



Testimony

Submitted on behalf of the
Pennsylvania Chamber of Business and Industry

Public Hearing on Workforce Development: Closing the Skills Gap

Before the:
U.S. House of Representatives Small Business Committee

Presented by:

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Chairman Chabot, Ranking Member Velazquez, Congressman Fitzpatrick and other members of the Small Business Committee. My name is Alex Halper and I am Director of Government Affairs for the Pennsylvania Chamber of Business and Industry. The PA Chamber is the largest, broad-based business advocacy association in Pennsylvania. We represent employers of all sizes, crossing all industry sectors throughout the Commonwealth. Thank you for the opportunity to testify today regarding workforce development and closing the skills gap.

Pennsylvania employers face competition from businesses in other states and, increasingly, around the world. While the Commonwealth has tremendous assets – abundant natural resources, key geographic advantages, excellent higher education institutions, etc – being successful in today’s global economy depends on Pennsylvania developing and harnessing the talent, skills and capacities of its citizens. Students must be prepared for careers or further education and workers must be able to adapt and continually acquire the training and skills required in the modern workplace. Unfortunately, feedback from PA chamber members and employers around the Commonwealth has made it clear we are falling short of these goals.

The PA Chamber conducts an annual survey of employers, both PA Chamber members and non-members, focusing on the Commonwealth’s economic climate.

The most recent survey of 654 Pennsylvania employers was conducted in August 2017 and several questions focused on issues related to workforce. When asked to rate the quality of the workforce in Pennsylvania to meet the business community's demand for skilled or trained workers, a plurality of respondents answered just "Fair" (41 percent) and far more chose the worst response of "Poor" (16 percent) than those who responded "Excellent" (just five percent). When asked for the most common problems experienced when interviewing and considering job applicants and provided 13 answers from which to choose, the two most popular responses by far were "Lack of soft skills" (35 percent) and "Lack of hard skills" (34 percent). Examples of "soft skills" were enumerated as work ethic, communication skills, punctuality, dependability and team work; and "hard skills" were described as training, education and certifications.

About a year earlier in 2016, the PA Chamber conducted a survey specifically focusing on Pennsylvania employers' experiences and expectations concerning the workforce. 428 Pennsylvania employers – PA Chamber members and non-members – were contacted in early April 2016 and their responses painted a daunting picture.

A combined 52 percent of respondents described it as very or extremely difficult to recruit qualified candidates, with the appropriate skills, training and/or education to fill the workforce needs of their company. Most believed finding qualified applicants

had gotten more difficult over the last five years (61 percent) and most also believe it will become more difficult over the next five years (57 percent). Only two percent of respondents believe it will get easier.

Feedback from this survey is consistent with anecdotal insight from employers and much of the public discussion on the skills gap and career readiness for those entering the workforce: inadequate “soft skills” is a significant challenge and just as common among job applicants, if not more prominent, than those lacking “hard skills” – i.e. specific training or credentials. Employers across all industry sectors describe difficulty recruiting applicants that exhibit sufficient ability to think logically, work collaboratively with others, behave properly, effectively communicate, etc.

While these questions in the survey helped quantify the extent of the workforce challenges employers are facing and captured the sentiment of Pennsylvania’s business community, the results were not surprising: they were consistent with similar national surveys and individual insight PA Chamber personnel hear from our members all over the Commonwealth. Responses to and analysis of the next series of questions, however, were somewhat more enlightening and, we hope, instructive for how the business community can and should lead efforts to address the skills gap.

Survey participants were asked about internal activities and investments in workforce

development and job training – including internships, apprenticeship programs, internal training, mentoring and partnering with local high schools and trade schools. We then compared these responses with an earlier question that simply asked employers the extent to which they were experiencing workforce challenges. The analysis showed a clear correlation between employers who invest resources and time to workforce development programs and activities and those who are more successful addressing their own workforce needs. In other words, employers should not consider devoting time and resources to addressing workforce challenges as simply community service, but as a key piece of their company strategy to accommodating their own internal workforce needs.

This is the message the PA Chamber has attempted to deliver to our members and spread to employers throughout the Commonwealth: the business community must take the lead in workforce development and addressing the skills gap. We can support smart public policy and encourage educational institutions and members of the public to be close, constructive partners – but ultimately it is incumbent on Pennsylvania employers to make the commitment and do the work necessary to ensure they have a qualified workforce today and in the future.

The one caveat is the aforementioned deficit of “soft skills” among those entering the workforce. Anecdotally, we hear from employers who are committed to or interested

in establishing or expanding job training programs but are frustrated by a dearth of potential participants they view as possessing prerequisite communication skills or behavioral attributes to qualify. Employers may be willing to invest more in workforce development but may not have the inclination, or think they have the ability, to teach these basics. Accordingly, attention to soft skills development must remain a priority even as policymakers focus on specific job training and making tangible progress on facilitating career readiness.

Public schools should be encouraged and provided strategies to better incorporate soft skills development into existing curriculum. Also critically important is facilitating youth employment. The prerequisite skills and work ethic sought by employers – reporting on time, reliability, following instructions, etc. – are attributes often acquired and honed as youth working part-time and during the summer.

Unfortunately, youth unemployment remains a serious problem throughout Pennsylvania and the country. According to the U.S. Department of Labor Bureau of Labor Statistics, youth unemployment in January 2018 was an unacceptably high rate of 13 percent; and specifically African American youth unemployment was over 24 percent. Public policy should encourage and allow employers to create new and maintain existing part-time, lesser-skilled jobs that are often filled by the 16-19 year old demographic.

The PA Chamber also supports smart public policy that compliments and encourages employer efforts related to workforce development and job training. We urge lawmakers to keep in mind the following principals and suggestions when considering legislation:

- Regularly and thoroughly review existing workforce development programs to make sure programs are achieving intended objectives at an acceptable cost. Reviews should be publicized, include a cost-benefit analysis and strive to reduce fragmentation and provide more efficient delivery of services.
- Focus locally and engage the business community to best determine current and long-term community workforce needs, tailor local programs accordingly and create nimble systems that can react in a timely way to market demands.
- Expand and improve educational options in the technical fields and others that require some level of post-secondary education to help job-seekers meet the requirements for employers in the economy of today and in the future. And help eliminate bias against vocational education.

- Encourage institutions of higher education to offer courses that align with workforce needs, such as online programs, that are structured to best facilitate participation from non-traditional students.
- Help promote public-private partnerships and private sector educational and training programs, such as apprenticeships and other innovative approaches to providing workplace experience and skill attainment opportunities.

One bill pending in Congress that is consistent with these principals is H.R. 2353, the Strengthening Career and Technical Education for the 21st Century Act, which was introduced by Pennsylvania's own, Rep. Glenn Thompson, and passed the House by voice vote last year. This bill would reauthorize Carl D. Perkins Career and Technical Education Act of 2006 and achieve key objectives of aligning CTE programs to the needs of local labor markets; support collaboration between educational institutions and employers; increase student participation in work-based learning opportunities; and promote the use of industry recognized credentials and other recognized postsecondary credentials. We thank the House for passing this bill and urge you to work with your Senate colleagues to send this legislation to the President.

Thanks again for the opportunity to testify. I'm happy to answer any questions.