

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6315

MEMORANDUM

TO: Members, Committee on Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development

FROM: Committee Majority Staff

DATE: April 21, 2023

RE: Subcommittee Hearing Titled: “Help Wanted: Exploring How Alternative Paths to Student Debt Can Help to Strengthen Small Business.”

On **April 26, 2023, at 10:00 A.M. (EST)**, the Committee on Small Business Subcommittee on Innovation, Entrepreneurship, and Workforce Development will hold a hearing titled, “**Help Wanted: Exploring How Alternative Paths to Student Debt Can Help to Strengthen Small Business.**” The meeting will convene in room 2360 of the Rayburn House Office Building. The purpose of this hearing is to explore the landscape of the skilled worker shortage and pathways for Americans to obtain industry-recognized credentials—instead of traditional four-year college degree—that will strengthen small businesses and benefit the nation’s economy.

I. Witnesses

- Ms. Patrice Onwuka, Director for the Center for Economic Opportunity, Independent Women’s Forum
- Ms. Meloni Raney, President and CEO, TEXO
- Mr. Bruno Schickel, President, Schickel Construction
- Mr. Erik Elzy, Assistant Business Manager, United Association of Plumbers and Pipefitters

II. Background

Over the last 40 years a narrative took hold that a bachelor’s degree (or higher) was a requisite for success. Societal pressures, earning capacity, and degree inflation were major drivers behind this phenomenon. A stigma developed against Career and Technical Education (CTE) programs, the repercussions of which are being felt in the labor market’s shortage of skilled workers.

The U.S. economy is suffering from a severe skilled worker shortage. Many small businesses are unable to find the qualified applicants they need, as nearly half of employers are reporting difficulty in filling job openings.¹ There are currently 5.9 million people unemployed despite there being 10.8 million open positions.² Projections estimate that there could be 2.1 million unfilled skilled jobs by 2030, with the cost of those missing jobs potentially totaling \$1 trillion.³

According to the U.S. Bureau of Labor Statistics, of the top 20 occupations that will see the highest projected numeric change in employment in the next 10 years, the majority are in careers that require training beyond high school but less than a four-year degree.⁴ As the cost of college continues to rise and the skills gap widens, many small businesses are unable to find the qualified applicants they need. Nearly half of employers are reporting difficulty in filling job openings and workers of retirement age are exiting the workforce faster than companies can replace them.⁵

While some small business owners have been forced to turn down new projects and opportunities for growth so as not to jeopardize their current business, others are counteracting the labor shortage by promoting CTE efforts.⁶ CTE training can begin as early as high school, providing students with hands-on experience and pathways to high-paying jobs, opportunities for mentorship, and work experience that will fill industry demands, reduce talent shortages, and contribute to the state's economy.⁷ Many of the CTE programs offered by community and technical colleges are products of partnerships between school and businesses, which vary by region to reflect the dominant workforce needs of local industries.

Labor market data is clear: students don't need to attend college to land well-paying jobs. Lower costs and shorter completion times of CTE and work-based learning programs encourage post-secondary achievement and represent a crucial pathway to paid employment with high earning potential—whether as part of a high school curriculum, for high school graduates seeking postsecondary training and certification, or for adult workers being retrained or entering the workforce for the first time. Additionally, learning an in-demand skill lays the groundwork for an entrepreneur to start their own small business.

III. Conclusion

Preparing students with the technical skills needed to obtain high-paying, high-demand jobs, is the key to bridging our nation's skills gap. CTE students can secure jobs with high earning potential right away, obtaining the necessary skills without needing to step onto a college

¹ Press Release, PRWeb, Almost Half of U.S. Companies Can't Fill Open Positions (Mar. 8, 2023).

² Patrice Onwuka, Independent Women's Forum, Fighting Degree Inflation (Apr. 2023) <https://www.iwf.org/wp-content/uploads/2023/04/Policy-Focus-Fighting-Degree-Inflation.pdf>.

³ John Levan, *Labor Shortages in Welding: Is There a Solution?*, RED D ARC (Dec. 26, 2022).

⁴ News Release, U.S. Bureau of Labor Statistics, Occupational Outlook Handbook (Sept. 8, 2022); Press Release, National Skills Coalition, Business Must Take Lead in Filling Thousands of Middle Skill Jobs (Nov. 15, 2014).

⁵ Press Release, PRWeb, Almost Half of U.S. Companies Can't Fill Open Positions (Mar. 8, 2023).

⁶ Phil Cohen, *Small Businesses Face Challenges Finding Skilled Workers*, FACTOR FINDERS (last visited Apr. 17, 2023), <https://www.factorfinders.com/blog/small-businesses-face-challenges-finding-skilled-workers/>.

⁷ News Release, Maricopa Community Colleges, Career and Technical Education: The Backbone of a Strong, Well-Educated Workforce (Feb. 2, 2021).

campus.^{8,9} Transparency about the ability to earn a generous living without a four-year degree is essential to filling the shortage of skilled workers and crucial for providing the economic support to strengthen and grow small businesses.

⁸ News Release, U.S. Bureau of Labor Statistics, Occupational Outlook Handbook (Sept. 8, 2022).

⁹ *supra* note 12.