

STATEMENT FOR THE RECORD
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CHAIRMAN OF THE BOARD AND CEO
UNIVERSAL TECHNICAL INSTITUTE, INC

BEFORE THE

SUBCOMMITTEE ON ECONOMIC OPPORTUNITY
COMMITTEE ON VETERANS' AFFAIRS
U.S. HOUSE OF REPRESENTATIVES

MAY 8, 2014

Statement before the House Committee on Veterans' Affairs Subcommittee on Economic Opportunity

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Chairman Flores, Ranking Member Takano, and distinguished members of the subcommittee, thank you for the opportunity to submit testimony on defining and improving success for student veterans.

My name is Kim McWaters and I am the Chairman and Chief Executive Officer of Universal Technical Institute, Inc. (UTI). On behalf of the entire UTI team, I want to express our deep appreciation for this opportunity and commend the subcommittee for exploring this important topic.

Universal Technical Institute, Inc. (NYSE:UTI) is the leading provider of post-secondary education for students seeking careers as professional automotive, diesel, collision repair, motorcycle and marine technicians. Through our nationwide network of campuses, we provide specialized programs under the banner of several well-known brands, including Universal Technical Institute (UTI), Motorcycle Mechanics Institute and Marine Mechanics Institute (MMI) and NASCAR Technical Institute (NASCAR Tech). In the company's 49 year history, more than 170,000 students have received undergraduate degrees, diplomas and certificates from a UTI program. I have provided the subcommittee with company brochures that illustrate UTI's philosophy, our purpose and our programs, and more information can be found at www.uti.edu.

This subcommittee is dedicated to supporting America's veterans, who have given so much to our nation, in successfully transitioning to civilian life, finding meaningful opportunities to put their substantial skills to work, and building stable, successful post-military careers that allow them to take care of their families and contribute to their communities and the economy as whole. With the unemployment rate among veterans returning from Iraq and Afghanistan hovering above the national average at 6.8 percent, these are critically important goals.

UTI shares these goals, and we firmly believe that if we want to give returning veterans access to all the opportunities America has to offer, the skilled trades and strong, private vocational

education programs must be part of the solution.

While many sectors scramble to create jobs, those that rely on skilled trades are working to fill a widening gap between a growing number of available jobs and a shrinking pool of people trained to fill them. The Society of Manufacturing Engineers predicts that, as the manufacturing sector rebounds, and skilled trades people from the Baby Boom generation retire in droves, we could see a shortfall of skilled workers as early as 2015. In the transportation and automotive industry, which is helping to fuel America's economic recovery and return to growth, the need for skilled workers is critical. The U.S. Department of Labor projects there will be more than 1.2 million jobs in the collision, automotive, motorcycle and marine industries in the next five years, including 11,325 new entry-level jobs in 2014 alone.¹

Plenty of industries and companies advertise jobs for veterans, but too often these are low-wage, low-skill positions that don't provide sufficient income to support a family, much less the opportunity to build a career. Our military veterans have tremendous skills and experience. They understand commitment, teamwork and what it means to serve. They are prepared for, and deserving of, a skills-focused job leading to a meaningful career.

For these veterans, the skilled trades offer jobs that pay well and that cannot be outsourced or off shored. With the right training, skilled trades people can create life-long careers in stable, growing industries with plenty of opportunities for advancement.

The transportation industry is an excellent example. A full-time minimum-wage employee earns just \$15,080 annually. But in 2011, the median wage for automotive service technicians was \$39,060, while diesel engine specialists earned a median wage of \$43,660.² Fueled by the automotive industry's recovery and the retiring Baby Boomers, the demand for trained technicians continues to grow and, with that growth, we are seeing strong and steady increases in the wages our graduates earn, and in the career opportunities available to them.

To meet that growing demand, and to convert America's high-skills shortage into an abundance of high-skilled craftsmen, we need quality, private-sector vocational education.

UTI, and schools like us, offer hands-on, high-tech and industry-specific training that is simply not available in traditional academic settings. We provide important options for the kinds of people most likely to succeed in skilled trades: hands-on learners who thrive in focused vocational programs and have a keen interest in science, math engineering and technology. For many veterans, private vocational education is a natural fit. These programs, which can typically be completed in 10 to 22 months, get people in Agency (TIA/WAA) programs and veterans into the workforce quickly.

In addition, private-sector programs, when regulated properly and operated with integrity, often provide better graduation and job placement outcomes for students and a higher return on their educational investment than they can get from a public university or community college.

At Universal Technical Institute, more than 60 percent of students graduate³, a rate significantly higher than that of two-year public colleges,⁴ and among veterans, our graduation rate is more than 10 percent higher than the national average.⁵ Four out of five of our graduates get jobs in the field for which they trained. Of those, approximately 20 percent are veterans of a branch of the U.S. Armed Forces.⁶

At the heart of those strong student outcomes are UTI's job-driven educational and industry partnerships. These partnerships help us understand the transportation industry and customize our curriculum and educational experience to meet those needs. Our partners play a critical role in supporting our students. They help guide our programs, make capital investments in our facilities, give students the chance to work with the most current technology and offer them educational grants and scholarships. With industry expectations as a guide, our instructors teach students to work on today's sophisticated automotive technologies, to diagnose and solve problems, and to provide the level of service customers demand. When our students graduate, they are ready to go work.

That commitment to student success begins long before the first day of class, and we give military veterans specialized support.

Our Military Admissions representatives, 95 percent of whom are veterans themselves, surround veterans with the support they need to transition from military to civilian life and from a career

back in to school. We help veteran students navigate VA benefits and the financial aid process. At each of our campuses, we offer military-only orientation, classes on PTSD and civilian life readjustment, VA health and benefit fairs, mobile veterans' clubs and socials, VA student worker programs and job placement with military-friendly employers. All UTI graduates, including our veterans, are eligible for free career placement assistance and free continuing education, for life.

At UTI, we take seriously our obligation to give students the skills they need to become gainfully employed and to build successful, productive careers. We know other schools share our commitment, and we believe educational and industry partnerships are an essential element of this country's effort to close its widening skills gap and put Americans back to work.

But we are deeply concerned that various legislative and regulatory initiatives could prevent us from achieving these important goals.

We are concerned about a government system that prioritizes four-year degrees and largely ignores the skilled trades. A recent report by the Brookings Institution found that while the vast majority of the \$4.3 billion the federal government spends every year on science, technology, engineering and math (STEM) education and training goes toward jobs that require at least a bachelor's degree, half of all STEM jobs do *not* require a four-year degree, and these jobs pay on average, \$53,000 a year.

We absolutely should support technological innovation and students who are interested in pursuing advanced science and research. But we cannot forget that these same subjects are critical to fundamental industries that are the core drivers of our economy: manufacturing, healthcare, construction and transportation. STEM is not only for the privileged few. It's for everyone.

We are also concerned that some in Washington have chosen to discount the contributions of the entire private education sector due to missteps of a few. Certainly, we must address the problems, and UTI wholeheartedly supports policies that protect consumers and ensure the value of *all* educational programs. But by holding private-sector schools to rules and standards that do not apply to other educational institutions, policy makers are restricting valuable educational

opportunities for people who want to build successful, life-long careers in the skilled trades.

Recently, Congressman John Kline, Chairman of the House Committee on Education and the Workforce, held a field hearing in Arizona at which all three presidents of Arizona's three, public, four-year, and degree granting universities agreed with universally applying outcome standards to all higher education institutions. That's a standard we must adopt at the federal level.

The reality is that, until policy makers consider first-rate private-sector vocational schools as a viable and necessary part of our educational system and a valuable resource for our economy, we risk leaving behind the very people most in need of support, including our military veterans.

It is my sincere hope that the members of this subcommittee will become even more involved with technical training programs in your districts, that you will work to focus greater public attention on the need for more vocational programs targeted to employer needs, and most importantly, that you will support public policies that help *all* students get the education they need to achieve their goals.

Mr. Chairman, when we define "success for student veterans," technical training must not be relegated to second-class status. Our nation needs skilled workers. Our military veterans need, and deserve, every opportunity to create successful, life-long careers. And, we must work together to create these opportunities, and to preserve and protect the training programs that support the skilled trades and build strong futures for those who have served this great nation.

Again, I want to thank the Chairman and members of the subcommittee for allowing UTI to participate in this important hearing on behalf of our student veterans.

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Curriculum Vitae for Kim McWaters

Kimberly J. McWaters was appointed to Chairman of the Board in December 2013. She has served as UTI's Chief Executive Officer since October 2003 and as a director on UTI's Board from February 2005 through November 2013. Ms. McWaters served as UTI's President from 2000 to March 2011 and previously served on UTI's Board from 2002 to 2003. From 1984 to 2000, Ms. McWaters held several positions with UTI, including Vice President of Marketing and Vice President of Sales and Marketing. Ms. McWaters also serves as a director of Penske Automotive Group, Inc. (formerly United Auto Group, Inc.). Ms. McWaters received a BS in Business Administration from the University of Phoenix.

¹ [BLS Unemployment Report - April 2014.pdf](#)

² US Census Bureau 2011 Annual Survey of Manufactures, 11/8/12

³ 2013 ACCSC annual report. Our consolidated student graduation rate in 2013 was approximately 62.7%.

⁴ Knapp, L.G., Kelly-Reid, J.E., and Ginder, S.A. (2011). *Enrollment in Postsecondary Institutions, Fall 2012; Financial Statistics, Fiscal Year 2012; Graduation Rates, Selected Cohorts, 2004-09; and Employees in Postsecondary Institutions, Fall 2012 (NCES 2013-183)*. U. S. Department of Education. Washington, DC; National Center for Education Statistics. Retrieved 1/15/2014 from <http://nces.ed.gov/pubsearch> (page 12; Table 4; Degree or certificate-seekers attending 2-year institutions and completing a degree or certification (cohort year 2008) graduation rate within 150% of normal program completion time).

⁵ Student Veterans of America Million Records Project

⁶ UTI student data. Approximately 11,400 of the 12,200 UTI graduates in 2012 were available for employment. At the time of reporting, approximately 9,600 of those available were employed within one year of their graduation dates, for a total of 85%.

⁷ [BLS Unemployment Report - April 2014.pdf](#)