future needs of the workforce. Without creation of a functional, legal system we will be looking back at ourselves in 20 years trying to determine how to manage the next generation of 12 million undocumented people residing in the United States. Hand in hand with the need to address the next generation workforce is the need to have a verification system that is fair and reliable.

Make no mistake; immigration reform and the access to foreign-born talent is not an excuse for American manufacturers to neglect the STEM pipeline. These two issues are inextricably linked. We will continue to work on building skills for the shop floor and for the laboratory. Visa and green card funding should be dedicated to building this pipeline and we look forward to working with you to create a more robust program.

## **Conclusion**

Mr. Chairman, we need access to workers with the skills that will allow American manufacturers to grow and succeed. We have invested in developing those skills here in the United States, but we also need access to foreign-born workers whose skills, talents and vision complement those of the American workforce.

Thank you for the opportunity to testify today. I look forward to working with you to build the next generation of manufacturers.