

INNOVATIVE APPROACHES TO MEETING THE WORKFORCE NEEDS OF SMALL BUSINESSES

HEARING BEFORE THE COMMITTEE ON SMALL BUSINESS UNITED STATES HOUSE OF REPRESENTATIVES ONE HUNDRED TWELFTH CONGRESS FIRST SESSION

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CONTENTS

OPENING STATEMENTS

	Page
Graves, Hon. Sam	1
Velázquez, Hon. Nydia	2

WITNESSES

Ms. Jennifer McNelly, Senior Vice President, The Manufacturing Institute, Washington, DC	3
Dr. Robert Scott Ralls, President, The North Carolina Community College System, Raleigh, NC	5
Mr. Scott Watkins, CEO, Modern Tech Squad, Bonifay, FL	8
Mr. Roger Tadjewski, Executive Director, National Coalition of Certification Centers, Kenosha, WI	10

APPENDIX

Prepared Statements:

Ms. Jennifer McNelly, Senior Vice President, The Manufacturing Institute, Washington, DC	22
Dr. Robert Scott Ralls, President, The North Carolina Community College System, Raleigh, NC	26
Mr. Scott Watkins, CEO, Modern Tech Squad, Bonifay, FL	31
Mr. Roger Tadjewski, Executive Director, National Coalition of Certification Centers, Kenosha, WI	35

Questions for the Record:

Congressman Owens Questions for Ms. Jennifer McNelly	38
Congressman Owens Questions for Dr. Robert Scott Ralls	39
Congressman Owens Questions for Mr. Roger Tadjewski	40

Answers for the Record:

Ms. Jennifer McNelly, Senior Vice President, The Manufacturing Institute, Washington, DC	41
Dr. Robert Scott Ralls, President, The North Carolina Community College System, Raleigh, NC	43
Mr. Roger Tadjewski, Executive Director, National Coalition of Certification Centers, Kenosha, WI	45

Additional Materials for the Record:

Rep. Joe Donnelly Statement for the Record	46
CompTIA Statement for the Record	48

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THURSDAY, SEPTEMBER 8, 2011

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
Washington, DC.

The Committee met, pursuant to call, at 1:07 p.m., in room 2360, Rayburn House Office Building, Hon. Sam Graves (chairman of the Committee) presiding.

Present: Representatives Graves, Chabot, King, Coffman, Tipton, West, Ellmers, Velázquez, Clarke, Cicilline, and Owens.

Chairman GRAVES. Good afternoon, everybody. I call the hearing to order.

I thank everyone for joining us. I also want to thank our witnesses for appearing today. I look forward to hearing your testimony.

The purpose of today's hearing is to examine the workforce needs of small businesses and the newer, more innovative programs that are being created to meet those needs.

The domestic economy has experienced profound changes in the last generation. Advances in technology have made it possible for firms across the industry to increase the efficiencies of their workforce. Most agree that the future health and competitiveness of the domestic economy is dependent on continued innovation. These technological advances have also increased businesses' needs for workers who can understand and operate complex machinery and processes.

While the economy remains mired in recession and more than 14 million of our citizens remain out of work, a number of firms, including small businesses, report difficulty finding new workers with the requisite skills and knowledge for entry level positions. According to a recent survey by the National Federation of Independent Businesses, more than 33 percent of small firms report vacancies that remain unfilled because of a lack of qualified candidates.

The situation is becoming so acute that some are beginning to question whether the skills gap is a contributing factor, along with the future budget, tax, and regulatory uncertainty, to weak economic growth and further job creation.

When firms can't fill a job opening in a recession, it is clear that there is a problem. The United States spends hundreds of billions of dollars a year on education and workforce training programs, yet the current system is in many ways too complex and is failing to meet the needs of businesses and the students it educates. This is

leading some to question whether the alternative paths to education and training can fill these programs.

As in the past, the private sector is moving into the void and helping move forward with its own solutions to meet the workforce needs. Unfortunately, most small businesses don't have the resources or expertise to develop their own workforce training programs and their ability to influence the direction of existing workforce training programs can be limited.

Proponents of industry led credentialing programs claim they help small businesses compensate for these limitations by providing students and workers with a broad base of occupational knowledge and skills necessary for entry level and more advanced jobs.

The Committee is going to hear from four witnesses that are intimately involved in these efforts. I appreciate again their participation in this hearing. I know some of you traveled a ways, and I appreciate that as well.

I now turn to Ranking Member Velázquez for her opening statement.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

As our Nation strives to regain its economic momentum, it is critical that companies of all sizes have access to the skilled workforce they need to succeed. In fact, in the next decade, nearly two-thirds of all job vacancies will require some postsecondary education, and this will only increase as the pace of technological change accelerates.

For small businesses, a technically proficient workforce is particularly essential, as they create 70 percent of all new jobs. While this demand for skilled workers is increasing, educational attainment has, unfortunately, begun to fall. For the first time in American history, today's young adults risk having lower educational attainment rates than their parents.

Although more than 70 percent of high school graduates enroll in advanced education, barely half complete their bachelor's degree within 6 years and less than one-third earn their associates degree within 3 years. And despite progress in improving high school graduation rates in the last decade, one-fourth of all public high school students and nearly 40 percent of minorities will fail to graduate with their class. As a result, many employers find that graduates are ill-prepared in both technical education and basic skills such as oral and written communication and critical thinking.

For businesses, this reality has dire consequences. If we are unable to meet the demand for trained workers, our economy will be less able to compete globally. The manufacturing sector in particular faces challenging obstacles due to this deficiency. A recent report found that roughly 80 percent of American manufacturers were unable to fill their vacancies with qualified laborers, and many foresee increased shortages ahead.

For workers, this trend also has important ramifications. While demand for higher skilled labor is rising, many traditional lower skill jobs have been permanently lost during the economic downturn. The jobs that will replace them will be very difficult and require increasing amounts of skill and training.

The Georgetown Center for Education and the Workforce found that, of an estimated 47 million jobs that will be created by 2018, two-thirds of them will require workers with at least some college education. As a result, it is increasingly important not only for businesses but also the labor market and the economy overall to address this skills gap.

Targeted postsecondary education such as skill certification systems can assist small firms secure qualified employees to help them grow. Novel partnerships among industry, educators, and policymakers are also playing a role by preparing the workforce and incentivizing school completion. Such direct career pathways between students and employers are vital. If proven successful, these efforts may be duplicated in regions and States throughout the country.

Efforts such as these that we will discuss here today are critical to our economic recovery. By preparing America's workforce to compete in the global marketplace, firms will be better positioned to succeed, paving the way towards stronger growth. Prudent investment in training and education will also reduce the unemployment rate, leading to higher consumer confidence and demand. This is exactly what our Nation needs now as we look to turn the corner, create more jobs, and ensure that America's small businesses are prepared to move our economy forward.

With that, I would like to take this opportunity to thank all the witnesses for being here today.

Thank you. I yield back.

Chairman GRAVES. We are going to have a series of votes coming up here before long, so are going to try to get through our opening statements as soon as possible and recess and come back. But in no way do I want you—you have each 5 minutes, but don't rush yourself as a result of that. Because we definitely want to hear what everybody has to say. Unfortunately, Nydia and I don't make the schedule. They won't listen to us.

STATEMENTS OF JENNIFER McNELLY, SENIOR VICE PRESIDENT, THE MANUFACTURING INSTITUTE, WASHINGTON, D.C.; ROBERT SCOTT RALLS, PRESIDENT, THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM, RALEIGH, NORTH CAROLINA; SCOTT WATKINS, CEO, MODERN TECH SQUAD, BONIFAY, FLORIDA; AND ROGER TADAJEWSKI, EXECUTIVE DIRECTOR, NATIONAL COALITION OF CERTIFICATION CENTERS, KENOSHA, WISCONSIN

Chairman GRAVES. Our first witness is Jennifer McNelly, who is the Senior Vice President of the Manufacturing Institute that is headquartered right here in Washington, D.C.

In her capacity as Senior Vice President, Mrs. McNelly has been responsible for developing the NAM-Endorsed Skills Certification System which will be the subject of her testimony today. We appreciate you being here.

STATEMENT OF JENNIFER McNELLY

Ms. McNELLY. Chairman Graves, Ranking Member Velázquez, and members of the Committee, thank you for the opportunity to testify today.

I am Jennifer McNelly, Senior Vice President of the Manufacturing Institute, a 501(c)(3) affiliate of the National Association of Manufacturers. Our mission is to support the Nation's manufacturers.

For a generation now, the common perception has been that manufacturing in America is dying. But the facts show differently. The United States is the world's largest manufacturing economy, producing 21 percent of global manufactured products; manufacturing supports an estimated 18.6 million jobs, one in six private sector jobs; manufacturing employees earn above the national average in salaries and benefits; and 93 percent of U.S. manufacturers employ less than 100 workers.

While manufacturing remains an important economic force in this Nation, it faces serious challenges: a significant increase in the structural costs; an absence of a coherent, coordinated national trade policy; the lack of an innovation strategy. And while these and other issues play out in the front pages of the newspapers, there is another challenge, one that threatens not only manufacturing but also companies in every sector: the deteriorating condition of our Nation's workforce. In our most recent skills gap survey just completed last week, 82 percent of our manufacturers reported a moderate-to-serious shortage in skilled production labor.

We have created an education system that is almost completely separate from the economy at large. Traditionally, it was the job of schools to educate children and companies to train their employees. Jobs for individuals with almost any education level were plentiful because companies would spend time and resources to turn them into productive employees. We don't have that luxury today. The only way to address this monumental challenge is to align education, economic development, workforce, and business agendas.

As representatives of the manufacturing industry, we have found a solution that meets the needs of our businesses while working within the existing secondary and postsecondary structures. Our solution, the NAM-Endorsed Manufacturing Skills Certification System, certifies individuals have the basic skills to work in any sector of the manufacturing economy.

We joined with leading certification organizations in 2009 to create a system of nationally portable, industry recognized credentials. We were also pleased to have the President of the United States highlight our efforts a few months ago.

Our system takes certification to the next level by organizing it, aligning it, and translating those credentials into corresponding education programs that are integrated into high schools and community and technical colleges across the Nation. And while on the face of it skill certifications may not seem transformational, it is in fact reforming education.

Our system is integrated into four credit programs of study, so even if a student only takes a few classes but gains an industry credential and enters the workforce they have a pathway back into education for additional training and to advance to a degree. The system creates on and off ramps, allowing individuals to earn and learn as they progress in their careers.

In addition to private sector alignments, we need to look at Federal investments, programs such as the Workforce Investment Act.

They need to focus efforts on training individuals for skills in demand of industry. That is why the NAM supports H.R. 1325, the America Works Act.

From an employer perspective, nationally portable, industry recognized credentials integrated into degree programs of study transforms their human resource approach. It nearly guarantees a level of quality in potential hires that does not exist today. It greatly reduces risk, a risk that is most significant to our small employers. Skill certifications enables small employers to improve their hiring practices by giving confidence that their employees can meet an industry standard.

Mr. Chairman, for too many years anything that looked and sounded like skills development was not considered education. A wall was built by parties on both sides. And we are breaking down that wall today. The result will be more students in school, more individuals gaining the skills they need to build careers, and more employers finding the workers they need to hire.

Thank you for the opportunity to testify. We look forward to working with you.

Chairman GRAVES. Ms. Velázquez.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

It is my pleasure to welcome Dr. R. Scott Ralls. He is the seventh president of the North Carolina Community College System. With 58 colleges serving approximately 900,000 students each year, the North Carolina Community College is one of the largest systems of higher education in the United States. It is internationally recognized for its programs to foster economic and workforce development.

Prior to his current position, Dr. Ralls served as the president of Craven Community College during a time when the college achieved record enrollment growth.

Welcome.

STATEMENT OF ROBERT SCOTT RALLS

Mr. RALLS. Thank you.

Mr. Chairman, Ranking Member Velázquez, members of the Committee, it is an honor to be with you today.

My name is Scott Ralls. I am president of the North Carolina Community College System. I represent a system that serves one out of every eight adults in the State of North Carolina.

Our system originated as an innovation to foster Statewide economic prosperity through workforce development. In the 1950s, North Carolina was one of the poorest States in the country on a per capita basis. We were limited to textiles, tobacco, and furniture production. During that time of economic challenge, Governor Luther Hodges proposed two education innovations to foster economic diversification and widely shared prosperity, innovations that were initially met with skepticism.

One was the creation of a research park in the middle of a pine forest between three notable universities, what is now known as Research Triangle Park, the hub of one of the fastest-growing technology economies in the United States.

The other innovation was a system of industrial education centers located around the State. These centers were created for the

sole purpose of training North Carolinians for jobs they had not previously performed, and they subsequently promoted the location and development of businesses not previously in existence in our State.

Our current system of community colleges in North Carolina, today the most comprehensive in the Nation, emerged from this innovation, as did a mantra frequently heard in our State that education is economic development.

Over the last half-century, a variety of workforce development innovations have occurred through our system. They have helped lift our State to a better economic place, but they are also better equipping our citizens and our communities to deal with what are now very challenging economic times for North Carolinians and for individuals across the United States.

We were the first State in the Nation to pioneer customized job training as an economic development incentive. Our customized training programs have grown over the last 50 years in sophistication. We have reached 251 companies last year, trained 20,000 individuals.

Frequently, we are noted for the big companies we are working with: Spirit Aerosystems in the east, Novartis, the biopharmaceutical company in Research Triangle, or Siemens in Charlotte. But in recent years our focus has turned not only to companies creating jobs but also companies that are making significant technology and productivity enhancements that sustain jobs. Increasingly, our bread and butter has become our State's smaller manufacturers and export-oriented companies, as an example, companies such as Motion Sensors, a small family owned business in the coastal northeastern corner of our State. It turned to one of our colleges to provide the training and support necessary to gain AS-9100 certification; and through this coveted quality management certification for aerospace they gained in October, they now are increasing their sales.

Our experience in North Carolina is that the road to recovery we believe in our State is running right through the middle of the community college system, and we think we have data to confirm this claim. Since the recession began 3 years ago, our enrollment has surged by 28 percent. Consequently, our system faces significant simultaneous challenges, providing meaningful workforce development opportunities in an economic environment with significantly less job opportunity and meeting head-on the challenge of a surge in students who queue up in our registration lines.

Significantly increasing student success and program completion rates is our primary strategic focus. Achieving these goals in an environment of both exploding demand and declining budgets offers a whole new level of challenges, and these challenges are presenting opportunities for innovation like never before.

A greater focus on industry certifications and licensures is part of the answer, because they help us address the simultaneous challenges of workforce opportunity and program efficiency.

First, industry defined certifications means something. When our students gain industry recognized credentials along the way to an associates degree or diploma, they enter into an ever-challenging

job market with more industry defined firepower to go with their education credentials.

Industry certifications also help us to address the efficiency challenge. When employers collaborate to clearly define their skills targets, as the National Association of Manufacturers certification model does, it provides us a clear target to focus our efforts and a framework to work across multiple degrees and training programs.

That is what is happening in North Carolina right now. Faculty members across multiple colleges are redesigning curriculum standards in over 80 different degree programs using the NAM-endorsed system as a model. Building on a foundation of core academic and personal effectiveness competencies that cut across industries and multiple degrees, we can layer or stack core technical workforce competencies and industry certifications. The bottom line, we can be even more responsive to industry and more efficient in our operations, which we need as well.

What we are also doing in North Carolina is we are working across our programs, ways in which degree programs work with non-degree, federally funded programs with State-funded programs, and we are looking for innovations across program areas.

One of those areas has been an effort called Jobs Now where we have combined industry certification, career readiness certification, workforce skills where students can gain those skills in 6 months or less in core areas of need. In the last 2 years, 20,000 North Carolinians have participated in that program and gained over 17,000 certifications.

Real quickly, I would like to just share a story about a student that I met last year, one of the program participants in Jobs Now that I met while touring one of our mountain colleges.

At a makeshift outdoor pipe-fitting training lab, a most unlikely looking college student named Tim Price stopped me to say thanks, and that is the thanks that I want to pass on to you today for your support of our Federally funded programs. A big, burly mountain of a man, all layered in his work clothes, Tim wanted to say thank you because, as he said with an emotion in his voice, for the first time in several years both he and his family were feeling economic hope.

Years earlier, Tim had been one of many victims of the furniture company layoffs in our State, and his immediate family had faced several medical challenges that would have been difficult for someone of any economic circumstances.

A couple of months ago, I called back to Isothermal Community College to check on Tim; and I was delighted to learn that he had recently been employed as a pipe fitter with one of North Carolina's energy companies making \$16.40 an hour with medical coverage for his family.

Tim's story illustrates something that I have heard one of our greatest champions, Melinda Gates, has been known to say, that the line between poverty and middle class today runs through our Nation's community colleges. I believe that. And I also believe it is why our mission and our focus as community colleges, our focus on innovation and workforce development, has never been more important for our citizens, our communities, our State and our Nation.

Thank you.

Chairman GRAVES. Thank you, Mr. Ralls.

Our next witness is Scott Watkins. He is the CEO of Modern Tech Squad in Bonifay, Florida. Mr. Watkins is part of a three-family member small business operation that provides computer IT services to local businesses. He is testifying on behalf of the Computer Technology Industry Association. Welcome.

STATEMENT OF SCOTT WATKINS

Mr. WATKINS. Good afternoon, Chairman Graves and Ranking Member Velázquez and distinguished members of the Committee.

As mentioned, my name is Scott Watkins. I appear here on behalf of my company, Modern Tech Squad, and as a member of the Computing Technology Industry Association, also known as CompTIA. My company is the only CompTIA Authorized Service Center for computers, networks, and service support in the Florida panhandle.

I want to thank Chairman Graves and members of the Committee for holding this hearing on the value of the industry led portable skills credentials. This is an extremely important issue for both my company and for countless other small businesses across the Nation.

Small businesses are the backbone of the American economy. As I am sure you are aware, there are an estimated 30,000,000 small businesses in the United States which employ over half of all private sector employees. An even more important statistic for this hearing, though, is the fact that small businesses hire 40 percent of all high-tech workers in the United States.

On behalf of my company, Modern Tech Squad and CompTIA, I would like to share with you our perspective about the importance of credentials in the IT industry.

CompTIA is a nonprofit trade association representing over 2,000 corporate members and 1,000 business partners in the IT industry. Many of its members are like me, small businesses that provide IT services to others. CompTIA is also the leading global provider of vendor-neutral IT workforce certifications. The CompTIA Authorized Service Center credential validates an organization's level of technical certifications, resulting in competitive differentiation and customer confidence. As I mentioned previously, Modern Tech Squad is a CompTIA Authorized Service Center.

First a brief word about CompTIA certification and why our company values these certifications as an important market differentiator.

The success of the personal computer led the computer service and repair industries to commission CompTIA to create its vendor-neutral CompTIA A+ certification examination program back in 1992. Today, three-quarters of a million people hold the CompTIA A+ certification. The continuing success of the certification demonstrates an ongoing need to provide a means of validating skills across a wide spectrum of computer hardware and software.

Following on the success of A+, CompTIA developed and introduced the CompTIA Network+ and the CompTIA Security+ certifications. Each of these certifications is industry driven, validating

technical skills and abilities both for the individuals working in the IT field and for the people who hire and train these.

By securing and validating core skills and knowledge, both job seekers and established professionals can progress to more complex and specialized credentials, such as vendor-specific hardware and software training.

These certifications have played an important role in our company, Modern Tech Squad. Together with my father and my brother, we founded Modern Tech Squad about 3 years ago. Typical services that we offer provide computer-based diagnostics, repairs, network server support, break-fix work, and remote IT support.

At the time that we started the company, my father was a general contractor and my brother Matt worked with him in the construction field. You may remember about 3 years ago as the economy hit bottom in the housing industry and things were pretty tough.

I had, on the other hand, been an IT manager at a local hospital and had suggested the three of us start Modern Tech Squad. The availability of industry recognized vendor-neutral certifications through CompTIA made our business possible. With a new-found passion and a good deal of study from both my father and brother, they were able to transition from construction to the high-tech field of IT.

It also interesting to note that the first time I went to take the CompTIA A+ exam, I actually failed the exam. My years of being an IT professional gave me a false sense of security in my knowledge about computers. The adage you only know what you know, that was a hard lesson that I had to learn. It opened my eyes for the need for certifications. I needed to learn more about computers and IT-specific areas, and I believe firmly that that has made me a better technician and a better value to our customers.

Many of our customers, over half of them in fact, are small businesses just like us. These small businesses depend on IT services but are too small to have a dedicated IT department. We have heard horror stories of small businesses hiring an IT person to come in and provide a solution, claiming to know what the solution would be, only to realize that that was not the case.

A small business simply cannot afford to spend their hard-earned money on solutions that do not work. With a CompTIA certification, I know that the customer will have the peace of mind that their hard-earned money is being well spent on someone who is trained properly and who provides the right solutions the first time.

CompTIA's credentials also allowed us to chart a successful business plan. There are over 3,800 registered IT-based service companies in the State of Florida. In our rural part of Florida in the panhandle, there are 11 such companies just in our area alone offering the same services that we offer.

We felt that a great way to differentiate ourselves was to highlight the fact that we are CompTIA certified. Our strategy was dead on. In only 3 short years, we have not only held steady but we have grown to now 10 employees; and nothing seems to be in the way for growing more.

CompTIA certifications are just the beginning for us, though. The concept of stackable credentials is essential to provide an even higher level of service to our customers. My brother Matt and I are currently studying for the Microsoft Certified Professional IT Certification, and many of our employees are also pursuing IT credentials in additional IT fields. We see a lot of opportunity for expanding our business based on stacking these vendor-specific certifications on top of the CompTIA certifications that we already hold.

In conclusion, here is the bottom line. Industry certifications are a necessity. They give companies like ours, no matter where we are located, a chance to meet customer needs and consumer needs, grow our business, and branch out into various additional professional opportunities as technology evolves. Our success proves this, and it is our hope that others can learn from our success.

I want to thank the Committee again for the opportunity to share my story with you and encourage you to support the broad dissemination of stackable and portable industry credentials.

Chairman GRAVES. Our final witness is Mr. Scott Tadajewski. Mr. Tadajewski is the Executive Director of the National Coalition of Certification Centers in Kenosha, Wisconsin, where he has been involved in establishing and implementing industry led workforce skills certification systems in public education.

I appreciate you being here. Thank you.

STATEMENT OF ROGER TADAJEWSKI

Mr. TADAJEWSKI. Good afternoon, Chairman Graves and Ranking Member Velázquez and members of the Committee. Thank you for this opportunity to appear here today and discuss this important issue of how we can work with small businesses on innovation approaches that can help with their workforce development.

I am the Executive Director of the National Coalition of Certification Centers. I am here today on behalf of Gateway Technical College in Kenosha, Wisconsin, who is also a founding member of the National Coalition of Certification Centers.

NC3 is an outgrowth of the relationship between Gateway Technical College and Snap-On Tool Corporation. This year, Gateway Technical College is celebrating its 100 years of service to the greater southeast region of Wisconsin. Gateway Technical College has been part of many business cycles over the last 100 years and has always responded with innovative approaches to meet the workplace needs of both small business and national industries, and today is doing the same.

Our current business cycle is and has been very challenging. Gateway Technical believes that working with business and industry to understand new and emerging technologies and their impact on the local and national workforce issues is critically important.

For example, the transportation industry, the aviation/aerospace industry, energy industries, and manufacturing as well are bringing new technologies to the marketplace that impact supply chain, manufacturing processes, commercial, and retail service industries, many of them in the small-to-medium business arena. The impact today for both the workforce and the business owner is not only what do you know but what can you do, and what can you do and

how can you use technology to improve productivity, process, and cost in a competitive marketplace.

Opportunities exist for small business owners to engage with colleges nationally to develop technical training for the emerging workforce, the instructors that teach it, and for small businesses. Additionally, these efforts will have a positive cascading effect down to high schools and middle schools, which is equally as well critically important as when we think about our eighth graders out there today, within eight semesters they will be graduating from high school, and where will they be?

This, in combination with congressional efforts that focus on increasing community college training for new and transitioning workforce, provide even greater opportunities. Many college presidents are proactive, as you have heard today, to this need, but they cannot do it alone. What do I do, how do I do it, and who can help me with it are some of the questions that are being asked out there, not only by the college presidents but by small business owners.

This is part of what NC3 International Coalition of Certification Centers, driven by college presidents, small business owners, and industry, are doing. The ability today and in the future to provide guidance and engage in collaborative efforts with small business are key to developing sustainable workforce development systems.

Some key recommendations today:

Support initiatives that provide better long-range planning for employers and employee needs. Many Federal programs, some of what we have heard talked about today, address the need for issues. However, there still exists a skills gap out there. Training for today's required skills has been mentioned in the opening statements. We have diagnostic equipment, we have manufacturing equipment that are on high level. Some of the research that we have done finds that some of this technology, even with the very best professions out there, are only using 20 percent of the capability.

One of the things we have been focusing on is working with colleges and college instructors to be able to show and so that they become power users of this technology and therefore that can cascade and transcend into the students, the emerging workforce, and, most importantly, our laid-off workers out there that are in transition right now.

Support and encourage colleges to align academic requirements with technology application requirements. Small business owners need both to stay in business and compete.

Support and recognize investment efforts that small businesses do make with local community colleges.

Entrepreneurship partnerships with community colleges and small businesses are equally important. Ideas today will turn into market leadership in 3 years, and that also creates job growth in new areas.

One example that we are working with right now today is with compressed natural gas and market leaders as well as small companies. We are all familiar with our good old gas stations. Well, one of the things that we are installing across this country is compressed natural gas fueling service stations. That is a whole new

marketplace, a whole new set of job skill sets, some historical, some legacy, but with some new ones in there that are creating a whole new work effort.

Fifth, support for Carl Perkins type funding for education. When we think about this, our small business owners are investing in their local community colleges. Local community colleges take State and local dollars and invest in buildings, hire staff, and core equipment needs.

The use of funds like Perkins funding and other Federal dollars to buy advanced technical equipment that the local business owners are using and be able to train the emerging workforce, the incumbent workforce, and especially the transitioning workforce on how to use that equipment and how to be able to go into the job site and be able to put that into productive, proficient use immediately are all key to what we have heard today on industry recognized certifications, stackable credentials, and a process that leads to sustainability in that.

Because the technology that we have today is going to continue to change. It has to change for us to remain competitive. So a sustainable workforce plan like this is what NC3 is doing and working with other associations as well to help drive this model to address it.

Thank you.

Chairman GRAVES. They have called two votes. So it is actually not going to take that long. So we are going to take a real short recess and go take care of those. Then we will be right back to ask questions.

We will recess for, I am going to say, approximately 20 minutes, maybe 30 minutes.

[Recess.]

Chairman GRAVES. We will call this hearing back to order and start right away with questions. And I have one, a fairly simple one; and it is for everybody out there; and then I will move on.

But, Ms. McNelly, you mentioned that training programs have had a low priority in public education. And my question is, are we placing too much emphasis in high schools or in our public schools on preparing those students for 4-year college or 4-year continuing education program and not paying enough attention, you know, to those students who aren't bound necessarily for college?

I guess that is the question; and I will start with you, Ms. McNelly.

Ms. MCNELLY. That is a great question.

I think as a Nation culturally we have a sense that every young person wants to go to college. What we haven't done in fact is define what real college is with labor market value. And statistically we all recognize that not every young person is going to go and achieve a 4-year degree. In fact, our dropout rates are astounding on the completion side. We incentivize counselors to benchmark students towards 4-year degrees, and parents equally play a role. And I think we have a long way to go in helping parents understand that industry based credentials that could be achieved in high school and in postsecondary education are important tools that in turn allow somebody to have good, family sustaining wages

but also a lifelong career that would allow them to enter back into the education system when possible for them.

Chairman GRAVES. Dr. Ralls.

Mr. RALLS. I believe the short answer is yes.

You can look at data in our State. I think recent studies have shown that the biggest skill gap is between those jobs that require above high school but less than 4 years of college. So I think there is that issue.

And I think everybody is in support of technical and vocational education. The challenge is priorities, as some say. Everybody is in favor of vocational education, just for other people's children. So it can be a real challenge.

But I also think the longer answer is it is not that easy. It is not so much either/or, and too often within education we look at these either/or scenarios. It is not either industry certification or a degree. It is really both. And it doesn't have to be either 4-year college or technical certification or technical degree. When degrees combine applied skill with the rigor of, say, an engineering stem, those are the best opportunities for students, when students can take applied skills and move to a 4-year program.

And what we see more and more in community colleges is we are becoming a new form of graduate school. Students gain 4-year degrees and come to community colleges as somewhat of a finishing school. Twenty-five percent of our nursing students already have degrees before they enter into our programs. So it is not as easy as either/or, and too often I think we create these either/or scenarios.

Chairman GRAVES. Mr. Watkins.

Mr. WATKINS. I think Dr. Ralls really nailed most of those points on the head. You really can't downplay the benefits that you get from college. Knowledge and skills that are earned in college are vital for any potential worker. But I think it is the combination of that with the credentials that make the workers able to be the most viable asset to small businesses in our case. I think that is—

Mr. TADAJEWSKI. You know, everything that has been said is right on. I think what I would add to that is a lot of—especially for small business employers, whether they are coming out with a 4-year degree or coming out of high school, two things. A lot of students simply can't go on to 4 years right away even if they want to strive to that because financially they need some money. And if they don't have skill sets that only allow them to go work at Taco Bell or some place with minimum—they are never going to get the 4-year education. So providing some of these skill sets that allows them to get some jobs that are at small businesses, that want to develop them and involve that young person is critical.

I think the other part of this is that—what has been mentioned already—is a lot of 4-year students that are coming out of colleges realize they have a lot of tremendous knowledge, they know a lot of things, but in today's marketplace—especially in this market that we are in now and coming out of this—is going to require what can you do. Can you actually put some things into practice? Although it may be entry level but can you take that tremendous knowledge you have and help us in the productivity side and bring

those ideas and put them to work in manufacturing processes, especially in the supply chain, which is a big part of what we are here today because our small businesses are key in that supply chain.

Chairman GRAVES. Thank you.

Ranking Member Velázquez.

Ms. VELÁZQUEZ. Thank you, Mr. Chairman.

Dr. Ralls, I would like to ask my first question to you, but I will want to hear the comments from the other witnesses.

The success of efforts to tie workforce and economic development will depend in part been upon how quickly they can respond to rapid changes in technology and industrial processes. We know that the marketplace is constantly changing. So how can we build successful partnerships between educators, industry, government that do not just adapt training programs once but instead remain engaged to the constant changing demands of the marketplace?

Mr. RALLS. I think you have probably hit on one of our greatest challenges. I think the beauty of the certification process that we have been talking about is community college. Our role with education, I think we are probably the closest of all educational institutions in terms of working with employers. That is just the nature of who we are. And in that regard, our role is to hit targets. If we have to define the target and then hit it, that is a long period of time. That is why we are working with certifications, working across multiple employers in similar areas with industry associations helps us in dealing with that issue of constant change. Because, as the employers help to define the constant change, we can keep our focus on the training programs and hitting the targets.

A real challenge for community colleges now, we were talking about at the break, is the simultaneous challenges of the increase in demand. As I mentioned, in North Carolina we have a 28 percent increase since the recession started. The budget challenges that we like everyone else is facing, but then the real necessity to constantly be innovating in areas—for instance, energy efficiency. We have to move energy efficiency ideas into HVAC programs and into automotive programs.

So a real challenge for us is to be able to fly the plane and redesign the plane and insert new parts in the plane all at the same time. And that is where we struggle. That is where programs like the Perkins funding and others play an important role in helping us to have some of that resource to be able to do that.

Ms. VELÁZQUEZ. Yes, Ms.—

Ms. MCNELLY. If I may. One additional aspect to certifications that benefits particularly small businesses is the ability to assess a set of knowledge. So that if technology has in fact training, you are not going to go back and retrain them on basic health and safety if they have been certified in it. You are going to get them to what is actually that 20 percent change in technology. So in working through our Nation's community colleges, which we really think are on the front lines of redeveloping our Nation's workforce, it gives them the opportunity to then customize and specialize what I refer to as that 20 percent difference.

When 80 percent of the core has remained the same but 20 percent has changed, there is still a 20 percent barrier to employment.

Grounding in industry based credentials allows individuals to step out of what they already know and really train and accelerate back into employment with that difference, and I think that helps with giving good guidance as Scott and his team are trying to hit the target.

Ms. VELÁZQUEZ. Yes.

Mr. WATKINS. Just a quick point to add to that. Coming from the small business sector and also from the IT field, it is interesting that we actually provide services for local health care and education systems. And I think the biggest thing in the IT field especially, since it is a vastly growing market, is getting it from the consumer to the people providing the services to the people training the program. Streamlining those targets and needs to each individual thing, I think that is going to be one of the key factors.

Mr. TADAJEWSKI. One of the things that we are working with NC3 is we have centers of excellence around this country. If you look at the middle part of the United States—Wichita, Oklahoma, where I am from—there is a lot of aviation. The same out in Seattle, North Carolina. But we also have community colleges across the country that have a lot of small businesses that support those industries. So this is one example to where, when we develop some curriculum, training materials, knowledge, how do we work with small businesses in these areas.

One of the things NC3 is doing is to make sure we share that with these small businesses and other colleges around the country so that they don't have to reinvent the wheel. So whether it is certifications—certifications is one part of it. But to sustain it, how do you help your instructor become a power user? How do you integrate that model in there without having to restart over? Because, again, that small business owner has been mentioned. It has a lot of work to do, and they need to be able to walk into that college president's office and say, let us get this implemented.

Ms. VELÁZQUEZ. And, Dr. Ralls, we heard how many—the numbers are increasing in terms of people that lost their jobs and they are going for training programs. Do you have any metrics that measures success in terms of not the numbers getting to the program but in terms of job placement and job retention?

Mr. RALLS. Well, our primary focus within our system now is student success. While we see huge numbers in terms of our registration lines, what we believe is we need to have those large numbers in our graduation lines, whether they be through a certification or 2-year degree or moving on to a university. So that is something we are working closely towards.

But, obviously, for community colleges, in a world where the job opportunities are not as great, everyone is facing the challenge of students completing programs and concern about what they move into. But I do think we find opportunities for success, and I will give you an example.

Two years ago, as I mentioned in North Carolina earlier, we pulled together to design very quickly, pulling together existing programs that we already had into a new form of program. We called it Jobs Now. It was a way in which we took existing things that we had and said let us provide a 6-month opportunity where students can gain a recognized industry certification, career readi-

ness certification, which is part of the NAM system, as well as employability skills; and we want to design that all within 6 months.

Then we did research. Before the recession, what were the jobs, where the gaps were, what could you do that in. And we gave the opportunity to the colleges, too, to define what is the most important opportunities that you think coming out of the recession will be there.

Now, what we found is that colleges—if you looked at the types of programs they were putting together, the five most popular—three were health care, they were nursing assistant, phlebotomy; the other two were welding and heating and air conditioning programs, but a new way of delivering. And what we found is that with the Workforce Investment Act students who were funded through the Workforce Investment Act—and this has only been within 2 years that this program has been in existence—54 percent of those who participated are already employed. We would certainly like for that to be 100 percent. But in that environment, with a program that has only been in existence in 2 years and rethinking that, we think that is pretty good. And I think the focus was how do you accelerate and how do you target to where you think the jobs will be, tying the economic goals with the workforce development goals.

Ms. VELÁZQUEZ. Do you have any comments on that?

Ms. MCNELLY. Just one enhancement. I was with a group of community college presidents yesterday. These are self-organized college presidents that represent auto communities in transition, and it was Missouri and Wisconsin and Ohio. The entire focus was on industry based credentials and how you, in fact, take that acceleration market and apply it. There were a number of presentations that as I sat and listened where they were starting to track metrics associated with both not just traditional academic metrics that Scott and his team are accountable for legislatively but equally in certifications and in job placements.

One of the presidents, Dr. Bryan Albrecht from Gateway Technical College, talked about a boot camp model that they have in Wisconsin. I think he said his placement was north of 90 percent of the individuals that went through the boot camp, and it is because the boot camp was run like a business would be run and you had to show up on time and you had to be engaged.

So there are, in fact, metrics that colleges are starting to look to that accelerate student success and hard-to-serve individuals who have been unemployed for extended periods of time back into the workforce grounded in industry based credentials.

Ms. VELÁZQUEZ. Thank you.

Mr. WEST. Thank you, Mr. Chairman, and, also, Ms. Ranking member.

I kind of want to dovetail off what Ranking Member Velázquez just asked. Do we see any metric that is out there that sees a correlation between the atrophy of skill sets with the length of time on unemployment? Has anyone been looking at that?

Ms. MCNELLY. I will say to the best of my knowledge it hasn't been codified in research. I asked a research question to our Department of Education representatives yesterday in this forum on the automotive community, just seeing that there have been signifi-

cant Federal investments in job training and retraining. And it gives us an opportunity to start to look at that longitudinally, but, to the best of my knowledge, they are not tracking them yet. But I do think the opportunity exists, and there certainly is a willingness to get to a more integrated participant support mechanism that allows for that to happen.

Mr. WEST. Mr. Watkins, a question for you. In the IT field—my youngest daughter just started high school, and the things that she can do with a computer is unconscionable, especially for someone like myself. So when I think about certification programs, I mean, is it possible we can start getting—especially in the IT field—some of these certification programs down even into the high school level where we can start developing that talent even earlier instead of waiting later?

I would like to get your thoughts on that.

Mr. WATKINS. First, I would like to say that I have an 18-month old daughter and I got her a little net book and she seems to have outstanding—adept at using that. But interesting that you ask that.

Michael Pinella, he is the local IT director for Holmes County School Systems, and that is something they are already working toward, in particular CompTIA, the certifications that they have at a high school level that gives a great foundation if they want to go directly into the workforce after high school or if they want to use that as a foundation for going to college. It is something that I think is extremely important, and I think that that is a very good thing to do.

Mr. RALLS. I would echo. A good example of that is the Cisco programs. Cisco academies will have regional academies and you will have high-school-based academies that are cooperating with community colleges and moving onto the universities with CC&A and CC&P.

And another thing about certifications that I think helps in this process is it is based on competency. It is not based on seat time. So if a student gets a certification in high school and a CC&A, there is no reason they have to get a CC&A when they get to college. And so we can be more efficient about education in that regard because we have trust in the standards that are out there. In these cases, standards that are defined by industry.

Ms. MCNELLY. We actually have an example in San Antonio, Texas, with a career academy high school that is training individuals. They happen to support the aviation and aerospace industry and workforce, and we had the opportunity bring one of the young women to Washington. And not only did she come, she is a first-generation college goer now. She has graduated from high school. But she graduated from high school with industry certification and college credit. And it was 36 college credit hours that she walked into that community college with.

Not only that, she is employed with an employer who in fact is helping to support her postsecondary education. And this in a family environment that didn't necessarily have an opportunity to understand the importance of postsecondary education, and she will be the first college graduate.

And industry based certifications linked to employment, a number of our employers all invest in continuing education for their employees; and having that link and that opportunity really helps create and strengthen the future for those that traditionally have not had access.

Mr. TADAJEWSKI. If I could add to that. One of the things that we are working on is, if you think about, especially in our sixth, seventh, and eighth grade areas, we know we lose a lot of kids in math. Okay? For the math teacher today, they try to introduce them to—with the use of calculators, algebraic equations, and those type of things.

One of the things we are doing—or going to be doing is through our community college—because this is part of their feeder system as well—is to bring an electric multimeter, a digital multimeter into those classrooms. Why? A multimeter is really just another calculator, except it gives you an actual measurement and gives you actual relevancy that every small business owner can participate, come in, and team teach—a lot of things to integrate that, to bring those certifications in, as well as keep those young people in school.

So there are things like that that are applied. You can apply that to torque, all kind of things that impact manufacturing, small businesses, computers, assemblies, all those type of things. So, yes, it is absolutely important if we are going to change the dropout rate.

Mr. WEST. And I think you just hit on the critical aspect. We have to make education, even in high school, relevant. It is not just teaching the theory. Now we need to talk about the practical application thereof with the local private sector so that we can start growing that talent that can go into that private sector. And every kid does not have to go to college, but they can have a certain skill set. They can be a contributing member to their community.

Thank you very much. I yield back.

Chairman GRAVES. Ms. Clarke.

Ms. CLARKE. Thank you, Chairman Graves and Ranking Member Velázquez; and I would like to thank our panelists for their testimony today.

I would like to make it clear from the outset that I agree with many of the points that you have raised, that our Nation's educational systems need to be reformed to reflect the realities of a 21st century economy, and appreciate the valuable services that you provide to that end. Our national systems simply must keep pace with technological innovation or we will find ourselves in an even worse workforce readiness situation than we are in now.

We used to live in an America where an individual with just a high school diploma and a healthy work ethic could get a good middle-class job that could sustain a family. These families formed the backbone of our Nation's middle class. However, this is increasingly no longer the case due in large part but not—absolutely not limited to inevitable advances in technology.

So, that being said, what I am having an issue with is the basic macroeconomic situation. Our consumer-spending-based economy finds itself in a vicious cycle where the overall lack of jobs feeds into an anemic consumer spending which in turn perpetuates our bleak job situation. For every heartening story like that of Tim

Price which Dr. Ralls shared with us, there are tragically many more stories of individuals who are now saddled with debt from attending universities, trade schools, and other job training programs with the hope of improving their prospects yet continue to find themselves unemployed. Tax rates are at a historic low and interest rates are effectively zero, yet our economy did not add any jobs in the month of August. So my question to the panel is, what would be your suggestion to stimulate our stagnant economy?

Ms. MCNELLY. I don't know that I have a silver bullet, but I do know that education is the pathway out for a nation. Because fundamentally we, as a nation, are doing more with less. We have the highest productivity rates that we have ever had. And what I do know in a manufacturing environment with big technology is that ultimately innovation is a human process. And in order for innovation to occur, though it may happen in a lab in the research triangle—and I have the greatest respect for those innovations—it truly is the frontline staff that day in and day out notice, if I just make this slight change, the entire process moves.

I do think that having a strong foundational workforce in this country is critical to our long-term economic success so innovation can happen and we can grow jobs within small and medium manufacturers today.

And I don't have the complete answer to people pursue careers. I think that is a right-sizing of our education system. And part of why we selected industry based credentials as the benchmark for academic success was because it changed the conversation from an academic conversation to an industry employment conversation. And those standards are updated through the rigor of third parties on a regular basis. So they are never out of date more than 3 years; and, you know, that is pretty current in an education environment.

Ms. CLARKE. So then let me add to the mix as the rest of you sort of think through how you would address my comment.

Because the reality is that we have a lot of educated folks who have been graduating over the past 5 years who have all of the skill and ability yet they find themselves in this economy where hiring is not taking place, right? Highly skilled from every one of our top-notch universities down to any training programs that may exist. If the companies aren't hiring and these individuals are skilled, what is it? What is the mix? What is happening? So I will shut up so that—because my time is running out.

Mr. WATKINS. You mentioned the phrase the self-feeding anemic situation where students are leaving college, they are in debt, jobless, how do you fix that situation. I think Roger here mentioned earlier how it is important for—as Mr. West had mentioned, the importance of high school students acquiring credentials so that when they leave high school they can have the ability to at least enter the job workforce and begin working and paying for the school as they go or even if they leave school to have some sort of credentials that they could use to enter the workforce. It gives them more power over what they are needing.

Mr. TADAJEWSKI. I would like to add to that as, again, like Jennifer mentioned, I don't have the silver bullet here. But I can tell you from my experience with small business, medium businesses, that right now, when and if they start to hire and when they do

hire, it is going to be a very evolving process, meaning the very first people hired might have to be wearing 25 hats, just like a lot of people are wearing now today. And having some of these skill certifications that are multiple, transitional, transformational across different processes, sometimes maybe even different divisions within a company, are going to be critically important.

Because, as the economy does grow, people come into that process, and whether they have a 4-year degree, a 2-year degree, or a set of stackable portable credentials, as I mentioned earlier in my testimony, is what can you do. And as a business grows and you may be assembling one piece for 6 months, but then they may need to move you into another position that helps with quality control or whatever it might be.

So those stackable credentials, whether it is in the IT industry, the automotive industry, the manufacturing, especially in the supply chain are going to be critical so that the transitioning workforce that is laid off right now can find a way into this and start to see some pieces in there.

I think for small business as well, working with our technical community colleges across the country—and we heard from Dr. Ralls—is when they walk into these colleges today, they have to see today and the future. And that takes investment from what I mentioned before to the three legs and Federal dollars to help with some of this advanced technology. Whether it is rapid prototyping systems, five access mills, automotive diagnostic equipment, whatever that might be, it is going to take some investment. So when small business owners come into that community college and they see today and they see the future, they are knowing this is where I can get workforce development and become productive.

Mr. RALLS. I also don't have the silver bullet. I personally believe there are no easy answers. I think we are through with the easy answers.

And I know that education is certainly no guarantee of a job. And as an educator, I cannot guarantee anybody a job. If we do our jobs well as educators and in the roles we play, then hopefully everyone who walks through our doors has a much better shot at a job as a result of that, and that is the best we can do. And I think that is very important.

I think in that context, too, it is important that we value all types of work and we value all types of colleges. Sometimes you hear the question, I don't know that everybody should go to college. I believe everybody should go to college, but I am including our community colleges as colleges. Now, that doesn't mean everybody has to get a 4-year degree, but everyone needs to go beyond high school. For that reason, I believe everybody should go to college. But we have to think about what college is and what college means, and even as an educator I have to rethink that as well. I will give you an example.

Last year, I visited every one of our 58 colleges to talk about student success. I have been on this kick. We have to have more college completion. I visited a welding program in the far mountain area of our State, and the welding instructor walked in with a stack of pay stubs. He said, I know you have been on this completion kick; and I have got to tell you up front, only 6 percent of our

students in this welding program complete their program. And the reason is right here, because they are all getting paid with jobs. Now, they weren't all working in the region. They were working all around the world. But they were not completing their programs.

We have to step back I think sometimes and think about education broadly. We have to think about community colleges in the mix of higher education, which sometimes doesn't happen. And we have to think of the value of all work and how it plays into job opportunities, and sometimes when we get into our credentialism in different ways that doesn't happen. So I think that is important.

Ms. CLARKE. Thank you, Mr. Chairman.

Chairman GRAVES. I would like to thank all of you for appearing here today. You have obviously given us a lot of insight into the private sector and some of the job training opportunities that are out there. But it is very insightful.

I would ask unanimous consent that all members have 5 legislative days to submit statements and supporting materials for the record.

Without objection, that is so ordered.

And, with that, again we appreciate you all. Some of you came in a long ways, and we very much appreciate it. Sorry for the vote interruption.

This hearing is adjourned. [Whereupon, at 2:39 p.m., the Committee was adjourned.]



Testimony

of Jennifer McNelly
Senior Vice President
The Manufacturing Institute

before the House Committee on Small Business

on Innovative Approaches to Meet the Workforce Needs of Small Business

September 8, 2011

**COMMENTS OF THE MANUFACTURING INSTITUTE
BEFORE THE**

HOUSE COMMITTEE ON SMALL BUSINESS

SEPTEMBER 8, 2011

Chairman Graves, Ranking Member Velázquez and members of the Committee, thank you for the opportunity to testify on behalf of the Manufacturing Institute at this Small Business Committee hearing on Innovative Approaches to Meet the Workforce Needs of Small Business.

My name is Jennifer McNelly, and I am the Senior Vice President for the Manufacturing Institute. We are the non-profit affiliate of the National Association of Manufacturers (NAM), and our mission is to support the nation's manufacturers through solutions and services focused on education, workforce development and innovation acceleration.

For a generation now, the common perception has been that U.S. manufacturing is dying. So it comes as a shock to most people when you point out the actual facts:

- The United States is the world's largest manufacturing economy, producing 21 percent of global manufactured products;
- Manufacturing supports an estimated 18.6 million jobs in the U.S.—about one in six private-sector jobs;
- In 2009, the average U.S. manufacturing worker earned \$74,447 annually, including pay and benefits. The average non-manufacturing worker earned \$63,122 annually;
- Over 93 percent of all U.S. manufacturing firms employ less than 100 workers.

While manufacturing remains an important economic force in regions across the country, it now confronts some serious challenges, including:

- A significant increase in the structural costs facing the industry, caused by both worldwide demand for energy and raw materials and government policies on health care and tax rates;
- The absence of a coherent and coordinated national trade policy; and
- The lack of a national innovation strategy.

While these and other issues play out on the front pages of newspapers and websites, there is another challenge looming in the background, one that threatens not only manufacturers, but also companies in every sector of the economy: the deteriorating condition of our workforce and, in particular, the next generation workforce. In our most recent Skills Gap survey just

completed last week, incredibly, 82% of manufacturers report 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, construction...it doesn't matter. We'll be the ones to constantly 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.

Let's start with a labor force of around 150 million people. Nationwide, our school dropout rate is over 30 percent. So now we're working with only 70 percent of the labor force. Of those, roughly two-thirds go on to college, which means that 30 million people are settling for nothing more than a high-school degree. In a country that requires excellence to maintain its economic position, over 50 percent of the labor force isn't even trying to gain the skills that excellence demands.

We have created an education system that is almost completely separate from the economy at large. Traditionally, it was the job of schools to educate children and create responsible citizens, and it was the job of companies to train employees. Jobs for individuals with almost any education level were plentiful because companies would spend the time and resources to turn them into productive employees. Today, companies, especially smaller businesses with fewer training and HR resources, cannot afford the luxury of time-intensive training programs for their workers. They need employees who have the knowledge and skills to contribute right away.

The only way to address this monumental challenge is to align education, economic development, workforce and business agendas so they work in concert to develop the talent necessary for business success in the global economy.

As representatives of the manufacturing industry, we think we've found a solution that fits the needs of our businesses while working within the existing secondary and postsecondary education structure.

Our solution, called the NAM-Endorsed Manufacturing Skills Certification System, is grounded in a competency model developed by manufacturers to identify and document the basic set of skills required to work in any sector in the manufacturing industry.

We joined with several other leading industry groups last year to create a system of nationally portable, industry-recognized credentials based on that competency model. These credentials—and the training required to obtain them—certify that an individual possesses those basic skills. We were also pleased to have the President of the United States highlight our system just a few months ago.

Our system can be envisioned as a pyramid of skills certifications, with an initial focus on the skills required for all entry-level jobs, identified as critical by the manufacturers themselves.

Where our system takes the next step, though, is by organizing, aligning and translating those stackable credentials into corresponding educational courses that can be integrated into high-school and community-college degree programs of study. So, an individual can see that if he or she takes the following classes, he or she will have the skills to earn a nationally-portable, industry-recognized certification and be qualified to work in the following jobs at the following salaries.

While on its face, the idea of a skills certification system may not seem transformational, it is in fact reforming education. For too long, any programs that were "career and technical" or "company-specific" were pushed off into the non-credit side of academic institutions, making a loud and clear statement of the value that colleges and universities placed on those programs.

Our system is integrated into the for-credit side of colleges, so even if students take only three or four courses, achieve a certification and head into the workforce, they have "banked" those credits. When they return to achieve the next level certification, they will be working toward a degree as well. The achievement of degrees still holds meaning, both in the workplace and in society, and the education and skills that an individual obtains should be rewarded with advancement in education and in the economy.

This also creates more on and off ramps in education, which facilitates individuals' ability to obtain schooling when their professional career requires it and also positions them to earn while they learn, applying what they learn in class at night on the job the next day.

In addition to private-sector alignments, we need to look at federal workforce training opportunities that often do not address the skills that are in demand by employers. Programs such as the Workforce Investment Act need to be focused toward a goal of training workers to credentials that are in demand in the private sector. That is why the NAM supports H.R. 1325, the America Works Act, that would provide this prioritization.

From an employer's perspective, a nationally-portable, industry-recognized credential system, integrated into degree programs, transforms their approach to human resources. It would nearly guarantee a level of quality in potential hires that does not exist today, greatly reducing the risk associated with hiring new employees—a risk that is more significant for smaller businesses that need to make targeted, skills-based hires without much room for error.

In fact, because small manufacturers usually do not have the Human Resource departments to recruit, screen and hire new employees, skill certifications enable those small businesses to significantly improve their hiring practices by giving them the confidence that their new employees have the skills required to immediately contribute to the success of the company.

Conclusion

Mr. Chairman, for too many years, anything that looked or sounded like skills development was classified as job training, non-credit courses or career and technical education. In other words, it wasn't considered real education. Skill certifications should be a part of traditional education, but a wall has been built between education and job training by institutions on both sides of that divide.

We're working to break down that wall. The result will be more students staying in school, more individuals gaining the skills they need to build a career and more employers finding and hiring qualified workers.

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

Testimony by Dr. Scott Ralls
President, North Carolina Community College System
To the U.S. House of Representatives Small Business Committee
September 8, 2011

Mr. Chairman and members of the committee, thank you for the opportunity to appear before you today.

My name is Scott Ralls and I am president of the North Carolina Community College System. I represent a system of 58 colleges that provides education and workforce training to almost 900,000 North Carolinians annually – approximately one out of every eight adults in our state.

Our system originated as an innovation to foster statewide economic prosperity through workforce development. In the 1950s, North Carolina was per capita one of the poorest states in the nation with an economy limited to tobacco, textiles and furniture production. During that time of economic challenge, Governor Luther Hodges proposed two education innovations to foster economic diversification and widely shared prosperity in our state – innovations that were at first met with skepticism.

The first was the development of a research and development park, located in what was then a pine forest between three notable universities. Today known as Research Triangle Park, this area hosts one of the fastest growing technology economies in the country.

The other innovation was a system of Industrial Education Centers located around the state. These centers were created for the sole purpose of training North Carolinians for jobs they had not previously performed. They subsequently promoted the location and development of businesses not previously in existence in our state.

Our current system of community colleges, the most comprehensive in the nation, emerged from this innovation – as did a mantra frequently repeated in our state that “Education is Economic Development.”

Over the last half century, a variety of workforce development innovations have occurred through our system. These innovations have helped lift our state to a better economic position and provided a foundation for meeting the workforce needs of both small and larger businesses. They have also better equipped our citizens and our communities to deal with today’s very significant economic challenges.

For example, we were the first state in the nation to provide customized job training to businesses as an economic development strategy. Our customized training program has since grown significantly in terms of both sophistication and capacity, last year providing training to 251 companies and 19,556 North Carolinians. It is frequently referred to as the best economic development incentive our state offers.

Historically, attention around this program has involved larger companies and sophisticated training for new jobs in growth industries. Current examples include the aerospace structures training for Spirit Aerosystems in the eastern end of our state; the bioprocess manufacturing training for the Novartis vaccine facility in the Research Triangle; and the new energy jobs created through the Siemens gas turbine facility in Charlotte.

But in recent years, our focus has turned increasingly not only to companies creating jobs, but also companies making significant technology and productivity advances that sustain jobs. Increasingly our "bread and butter" has become our state's smaller manufacturers and export-oriented companies.

Companies like Motion Sensors, Inc., a small family-owned business in the coastal northeastern corner, turned to one of our colleges to provide the training support necessary to gain AS9100 certification. Gaining this coveted quality management certification for aerospace in October opened the door to significant new sales opportunities for the small company.

Our colleges not only provide the skills training that support the world-class workforce our companies need to advance and grow, but they also provide counseling and business development training that budding entrepreneurs need to create new business opportunities. We do this through 58 Small Business Centers that provide free entrepreneurial counseling and training at each of our colleges. Last year these efforts contributed to the creation of 743 new small businesses in North Carolina.

One of those was owned by Nadine Cobb, a previously laid-off accountant living in the northwest corner of our state – an area that has been economically ravaged by both textile and furniture lay-offs. Through a partnership in our state supported through the Workforce Investment Act – Growing America through Entrepreneurship or GATE – Nadine gained additional accounting skills plus the entrepreneurial training and business plan assistance she needed to start her business. She is one of nine recent new business owners in her distressed rural county to start a new business through this assistance.

Nadine's experience exemplifies something that we firmly believe, that the road to North Carolina's economic recovery runs right through the middle of our Community College

System. And our data confirms this claim. Since the recession began three years ago, total enrollment at North Carolina community colleges has surged by 28 percent.

Consequently, our system faces significant simultaneous challenges – providing meaningful workforce development opportunities in an economic environment with significantly less job opportunity, and meeting head on the challenge of a surge in students who queue up in our registration lines. Significantly increasing student success and program completion rates is our primary strategic focus, and achieving those goals in an environment of both exploding demand and declining budgets, offers a whole new level of challenges. These challenges are presenting opportunities for innovation like never before.

A greater focus on industry certifications and licensures is part of the answer because they help us address the simultaneous challenges of workforce opportunity and program efficiency. First, industry-defined certifications mean something. When our students gain industry-recognized credentials along the way to associate degrees or diplomas, they enter an ever challenging job market with more industry-defined firepower to go with their educational credentials. Recent research indicates that approximately 27% of workers with certificates – credentials short of an associate degree – earn more than the average bachelor's degree recipient.

Industry certifications also help us innovate to address the efficiency challenge. Community colleges often partner with businesses to address their workforce skills requirements one employer at a time, typically by creating one new degree or training program at a time. However, when employers collaborate to clearly define their skill targets, as the National Association of Manufacturers Certification model does, it provides us a clear target to focus our efforts and a framework to work across multiple degrees and training programs.

That is what is happening now in North Carolina. Faculty members across multiple colleges are redesigning curriculum standards in over 80 different degrees, using the NAM-endorsed Skill Certification System as a model. Building on a foundation of core academic and personal effectiveness competencies that cut across industries and multiple degrees, we can layer or “stack” core technical workplace competencies and industry certifications.

Bottom line, we can be even more responsive to industry with clear employer certification targets, while achieving efficiencies across previous “slivers” of degree programs. This curriculum innovation, what we refer to in North Carolina as our Super Curriculum Improvement Project, is our most significant recent curriculum redesign.

Current economic realities mean that our workforce development innovations can no longer be about just adding new programs. Instead, it means redesigning existing

programs, refocusing budget priorities and integrating across program areas so that students do not fall through cracks in previously siloed program areas. We're now working harder to integrate requirements across program areas to insure our students have greater math competencies as well as the knowledge of energy efficiency –skill areas we believe will be critical for jobs in the future.

In addition, this year our system implemented a new state funding model for our colleges. Like families across the nation dealing with the recession, we too prioritized our limited resources. By weighting funding for lab-based sciences, health care, technical education and training for recognized industry credentials, our aim is to not only better fund programs that can cost more to provide, but also to move forward program areas that we believe will propel North Carolina's economy.

While direct federal funding is only one percent of our community colleges' budgets, these funding sources are an incredibly important resource for us to move our innovation models forward. Perkins funds are the only professional development resources our colleges receive that enable our faculty to attain and train for technical certifications. And like other community colleges across the nation, our colleges are hopeful for the potential grant resources of the Trade Adjustment Assistance Community College and Career Training program that offer the potential to significantly move our innovation models forward.

In North Carolina, these new models are increasingly breaking previous program silos – such as silos that can exist between degree and non-degree programs, or between State and Federally funded programs. For example, in our Basic Skills and Literacy programs that receive both federal and state support, we have a new effort called *Basic Skills Plus* that enables students in GED programs to participate in pathways that combine GED preparation, developmental education opportunities and occupational training for industry certifications and licensures.

With the support of our state's workforce development system and Workforce Investment Act funds, we collaboratively created a training program called JobsNOW. This program combined various training resources and accelerated opportunities to enable individuals impacted by job loss to simultaneously attain a Career Readiness Certification, an industry certification, occupational license or other meaningful occupational training, and employability skills such as interviewing and team work – all within six months or less. During the past two years, almost 20,000 North Carolinians have enrolled in the JobsNOW program and attained more than 17,000 industry certifications, licensures and Career Readiness Certificates.

Last winter, I met one of the program participants while touring one of our mountain colleges. At a makeshift outdoor pipefitting training lab, a most unlikely looking “college” student named Tim Price stopped me to say thanks, a thanks I pass on to you today.

A big, burly mountain of a man, all layered in his work clothes, Tim wanted to say thank you because, as he said with emotion in his voice, for the first time in several years both he and his family were feeling economic hope. Years earlier, Tim had been one of the many victims of the furniture company layoffs in our state, and his immediate family had faced several medical challenges that would have been difficult for someone of any economic circumstances. A couple of months ago, I called Isothermal Community College to check on Tim, and was delighted to learn he had recently been employed as a pipefitter with a North Carolina-based energy company making \$16.40 an hour with medical coverage for his family.

Tim’s story illustrates something that I have heard that one of our greatest champions, Melinda Gates, has been known to say – that the line between poverty and middle-class today runs through our nation’s community colleges. I believe that, and I also believe it is why our mission and our focus on innovation in workforce development have never been more important for our citizens, our communities, our state and our nation. Thank you.



The Computing Technology Industry Association

Testimony of Scott Watkins, CEO, Modern Tech Squad

Before the

House Small Business Committee

**“Innovative Approaches to Meeting the Workforce
Needs of Small Businesses”**

September 8, 2011

Introduction

Good afternoon, Chairman Graves, Ranking Member Velazquez, and distinguished members of the Committee. My name is Scott Watkins, and I appear on behalf of my company, Modern Tech Squad, and as a member of the Computing Technology Industry Association, also known as CompTIA. My company is the ONLY CompTIA Authorized Service Center for computers, networks, and server support in the Florida panhandle. I want to thank Chairman Graves and Members of this Committee for holding this hearing on the value of industry-led portable skills credentials. This is an extremely important issue for my company and for countless other small businesses across the nation.

Small businesses are the backbone of the American economy. As I'm sure you are aware, there are an estimated 30 million small businesses in the United States, which employs over half of all the private sector employees. An even more important statistic for this hearing though, is the fact that small businesses hire 40 percent of all high-tech workers.

On behalf of my company, Modern Tech Squad, and CompTIA, I would like to share with you our perspective about the importance of credentials in the I.T. industry.

Modern Tech Squad and CompTIA

CompTIA is a non-profit trade association representing over 2,000 corporate members and 1,000 business partners in the information technology (IT) industry. Many of its members are like me -- small businesses that provide I.T. services to others. CompTIA is also the leading global provider of vendor neutral I.T. workforce certifications. The CompTIA Authorized Service Center (ASC) credential validates an organization's level of technical certification, resulting in competitive differentiation and customer confidence. As I mentioned previously, Modern Tech Squad is a CompTIA Authorized Service Center.

First a brief word about CompTIA certifications and why our company values these certifications as an important market differentiator.

The success of the personal computer led the computer service and repair industries to commission CompTIA to create its vendor-neutral CompTIA A+ certification examination program in 1992. Today, nearly 800,000 people hold the CompTIA A+ certification. The continuing success of this certification demonstrates an ongoing need to provide a means of validating skills across a wide spectrum of computer hardware and software. Following on the success of A+, CompTIA developed and introduced the CompTIA Network+, and CompTIA Security+ certifications. Each of these certifications is industry-driven, validating technical skills and abilities for both individuals working in the I.T. field, and for the people who hire and train them.

By securing and validating core skills and knowledge, both job-seekers and established professionals can progress to more complex and specialized credentials, such as vendor-specific hardware and software training.

Description of Modern Tech Squad Business Involvement with Certifications

These certifications have played an important role in our company. Together with my father and brother, we founded Modern Tech Squad about three years ago. Typical services that Modern Tech Squad provide include computer-based diagnostics and repairs, network and server support, break-fix work, and remote I.T. support.

At the time that we started the company, my father was a General Contractor and my brother Matt worked with him in construction. You may remember three years ago as the economy hit bottom in the housing industry and things were pretty tough. I had on the other hand, been the I.T. manager at a local hospital and suggested that the three of us start Modern Tech Squad. The availability of an industry recognized, vendor neutral certification through CompTIA made our business possible. With a new-found passion and a good deal of study, my father and brother were able to transition from construction to the high-tech field of I.T.

It is also interesting to note, that the first time I went to take the CompTIA A+ exam, I failed. My years of being an I.T. professional gave me a false sense of security in my knowledge of computers. The adage "you only know what you know." was a hard lesson learned and opened my eyes to the need for certifications. I needed to learn more about computers and I.T. specific areas and I firmly believe that has made me a better technician and a better value to our customers.

Many of our customers – over half of them in-fact – are small businesses just like us. These small businesses depend on I.T. services, but are too small to have a dedicated I.T. department. I have heard horror stories of a small business hiring an I.T. guy who claimed to know what he was doing only to realize that was not the case. A small business cannot afford to spend their hard-earned money on solutions that do not work. With a CompTIA certification, I know that the customer will have piece of mind that their hard earned money is being well spent on someone who is trained properly and who provides the right solution the first time.

CompTIA's credentials also allowed us to chart a successful business plan. There are over 3,800 registered I.T. based service companies in the State of Florida. In our rural part of the Florida panhandle, there are 11 such companies in our area offering the same services we offer. We felt that a great way to differentiate ourselves was to highlight the fact that we were CompTIA certified. Our strategy was dead on. In only 3 years, we have not only held steady but we have grown to eight employees and nothing seems to be in our way for growing more.

CompTIA's certifications are just the beginning for us though. The concept of stackable credentials is essential to provide an even higher level of service to our customers. My brother Matt and I are currently studying for the Microsoft Certified I.T. Professional Certification. Some of our employees are also pursuing I.T. credentials in additional I.T. fields. We see a lot of opportunity for expanding our business based on stacking these vendor specific certifications on top of the CompTIA credentials we already hold.

In conclusion, here's the bottom line. Industry certifications are a necessity. They give companies like ours - no matter where we are located - a chance to meet consumer needs, grow our business and branch out into various additional professional opportunities as technology evolves. Our success proves this and it is our hope that others can learn from that success.

Conclusion

I want to thank the Committee again for the opportunity to share my story with you and encourage you to support the broad dissemination of stackable and portable industry credentials.

**Testimony of Roger Tadajewski
Executive Director, National Coalition of Certification Centers
Before the Committee on Small Business
U.S. House of Representatives**

“Innovative Approaches to Meeting the Workforce Needs of Small Businesses”

September 8, 2011

Good afternoon Chairman Graves, Ranking Member Velázquez and members of the committee. Thank you for the opportunity to appear today to discuss this important issue.

My name is Roger Tadajewski and I am the Executive Director of the National Coalition of Certification Centers (NC3). NC3 was established to address the need for strong industry partnerships with educational institutions in order to develop, implement and sustain industry-recognized portable certifications that have strong validation and assessment standards. NC3 members have an opportunity to take a national and international role in shaping industry-driven training policies for today and the future.

NC3 is the outgrowth of the relationship between Gateway Technical College (GTC), located in Kenosha, Wisconsin, and Snap-on Inc. This year, GTC is recognizing its 100 years of service to the greater southeast region of Wisconsin. GTC has been part of many business cycles over the last 100 years, and has always responded with innovative approaches to meet the workforce needs of both local business and national industries.

As we know, the current business cycle has been very challenging. GTC believes that working with business and industry to understand new and emerging technologies and the impact on local and national workforce issues is critically important and helps to develop the types of training that students will need to be good candidates for employment.

For example: the transportation, aviation/aerospace and energy industries are continuing to improve and integrate new and emerging technologies in the commercial marketplace, industry and retail maintenance and repair services and manufacturing processes. These new technologies and processes create the need for the current and emerging workforce skill sets that demonstrate “what you know and what you can do” utilizing technology to improve productivity and processes.

Innovative approaches to implement and sustain strong business, industry and educational partnerships is required to meet today’s needs and future job growth, for both the current and emerging workforce.

New opportunities exist for small business to engage with the colleges nationally to develop advanced technical training for students and instructors and enhance the image of all aviation/aerospace, energy and transportation related programs. Additionally, these

efforts will have a positive cascade effect down to high schools and middle schools. This, in combination with the congressional efforts that focus on increasing community college training for new and transitioning workforce and to ensure that this new workforce is highly skilled in the use of technology and processes, provides an even greater scope of opportunity.

Many college presidents are proactive to this need, but cannot do it alone! They are asking “What do I do? How do I do it? Who can help me?” The ability today and in the future to provide guidance and professional direction on technology certification, facility layout, tooling, equipment, training and technology to college presidents, administrators, directors and department chairs will provide a pathway to developing strong small business and educational partnerships that are sustainable.

As our nation’s credit markets continue to stabilize, small businesses will have the ability to grow. They will need a skilled workforce with transitional skill sets, stackable credentials that allow for increased productivity and the ability to adapt to new materials, processes and future technical career pathway opportunities. To accomplish this end, the nation’s community and technical colleges will need to continue to build and sustain partnerships with small businesses and industries.

Current status:

Significant accomplishments have already been achieved in the aviation/aerospace, energy, transportation and manufacturing areas.

GTC has implemented strong partnerships with local business that lead to industry certifications that are transitional across multiple industries. They have also championed an effort to work collaboratively with other community colleges across the nation.

Working with local small business owners, GTC developed innovative approaches to ensure that graduates of GTC have key certifications that meet the needs of employers. These approaches included identifying key areas that small businesses needed. One area included new employees demonstrating that they were proficient in the use of equipment that is computer/diagnostic and or process driven. Some of these skill sets, like torque and use of electrical measurement equipment, are now being taught for use in multiple industries and job descriptions. This is one example of many areas that small business is looking related to the emerging workforce.

GTC, along with several other community colleges, the Association for Career and Technical Education (ACTE), the American Association of Community Colleges (AACC), the National Collation of Certification Centers (NC3) and other partners have begun a national approach to implement and provide a national model to sustain long-term, high impact job-training initiatives across the country.

Industry is becoming more vocal about the need to develop and implement industry recognized certifications and education training strategies in the coming years. Their view on this is driven by the demand to replace the current retiring workforce with advance trained, skilled workforce.

Key activities that are in process include developing core certification centers nationally over the next three years, identification and engagement of additional schools to participate and work with these centers, and development of training materials and processes. This effort also will include leadership activities to engage college presidents, high school and middle school principals.

Working with community college and high school instructors in every state over the next five years, providing them with a full depth of knowledge of stackable credentials, local business and education partnerships and how to transfer that knowledge to their students produces the kind of alliance that will generate and sustain employment growth in the long term.

I would like to suggest the following recommendations that Congress consider supporting:

- 1) Support initiatives that provide better long-range planning for employer/employee needs:**
- 2) Support and encourage activities to align community college academic programs with business and industry-led nationally portable, industry-recognized certificates and credentials**
- 3) Support and recognize small business and industry efforts and investment to develop and implement industry-led national portable, recognized certification and credentials that are delivered in collaboration with education**
- 4) Support, encourage and recognize small business entrepreneurship partnership efforts with education to train the new and emerging workforce**
- 5) Support federal initiatives such as the Carl D. Perkins Career and Technical Education Act, which ensure rigor and provide needed skill-sets**

Thank you again for allowing me to testify today. I look forward to answering your questions.

Congressman Owens
Small Business Committee
Questions for the Record
Ms. Jennifer McNelly

Question 1: A survey prepared by the National Federation of Independent Businesses this summer indicates that approximately 33% of small businesses report having difficulty finding adequately skilled workers. How many jobs do you estimate are unfilled in your membership for this reason?

Question 2: You mentioned rising health care costs and tax rates as a couple of the biggest challenges facing the manufacturing industry. Would you consider the lack of consumer demand to be as big a challenge to the manufacturing industry? Do you have any recommendations for how to help improve demand?

Congressman Owens
Small Business Committee
Questions for the Record
Dr. Scott Ralls

Question: You mentioned in your testimony that you are hopeful for potential grant resources from the Trade Adjustment Assistance program. Can you talk about how community colleges in your system utilize these grants to help train new workers and create jobs?

Congressman Owens
Small Business Committee
Questions for the Record
Mr. Roger Tadajewski

Question: In your estimate, what percentage of the need for skilled personnel are private certification centers filling and what ideas do you have to fill in the rest of the skills gap?

Congressman Owens
Small Business Committee
Questions for the Record
Ms. Jennifer McNelly

Question 1: A survey prepared by the National Federation of Independent Businesses this summer indicates that approximately 33% of small businesses report having difficulty finding adequately skilled workers. How many jobs do you estimate are unfilled in your membership for this reason?

Response: The lack of qualified workers, particularly for skilled production positions, is certainly an issue for manufacturers. A survey done in 2009, during the height of the recession and layoffs in manufacturing, showed that 32% of manufacturers had trouble finding skilled workers. We are in the process of updating this data and early indications are that the skills gap has significantly worsened. The complete Skills Gap report will be available in October 2011.

Question 2: You mentioned rising health care costs and tax rates as a couple of the biggest challenges facing the manufacturing industry. Would you consider the lack of consumer demand to be as big a challenge to the manufacturing industry? Do you have any recommendations for how to help improve demand?

Response: In a recent Industry Week article titled "Economy, regulations top list of concerns" authored by Dr. Chad Moutray, Chief Economist for the National Association of Manufacturers he stated.

"Almost 61% said that an unfavorable business climate was one of the biggest challenges right now, and nearly 80% felt that government involvement was impeding their ability to grow their operations. Many respondents added comments to their surveys on these topics, and the vast majority of them were government-related. Several individuals expressed frustration with the regulatory actions of the Environmental Protection Agency (EPA), the National Labor Relations Board (NLRB), their state governments and others. Not surprisingly, many of them expressed frustration with the overall political process, particularly citing the inability to seriously address the nation's fiscal challenges. Others were more specific, referring to the stalemate over passage of a new transportation bill and the three pending free trade agreements with Colombia, South Korea and Panama.

However a "weaker Domestic Economy" is the primary driver but "Other concerns ... included: the competitiveness of U.S. tax rates, increased international competition, currency manipulation, rising health care costs (and lower government reimbursement rates for medical providers), *the ability to attract a skilled workforce* and the need for tort reform." *This is precisely the segment the manufacturing skills certification is attempting to address.*

On order to improve demand Dr. Moutray states, "... International trade represents a tremendous opportunity for manufacturers, and recent statistics show that manufactured goods exports are up nearly 13% over the past year. Overseas markets are key to many of these businesses' future

growth strategies. In fact, 39.5% of respondents said that increased international sales would drive their future success, and 46% of them expected their level of exports to rise over the next 12 months. With that said, it is important to remember that the U.S. still represents a huge market in itself, with a population of over 312 million. Three-quarters of manufacturers listed the U.S. market as their top driver for future growth, even as they listed its current sluggishness as a top concern.”

Congressman Owens
Small Business Committee
Questions for the Record
Dr. Scott Ralls

Question: You mentioned in your testimony that you are hopeful for potential grant resources from the Trade Adjustment Assistance program. Can you talk about how community colleges in your system utilize these grants to help train new workers and create jobs?

Response: The TAA grant resources I indicated I was hopeful for in my recent testimony to the Small Business Committee related to the Trade Adjustment Assistance Community College and Career Training program administered by the U.S. Department of Labor. Congress authorized \$2 billion for this program, of which \$500 million in grants were recently made available to community colleges in every state in the nation.

My testimony focused on the unique role community colleges play in fostering job opportunities, and these grants are an important resource in spurring job creation efforts. Even in the face of record unemployment, skills mismatches have been widely documented particularly in “mid-skill” jobs that require greater than a high school degree but less than a bachelor’s degree. These jobs are frequently found in healthcare, advanced manufacturing or other areas that require advanced forms of technical education. Recent research in North Carolina indicates that 51% of our jobs fall in these categories but only 43% of our population is trained to this level, thus producing a mismatch.

Colleges from North Carolina submitted four grant proposals in the recent proposal, each addressing this issue of skills mismatch through either healthcare or technical education training. We were gratified that a proposal from Robeson Community College involving ten community colleges in our state was one of the funded proposals.

Through this \$18.8 million initiative serving several of our economically hardest hit counties, and in partnership with 35 leading employers, the ten NC colleges comprising the *North Carolina Advanced Manufacturing Alliance* that will:

- Conduct comprehensive skill assessments at student points of entry and provide advanced student services through industry-experienced Success Managers;
- Offer flexible learning options with skills training on advanced equipment and design and offer self-paced math, English, and reading mini-sessions to accelerate students from pre-college to college course work;
- Generate an on-line repository of courses and manufacturing career guidance through iTunes University;
- Match and provide student internship opportunities; and
- Develop a pipeline of students from high school to college and partner with Career and Technical Education programs and our Early College High Schools.

We are excited and grateful for the economic opportunity made available through this program and hopeful that previously authorized additional RFP rounds will be forthcoming. The road to economic

recovery is running right through the middle of community colleges as our enrollment has surged by 30% since the onset of the recession. Programs such as TAACCTP help us to make sure that we not only provide access to the thousands of working and middle class folks turning to us, but real opportunity as well.

Congressman Owens
Small Business Committee
Questions for the Record
Mr. Roger Tadjewski

Question: In your estimate, what percentage of the need for skilled personnel are private certification centers filling and what ideas do you have to fill in the rest of the skills gap?

Response: Congressman Owens, in my estimation private certification centers are providing/supporting less than 10% of our current need. The best approach is to mobilize the nation's network of technical community colleges to deliver industry recognized skill certifications. This can effectively be done by working with industry and business leaders to develop and implement curriculum and training that allows the emerging workforce to have in their portfolio certifications that demonstrate knowledge, capacity and capability to enter the work force. As I stated in my testimony, industry leaders and leading presidents have formed the National Coalition of Certification Centers (NC3) to address the issue. I would welcome the opportunity to review these strategies with you.

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House Small Business Committee Hearing
Innovative Approaches to Meeting the Workforce Needs of Small Businesses
Statement by Rep. Joe Donnelly
September 8, 2011

I was glad to learn that the House Committee on Small Business would be holding this hearing on portable skills credentials and small businesses' need for highly skilled workers. Small businesses are a key driver of the American economy, and we depend on them to help get the economy up and running again. I look forward to learning what conclusions the committee ultimately draws from today's hearing and witness testimonies.

Like the committee, I have also reached out in search of good ideas that will benefit the economy. That is why in March of this year I held a manufacturing summit at Ivy Tech Community College in Indianapolis to discuss issues facing the manufacturing industry and its workers. Representatives in education, business, and labor came from every corner of the state to present their views and participate in a conversation on how we can restore vitality and growth in the manufacturing sector and ensure that it remains a robust source of good jobs in the future.

My summit focused on manufacturing, because it played a leading role in making the American economy the force it is today and I think it should and will continue to play that role. In my district and nationwide, many manufacturers are small businesses and they are crucial to several industries America needs in order to remain strong. For example, in Indiana many small manufacturers make parts for the auto and medical device industries, in turn keeping good jobs on American soil.

During my summit, one common theme was the difficulty many employers are having trying to find workers with the necessary skills to fill open positions. When positions sit empty, American companies struggle to compete in an increasingly global marketplace. We need to do a better job of matching skilled workers with those looking to hire them.

With this in mind, I worked with the National Association of Manufacturers and Reps. Todd Russell Platts and Dan Boren to introduce H.R. 1325, *The AMERICA Works Act*. The goal of this bipartisan legislation is to better prepare American workers and keep our manufacturers competitive in the global marketplace by ensuring that workforce training programs are teaching to the needs of our employers and are issuing recognized, portable credentials. Additionally, the bill addresses the need for a more streamlined way of categorizing and credentialing specific skills so that we can more efficiently connect skilled job seekers with the employers who need them.

The federal government invests billions into workforce training programs annually to help workers obtain the skills they need to land a good paying job and to help companies find workers with the right skill sets. AMERICA Works does not take this funding away or even increase it; instead it prioritizes existing Trade Adjustment Assistance, Workforce Investment Act, and Perkins Vocation-Technical Education Act funds for programs that teach toward nationally portable, industry recognized skill credentials. Encouraging education centers to offer programs teaching in-demand skills would help ensure our companies can find workers equipped to

compete in today's global economy. Likewise, this emphasis on in-demand, portable credentials would help those workers who already have these skills or are training for them to more easily gain and keep good jobs.

To make certain that the credentials being awarded are what employers are looking for, AMERICA Works would require the Department of Labor to establish a registry of skills credentials. This registry would list credentials that are required by federal or state law for an occupation, are from the Manufacturing Institute-Endorsed Manufacturing Skills Certification System, or are industry-recognized and nationally portable credentials. The registry enables education centers to be sure that they are offering relevant and desired skills.

I would like to thank the Small Business Committee for conducting this hearing. The current economic crisis is the toughest we have faced since the Great Depression, and no one idea is going to solve the problem. However, simple and innovative ideas like AMERICA Works that enable American workers and American small businesses to grow and compete represent solid steps in the right direction. I urge members of this committee to support this bipartisan bill.



The Computing Technology Industry Association

Testimony Before the

House Small Business Committee

**“Innovative Approaches to Meeting the Workforce
Needs of Small Businesses”**

September 8, 2011

Introduction.

Chairman Graves, Ranking Member Velazquez, and distinguished members of the Committee, on behalf of the Computing Technology Industry Association (CompTIA) we appreciate the opportunity to submit testimony for the record. We wish to thank Chairman Graves and Members of this Committee for holding this hearing on the value of industry-led portable skills credentials to meeting the workforce needs of small businesses.

Small businesses are the backbone of the American economy. According to the Small Business Administration Office of Advocacy, there are approximately 30 million small businesses in the United States, which represent over 99 percent of all employer firms and employ over half of all private sector employees. An even more important statistic for this hearing is the fact that *small businesses hire 40 percent of all high tech workers*. It is our strong belief that portable skills credentials not only contribute to economic and job growth, but also help to keep our IT industry competitive globally.

About CompTIA

The Computing Technology Industry Association (CompTIA) is a non-profit trade association representing the \$3 trillion global information technology (IT) industry. CompTIA represents over 2,000 members and 1,000 business partners. Our members are at the forefront of innovation and provide a critical backbone that supports broader commerce and job creation. These members include computer hardware manufacturers, software developers, technology distributors, and IT specialists that help organizations integrate and use technology products and services. CompTIA is dedicated to serving its membership by advancing industry innovation and growth through its educational programs, market research, networking events, professional certifications, and public advocacy.

CompTIA and IT Workforce Credentialing

The success of the personal computer led the computer service and repair industries to commission CompTIA to create its globally-recognized vendor-neutral CompTIA A+ certification examination program in 1992. The continuing success of this certification demonstrates an ongoing need to provide a means of validating skills across a wide spectrum of computer hardware and software. Following on the success of the A+ certification, CompTIA developed and introduced CompTIA Network+, and CompTIA Security+. Each of these certifications is industry-driven, validating technical skills for both individuals working in IT and for the people who hire and train them. Today over 1.4 million CompTIA credentials have been awarded to IT professionals around the globe.

By securing and validating core skills and knowledge, both job-seekers and established professionals can progress to more complex and specialized credentials, such as vendor-specific

hardware and software training. As a career in IT matures, it may well necessitate higher-level specialty training and skills in an array of career paths such as IT security, health IT, software, open source, and more. Workers might also acquire additional credentials to validate those skills to current or prospective management. A varying array of career paths is both available and indeed necessary in order to maintain a skilled workforce.

CompTIA Leadership Role in Credentialing and Workforce Development

Since the early 1990's CompTIA has played a leadership role in working with the IT Industry to develop vendor-neutral, foundational credentials. CompTIA's IT credential and workforce development activities have led to its being invited to participate in and provide leadership for several federal agencies in the area of IT workforce development. These include:

- **Department of Education and the States Career Cluster Initiative:** The States Career Cluster Initiative is co-sponsored by the U.S. Department of Education (DoEd) and the National Association of States Directors of Career Tech Ed consortium (NASDCTEc). The Initiative is comprised of 16 Career Clusters, including the IT Career Cluster. The Initiative, adopted by all 50 states and the District of Columbia, provides the framework for the development of Programs of Study for Career Tech Ed programs at the high school and community college levels. CompTIA has been acting as the national IT Career Cluster leader since 2006, helping to ensure that content is effectively covered within the framework and its ongoing revision process.

- **Department of Health & Human Services (HHS) and the HITECH Act:** CompTIA was an active participant in the Workshop for Health and IT subject matter experts (SMEs) at Vanderbilt University, sponsored by the HHS Office for the National Coordinator (ONC) for Health IT. The objective of this meeting was to define the knowledge and skill sets required for six (6) job functions defined by the ONC for the successful installation and ongoing maintenance of the thousands of EHR systems that would need to be put in place. Arising from this interaction, CompTIA has also worked closely with the Midwest, South and Southwest Regions of the HHS HIT Community College Consortium as they work toward a national goal of adding 50,000 more health IT workers to help medical providers achieve meaningful use of electronic medical records. Arising from all of these efforts, CompTIA has gone on to work with its membership and SMEs to develop and release the Healthcare IT Technician credential. The content covered by this credential maps closely to two (2) of the six (6) job roles defined by the ONC: The Implementation Support Specialist and the Technical/Software Support Specialist.

- **Department of Labor and the Workforce Investment Act (WIA):** CompTIA has worked closely with the Department of Labor Employment and Training Administration (DOLETA) over the years to assist unemployed individuals with an aptitude for being an IT Technician to get the training and preparation they need to gain CompTIA's vendor-neutral, foundational credentials. CompTIA is currently working on several projects with Workforce Investment Boards and OneStop Centers under DOLETA:
 - "Getting America Back to Work" – CompTIA developed a free portal called "Getting America Back to Work" to assist case workers at OneStop Centers to assess, train, certify, and place unemployed individuals in IT technical positions.
 - CompTIA is working with Innovative Exams on the placement of kiosks at OneStop Centers that will provide a virtual proctoring system for an individual to be able to sit for CompTIA's high stakes certification exams right at the OneStop Center with which they are affiliated.
 - CompTIA's "Returning Vets Program" is a workforce development program tailored for the many veterans who will be returning from Iraq and Afghanistan over the next 18 months. There is WIA funding available to veterans to help them get the counseling and training they need to seek and find employment upon their return. CompTIA's "Returning Vets Program" will assist them in getting the training and certification vouchers that will increase their chances at filling one of the 400,000 open IT jobs across the country.

- **Department of Defense and Directive 8570 (D8570):** In 2005, the Department of Defense instituted Directive 8570, requiring that all personnel working in Information Assurance have training and credentialing in information security to effectively prevent and respond to attacks against the Department's information and IT systems. CompTIA participated in the D8570 Task Force to determine the IT credentials that would be included in this far-reaching workforce development program, and three of CompTIA's certifications are included in the Directive: CompTIA's A+, Network+, and Security+.

The Relationship Between Employment and CompTIA Certifications

There are currently over 400,000 open Information Technology jobs in the U.S. These available jobs result from the gap between what IT employers need to hire and the skills possessed by those looking for sustainable jobs. This suggests, particularly at a time of such high national unemployment, that we must all do better in preparing men and women with the skills they need to pursue these jobs. Training and credentialing these individuals is a key way to fill these open slots and bring the unemployment rate down to a more reasonable level.

We know through research that certifications are an extremely important tool in matching the individual to employment. In February 2011, CompTIA released a global study entitled, "Employer Perceptions of IT Training and Certification." The study of nearly 1,700 businesses found that employers are inclined to rely more heavily on professional certifications when hiring information technology (IT) workers, but they are challenged in the selection process by credential evaluation and validation issues. Professional certifications are already viewed by hiring managers as a high-value validation of IT skills.

The CompTIA study also suggested that certifications will grow in importance as organizations seek to fill tech jobs. Specifically, among IT hiring managers nearly two-thirds (64 percent) rated IT certifications as having extremely high or high value in validating skills and expertise. Eight in ten human resources (HR) professionals surveyed believe IT certifications will grow in usefulness and importance over the next two years. While more remains to be done to assist HR personnel in becoming familiar with credentials and to develop better ways for hiring officials to verify a candidate's possession of a credential, there is no doubt that credentials are an important part of a vital workforce.

Stackable and Portable Credentials Help Address the Skills Gap

CompTIA is very supportive of the use of stackable and portable Industry credentials, because they fill an important role in providing a career pathway for individuals wanting to enter and progress in the IT Industry. Moreover, as marketplaces adjust and innovation impacts industries, portable credentials help IT firms and practitioners remain relevant and competitive within an ever-changing market.

There are many examples of these types of credentials. Within CompTIA's portfolio, the Strata IT Fundamentals certificate is the precursor to the CompTIA A+ exam for individuals with little knowledge of computer terminology or basic computer knowledge. CompTIA's A+ certification provides the foundational knowledge to progress onto its Network+ and Security+ certifications. As such, these provide stackable credentials that can be included in high school and community college curricula programs of study that lead to career and degree opportunities.

Additionally, CompTIA's IT credentials are stackable in relationship to emerging IT specialties. For example, CompTIA offers fundamental and advanced credentials in areas such as health IT and green IT. CompTIA's IT credentials are also stackable in relationship to credential development organizations. For example, CompTIA's A+ and Network+ certifications are foundational to Cisco networking credentials and Microsoft's credentials. And CompTIA's

Security+ certification is stackable with Microsoft's MCSA certification and ISC2's CISSP certification.

CompTIA's credentials are known for their portability due to their vendor-neutrality and industry-driven nature. CompTIA's credentials are acknowledged as industry-developed, vendor-neutral exams across the United States and the World. Portability means that IT employers around the Globe recognize the value of CompTIA's credentials for their employment requirements. When an individual receives a CompTIA credential they can be assured of its portability on a global perspective.

CompTIA is supportive of the AMERICA Works Act focus on Industry credentials that are stackable and portable, because of the role that those attributes play in helping unemployed individuals find sustainable and good paying jobs in IT.

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We again thank the Chairman for the opportunity to share our views on the value of certifications in workforce development. In conclusion, we want to emphasize that everyday we see the real value of these credentials for small IT businesses.