

THE PRESIDENT'S EXPORT COUNCIL

WASHINGTON, D.C. 20230

March 12, 2013

President of the United States of America
The White House
Washington, DC 20500

Dear Mr. President,

America's industrial sector is poised to meet your goal of doubling U.S. exports by 2015. Our bricks and mortar are in place and our supply chains stand ready. Unfortunately, America's industrial production is only running at a capacity utilization of 75 percent.¹ In order to close the gap, we need workforce-ready workers to make products here in America that the world demands. In this letter, we spotlight areas of the workforce where readiness falls short and where demand for specific skills continues to outstrip supply. America's national unemployment rate remains stubbornly high, but this rate masks the day-to-day problem we face in our companies: we cannot fill our job openings at a wide range of skill levels because our American workforce has readiness gaps. We believe our experience is reflective of hiring challenges across America. In a recent study by Manpower Group of Milwaukee, 52 percent of employers in the United States said they cannot match their job needs to the available labor pool.² In January 2013, the U.S. Department of Labor noted that 175,000 jobs had been created that month, but 3.5 million jobs remain unfilled, in part because there is a mismatch between the applicant pool and the skills required to succeed. Yet over the last two years, federal support for workforce and job retraining has been cut by \$1 billion.³

I. Challenge: American Workers Need High School Diplomas.

The nation's drop-out rate is too high. It creates workforce participants who often cannot meet minimum job requirements. Last year, 78 percent of the reported 9.2 percent of Americans who were unemployed had not graduated from high school. America's employers depend on our education system to produce graduates with basic reading, writing and math skills. We are committed to build upon these skills to ensure workforce readiness, but a solid high school education is essential.

Recommendation: Make High School Graduation a Top Priority.

High school graduation needs to be a top priority for federal, state and local programs. Multiple approaches to this challenge are ongoing, many with significant rates of success. At the state level, for example, the "Jobs for America's Graduates" (JAG) program is dedicated to preventing high school drop-outs among those at most risk. This is currently operating in thirty three states.⁴

The business community welcomes opportunities to partner with federal, state and local governments to tie completion of high school to fulfilling the community's local job requirements. For example, through programs such as "Dream It, Do It," students can gain a clearer vision and pathway towards meaningful careers, enhancing their dedication to complete their high school education. Many communities in Minnesota such as Mankato, Alexandria and St. Cloud feature factory-based "open houses" where students and their parents can view 21st century manufacturing, enhancing their understanding of the manufacturing based careers available in their own communities.

¹ National Association of Manufacturers, May 23, 2011.

² Hirsh, Michael and Fawn Johnson. "Desperately Seeking Skills," National Journal, July 30, 2011.

³ "January Job Report Shows U.S. Needs to Invest in Skills," National Skills Coalition, February 1, 2013.

⁴ "States' Use of Workforce Investment Act Set-Aside Funding for Statewide Activities," National Governors Association, January 4, 2012.

We encourage public programs that enhance the awareness among teachers, guidance counselors and parents of apprenticeship and other valuable skill-acquisition programs, which support American manufacturers' growing need for skilled workers. We endorse programs such as the "Grow Oklahoma" strategic plan, which brings together businesses in the state and high school students to better assure that graduates have career ready skills. Similarly, Georgia has developed the "Work Ready Regions" program to increase high school graduation rates and introduce young Georgians to the employment possibilities in the manufacturing sector.

II. Challenge: Certain Post-Secondary Skills Are in Short Supply.

A recent National Journal article noted, "Many of the hardest-to-fill jobs identified by employers don't require four-year [college] degrees, yet vocational and technical training is the most lacking of post-secondary education options in the country."⁵

Recommendation: Enhance Awareness of and Support for Registered Apprenticeship Programs and Community Colleges that Target Workforce Skills.

Federal, state and local programs need to enhance awareness of and support for registered apprenticeship programs and terminal degrees from community colleges to assist high school graduates in the transition to the modern workforce. This comprehensive effort should stress programs which involve collaboration with the business community and labor organizations so that registered apprenticeship programs and community colleges degrees reflect local and national employer needs.

Community colleges can target specific skills gaps and aggressively work to remediate them, lifting a burden currently borne by many businesses. When businesses are forced to step into this role, the cost of hiring rises and becomes a barrier to creating jobs and to increasing production and exports. The President's Jobs Council has designed a fast-track "Right Skills Now" initiative to help community colleges target specific skills gaps and provide accelerated training to directly fill those gaps, helping unemployed and transitioning workers as well as filling the immediate needs of businesses. Another premier example of this approach is the integration of the NAM-endorsed Manufacturing Skills Certification System in community college programs of study.

Businesses and labor organizations currently collaborate with community colleges, often with noteworthy outcomes. Examples are UA's ongoing work with select Michigan community colleges ensuring apprenticeship graduates also receive a highly valued terminal degree. Individual employers have had success with specific programs. For example, Volkswagen has partnered with Chattanooga State College, Vermeer has partnered with Des Moines Area Community College and local school districts to create a Career Academy and ADM has partnered with Richland Community College.

The Brookings Metropolitan Export Initiative should be utilized to actively support community colleges, Small Business Development Centers and other agencies active in workforce development efforts to connect sustainable training resources and to place trained workers with small- and medium-sized enterprises engaged in exporting.

School personnel who influence high school students' career choices also need a better understanding of the workforce needs of the business. Guidance counselors, principals and teachers often have little knowledge of the needs of America's manufacturers and high school level vocational training has largely disappeared.

⁵ Johnson, Fawn. "The Jobs Pipeline," National Journal, January 19, 2013.

III. Challenge: U.S. Employers Need Professionals with Science, Technology, Engineering and Math Skills.

The President's Council of Advisors on Science and Technology (PCAST) issued a report in 2012 to President Obama designed to increase the number of STEM graduates by one million in the next decade to meet projected employment needs. We support this goal and encourage the Administration to adopt and implement the five recommendations of the report designed to address the continuing and growing shortage of STEM graduates needed to ensure the United States can fill STEM related jobs, including non-STEM positions that require STEM skills.

Recommendation: Prioritize Federal Programs to Support the Growth of a Workforce with Sufficient Professionals with Science, Technology, Engineering and Math Skills.

The specific recommendations include: catalyzing widespread adoption of empirically validated teaching practices; continuing to encourage partnerships among stakeholders to diversify pathways to STEM careers; advocating and providing support for replacing standard laboratory courses with discovery based courses; launching a national experiment in postsecondary mathematics education to address the math preparation gap; and creating a Presidential Council on STEM education. The federal government has set a goal of recruiting, preparing and inducting 100,000 new STEM teachers and creating master teachers for STEM teachers who would receive salaries commensurate with other STEM professionals and who could also serve as mentors and ambassadors for the profession. We believe it is essential that these initiatives and programs receive the highest priority as we allocate scarce federal dollars to STEM and workforce training.

IV. Challenge: Special Populations, such as Veterans, Need Access to Programs that Recognize Unique Skills and Jump-Start Entry into the Modern Workforce.

Those who serve in our active military and who are transitioning to civilian life need a hand – and American businesses need their skills to fill our hiring needs. However, military veterans are often prevented from making an easy transition into certain private sector jobs because they lack specific civilian certifications or licenses, despite more than adequate training or experience from their military service.

Recommendation: Expand Specialized Programs

Programs exist – such as the “Veterans in Piping” program operated by the United Association of the Journeymen and Apprentices of the Plumbing and Pipe Fitting Industry – that have shown the skill-acquisition-through-apprenticeship path can be significantly accelerated and yield substantial results for both business and workers. This should be replicated across all branches and sectors of the military and similar trades should be invited to participate to attract entrants across the gamut of skilled trade workers. This could be done rapidly and key benefits could be realized in real time.

Federal training programs for veterans should be more specifically aligned to offer veterans the opportunity to obtain state or industry certifications when appropriate. Furthermore, the Department of Defense should be encouraged to share their programs of instruction for certain military occupation specialties directly with states and national accrediting agencies, allowing these entities to better understand the skills which are mastered while gaining military credentials. This would facilitate their recognition in the world of civilian credentials, and if possible lead to the identification of any gaps in training to allow veterans fast track opportunities towards desired and needed credentials to gain employment.

The national partners in the NAM-endorsed Manufacturing Skills Certification System have developed the technology platform to translate active duty military personnel occupational codes and training to civilian, industry-recognized credentials to connect new veterans to immediate employment opportunities across the manufacturing economy. The Service commands need to revamp their transition assistance

programs to incorporate this benefit for separating military personnel and to fuel the nation's manufacturing sector. We are willing to work with your Secretary of Defense to expand this effort and to collaborate with your Secretaries of Labor and Veterans Affairs to help program participants continue seamlessly after they separate from the military.

Individual companies have had significant success in tapping the potential of the veterans workforce. The members of the PEC have prepared a summary of veterans hiring programs that can be used for best practices.

American industry wants to see exports continue to be a leading factor in creating economic growth. Expanding exports reflect expansions in our home-grown business and creating a stable pool of jobs for American workers. Our business goals are aligned with the National Export Initiative. We stand ready to work with you and your Cabinet to turn aspiration into achievement, to identify and replicate successful federal pilot programs, to call attention to state and local initiatives which deserve replication, to identify overlaps and conflicts among federal agencies and to encourage prioritization of federal employment and education efforts that put Americans back to work in the near term.¹

Sincerely,

A handwritten signature in black ink, appearing to read "Jim McNerney". The signature is fluid and cursive, with a large initial "J" and "M".

Jim McNerney

¹ Please note this letter was prepared by the private sector appointed members of the PEC.