

Testimony

of Jennifer McNelly
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before the House Committee on Energy and Commerce
Subcommittee on Commerce, Manufacturing, and Trade

on Our Nation of Builders: Training the Builders of the Future

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COMMENTS OF THE MANUFACTURING INSTITUTE
BEFORE THE

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Chairman Terry, Ranking Member Schakowsky and members of the sub-committee, thank you for the opportunity to testify on behalf of The Manufacturing Institute at this hearing on “Our Nation of Builders: Training the Builders of the Future.” My name is Jennifer McNelly, and I am the President of The Manufacturing Institute. We are the non-profit organization dedicated to improving and expanding manufacturing in the United States and an affiliate of the National Association of Manufacturers (NAM).

For over 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:

- If it were its own country, U.S. manufacturing it would rank as the tenth-largest world economy;
- Every dollar in final sales of manufactured products supports \$1.48 in output from other sectors—this is the largest multiplier of any sector.
- Manufacturing supports an estimated 17.5 million jobs in the U.S.—about one in six private-sector jobs;
- In the fourth quarter of 2012, manufacturing employers paid \$33.52 per hour in wages and benefits, compared to other employers in the economy, which were paid about \$30.84 per hour; and
- 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, 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.

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 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.

In 2009, we joined with several other leading industry groups 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 last year.

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, defining the outcome of success from completion to achievement of an industry standard. 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.

For manufacturers we are applying the same rigors standards we use in our facilities to our most important supply chain, our human capital. Skills certifications 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.

However, success is not attained merely by designing a system. It must create results. In the past 2 years, we have helped to ensure that employers have access to over 173,000 workers with the needed skills to enter into and advance in manufacturing careers. As my colleague and national champion Sandra Westlund-Deenihan just testified, the Skills Certification System has had a tremendously positive impact on her bottom line. In fact, in our Return on Value survey from October 2013, over 90% of manufacturers using the Skills Certification System believe they make a difference in validating the skills of their employees. Companies have seen positive impacts on training costs, employee retention, employee engagement, workplace safety and personnel decision-making.

We have created “The M-List,” a list that recognizes over 60 high schools, community colleges, technical schools, and universities that are teaching manufacturing students to industry standards. On October 4, 2013, national Manufacturing Day, I launched Jefferson Community and Technical College as the first M-List school in Kentucky.

These outcomes are what we need to support and continue our nation’s recovery and put individuals back to work.

But we can’t certify workers, without workers to certify.

In addition to skills certifications, we need to address common misperceptions about manufacturing in order to increase the number of individuals interested in manufacturing careers. While 7 out of 10 parents want manufacturing in their community, only 3 out of 10 encourage their children to be that manufacturer. We need to make manufacturing cool again, and make manufacturing careers a source of pride.

Tony Raimondo Sr. (T.R.), owner of Behlen Mfg. Co. in Columbus, Nebraska, is addressing this image issue by engaging former students of technical education programs to become the voice of manufacturing to the next generation of job seekers. T.R. is leading Dream It. Do It.™ in Nebraska, a community-based network that aims to promote manufacturing as a top tier career choice. With over half of the country engaged in Dream It. Do It., the network is working to attract and recruit the next generation of qualified manufacturing workers.

The Manufacturing Institute is also targeting mid-career workers, including veterans and women.

People like Daniel Brewer, a Cincinnati native who entered the Navy after graduation and received aviation electrical training. After deployment in Afghanistan, Daniel returned to civilian life with no formal job training and drifted from job to job. In February 2013, Daniel joined the inaugural class of the Get Skills to Work program at Cincinnati State Technical and Community College and participated in a four-week, skills-certification program. Daniel's training and participation in Get Skills to Work led to employment at GE Aviation, where he is a proud aviation technician.

Or workers like Karen Gilgenbach, a weld process specialist at Airgas USA, LLC in Milwaukee, Wisconsin. Karen entered the industry as a Sales Technician, but after earning certifications as a Certified Welding Supervisor and a Certified Robotic Arc Welding Technician, she was promoted to a technically focused role as a weld process specialist. Karen is one of only 23% of women in the manufacturing workforce. She was an honoree of the STEP Ahead awards in February 2013, and will be a mentor in the program for other women interested in manufacturing careers.

Conclusion

Mister Chairman, for many years, postsecondary success was defined as a four-year degree, when a valid, industry-based credential can be the gateway to a well-paying job and a solid middle-class career.

As a nation we need a new strategy for our manufacturing workforce, grounded in industry standards, with new and renewed cooperation with industry, education, economic development, and the public workforce investment system. We need policies that support this success. Policies like the America Works Act (HR497) will help advance these efforts.

We need men, women and children to view manufacturing as a top-tier career choice, and have a path towards that career. Developing that path is good for manufacturing and good for the nation.

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