



Skill, Upskill, and Reskill: Analyzing New Investments in Workforce Development

Statement of Diane Benck, General Operations Manager and Owner, West Side Tractor Sales Co.

**On Behalf of Associated Equipment Distributors
before the U.S. House of Representatives
Small Business Committee's Innovation, Entrepreneurship and Workforce
Development Subcommittee**

March 31, 2022

Chairman Crow, Ranking Member Kim, and other distinguished members of this subcommittee, it is my pleasure to appear before you today both as an owner and executive of a construction equipment dealership directly impacted by the skilled workforce shortage and on behalf of Associated Equipment Distributors (AED).

I am the General Operations Manager and co-Owner of West Side Tractor Sales Co., a Lisle, Ill.-based company. West Side Tractor's story is truly one that could only happen in the United States of America. My parents established the company in 1962 with three employees and a pick-up truck full of parts. In 1987, my two brothers and I took over operations of West Side Tractor, and today with the third generation of family directly involved in the business, we employ 325 workers at 11 locations servicing Northern Illinois, Southern Michigan and Indiana. We are the authorized John Deere construction and forestry distributor for this territory.

I am currently a member of the Board of Directors for The AED Foundation. I also served as the first Chairwoman of AED in 2018, the association's top volunteer leadership position.

AED is the international trade association representing companies that sell, rent, service and manufacture construction, forestry, agriculture, energy, mining, material handling and industrial equipment and related supplies. Established in 1919, our nearly 800 members, including more than 440 equipment dealerships, generate \$60 billion in revenue annually, employ 125,000 workers and operate more than 5,300 locations across North America. Most AED members are small, family-owned, multigenerational companies.

The AED Foundation (AEDF) is dedicated to addressing the equipment industry's workforce challenges by accrediting heavy equipment maintenance and technology programs, promoting careers at equipment dealerships and commissioning research reports to advance the importance of workforce development to policymakers, educators, the media, and other stakeholders.

I appreciate the opportunity to come before the subcommittee to discuss:

- 1) The impact of the shortage of skilled workers on the equipment industry and my company;
- 2) What AED and The AED Foundation are doing to close the industry's skills gap; and
- 3) Recommendations to address the workforce shortage.

The Impact of the Skilled Workforce Shortage

Operating a capital-intensive small business comes with many challenges, including dealing with inflation, supply chain issues and an everchanging tax and regulatory environment. However, the one consistent

obstacle, that has impacted every equipment dealer for decades, is the lack of skilled workers, particularly service technicians.

In 2016, the AED Foundation released a study by public policy researchers at the College of William & Mary quantifying the economic impact of the technician shortage. The report included a comprehensive AED member survey to gather industry-specific data, which found the technician shortage is costing AED members approximately \$2.4 billion per year in lost revenue and economic opportunity. More than 50 percent of AED members said the skills gap had hindered dealership growth and increased costs and inefficiencies. But the technician shortage isn't just a problem for dealers, it's also a problem for all the economic sectors AED members serve: Almost 75 percent of survey respondents said the technician shortage made it difficult to meet customer demand.

Unfortunately, since the 2016 study, all indications are that the shortage has only gotten worse. A similar study by the College of William & Mary released in 2020, prior to the COVID-19 pandemic, found during the subsequent five years, AED members would need to fill 73,500 equipment technician vacancies.

The research reports affirmed what those of us in the equipment industry live with every day: The lack of qualified workers is costing our businesses revenue, which could be used to further expand and invest, and its causing inefficiencies for our customers, as equipment oftentimes can't be repaired or maintained as expeditiously as demanded.

A typical service technician at an equipment dealership can easily make six figures, depending on experience and location. At West Side Tractor, our Illinois-based apprentices start more than \$22 an hour and quickly escalate to \$45 within four years, not including comprehensive benefits and other incentives. At West Side Tractor, we could easily increase our technician workforce by 20 percent, if we could find qualified workers.

Most service technicians attend a two-year technical college degree program that focuses on heavy equipment technology. Traditionally, the occupation was stereotyped "dirty". However, with recent innovations, today's heavy equipment is on the cutting edge of technology, requiring technicians to work with computers to diagnose and fix problems. In fact, when you include technical education with our manufacturer-mandated and in-house training, a typical service technician logs similar classroom hours to someone with a baccalaureate degree from a university.

AED and the AED Foundation's Activities

There's no one-sized-fits all approach to tackling the equipment industry's workforce challenges. However, AED, primarily through The AED Foundation, is undertaking an ambitious initiative to create a strong and robust pipeline of skilled workers.

By 2025, the AED Foundation will have 100 accredited heavy equipment service technology programs across the country. These AED Foundation accredited programs are the industry gold-standard that having high-quality degree programs that provide effective and comprehensive instruction in safety/administration, electrical/electronic, hydraulics/hydrostatics, power trains, diesel engines and fuel systems, and heating/air-conditioning. Additionally, the AED Foundation will accredit 150 high school programs. The goal by 2025 is to have an additional 10,000 skilled technicians entering the workforce.

AED and The AED Foundation will also continue its leadership role in informing educators, students, parents, and the media about the enormous opportunities in the equipment industry. The Infrastructure Investment and Jobs Act (IIJA)/the bipartisan infrastructure law provides long-term investments in

infrastructure that will require construction equipment, and of course, the maintenance and repair of critical machinery. A career in the equipment industry has never looked brighter.

Finally, the AED Foundation will continue to produce research reports to ensure policymakers, the media and the general public understand the negative impact the workforce shortage is having on small, family-owned businesses.

Recommendations to Address the Workforce Shortage

First, and foremost, there remains a stigma in this country about the skilled trades. Parents encourage their children to go to four-year colleges and universities, and teachers and school counselors often reinforce the message. Students end up graduating with enormous debt and skills that don't match what employers demand. AED will continue to deliver the message—the skilled trades are a rewarding and lucrative career.

In Congress, lawmakers should pursue policies that invest in career and technical education programs and incentivize students to pursue vocational education. The Perkins Act is critical to the funding of technical education programs across the nation and developing the career and technical skills of secondary and postsecondary students. Unfortunately, Perkins Act funding hasn't kept pace with the demand or the nation's needs. Congress should consider increasing funding for the Perkins Act to help educate the next generation of skilled workers.

Currently, Federal Pell Grants are not available to postsecondary career and technology education students in short-term certificate programs that provide industry-based credentials and ultimately employment in high-wage, high-skill industry sectors or careers. As a result, many students across the country do not have access to high-quality, short-term career and technical education programs. The bipartisan Jumpstarting Our Businesses by Supporting Students Act (Jobs Act/H.R. 2037) would make high-quality programs that are at least 150 clock hours and eight weeks in length Pell-eligible, opening the door to career and technical education for many more students.

Finally, I think it's important to note that education is inherently a state, regional and local issue. What's good for Illinois isn't necessarily what's best for Colorado or California. Consequently, it's vital that industry work closely with local educators and policymakers to ensure resources are dedicated to educating students for in-demand careers.

Conclusion

The skilled workforce shortage continues to be the equipment industry's greatest challenge. It hinders growth and economic opportunity, creates inefficiencies, and impacts the country's competitiveness. As a nation, it's imperative that we steer the next generation to careers in the skilled trades. There's no one-sized-fits-all approach, but public policy, career and technical education investments, and reversing the mindset that everyone must pursue a bachelor's degree will help close the skills gap and expand the pool of skilled workers to fill in-demand jobs.