

THE PRESIDENT'S EXPORT COUNCIL
WASHINGTON, D.C. 20230

June 10, 2015

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

Dear Mr. President,

While U.S. exports are on the rise, thus partially fulfilling your plan to improve our global competitiveness, growth continues to be restrained by workforce challenges. Employers from key industry sectors which have large and experienced workforces nearing retirement—including those in the aerospace, healthcare, manufacturing, utilities and other industries—report persistent difficulty in filling positions as available workers fail to meet required educational or training criteria. By 2017, the United States is projected to add some 2.5 million new “*middle skill*” jobs which are those that typically require one to two years of post-high school education or training. Those are exactly the types of jobs U.S. employers struggle to fill. Developing successful strategies to address this challenge benefits everyone including unemployed/underemployed workers, employers, and industries seeking to compete in global markets.

Past workforce development recommendations offered by the PEC include initiatives to improve the K-12 educational system, bolster post-secondary science, technology, engineering, and math (STEM) education and expand vocational and technical training. It is critical to facilitate greater investments and opportunities for development of 21st century skills, including a focus on STEM, to ensure students graduating high school are college and career ready. Strengthening our educational foundation to ensure graduation from high school with core competencies in literacy, numeracy, and science, should remain a top priority and a critical component of workforce development.

We encourage continued use and expansion of federal programs in these areas, such as the U.S. Department of Labor’s Youth CareerConnect program. This program was important to the Los Angeles Unified School District in its development of “career academies” in six high schools focusing for health care and technology-related industries. Likewise, we endorse the Administration’s goal of increasing STEM graduates by one million over the next decade, and the policies and programs it has developed to achieve this goal.

Recommendation I: Promote Employer-Driven Workforce Training Programs.

The remainder of our correspondence focuses on the “*middle skills*” gap and workforce development strategies to address this challenge. For instance, experience shows that the most successful training and education programs are employer-driven. Employer-driven training focuses on specific skills and competencies for which employers have a demonstrated need. Training programs sponsored by Boeing, UPS and other Export Council companies, which are company-directed and assisted by educational institutions, provide leading examples of effective private sector training programs. A number of top private sector programs, including the United

Association's *Veterans in Piping Program*, are also excelling at recruiting, training and placing recently returning U.S. veterans and other underserved populations into the U.S. work force.

Some of the most effective employer driven training programs are based on “*earn and learn*” programs, which combine academic education with paid skills training, and lead to career-track positions. These employer driven programs are often implemented in conjunction with community colleges, high schools, and other career and technical education providers and are sometimes developed as joint labor-management programs. Similarly, privately run apprenticeship programs in the construction industry offer one of the best examples of these successful skills training programs. Over the last several decades, these programs trained and placed millions of workers in high skill jobs. Moreover, such training produces a significant investment return for employers through increased productivity, greater safety and improved quality.

Experience shows that workforce development programs work best when industry takes the lead in defining skill needs. This includes curriculum design and development in concert with academia. The most effective private-sector training models should be benchmarked, emulated and expanded across the economy and could serve as a model for the design of federal workforce training programs.

Recommendation II: Ensure Government Plays Vital Coordination Role In Workforce Development.

Government should perform key functions in training by coordinating industry, educational institutions, labor, non-profit organizations, and other stakeholders to identify key labor demand trends and promote focused recruitment, assessment, and placement of workers. Government also has a critical role to play in encouraging the development of new “pre-apprenticeship” programs, transfer pathways, and other bridge/transitional programs that are already in use across the economy and showing significant progress. Essentially, these bridge-type programs can provide remedial education, life skills support, recruitment, job placement, counseling and related services to prepare/place high school students, unemployed young adults, returning veterans and others into work-based training, community colleges and other career and technical training programs.

The White House's recent *Job-Driven Training* grant program clearly demonstrates that the federal government is already on the right track in this area by supporting initiatives that leverage limited public resources to better transition workers into private sector education and training. This program recently provided \$450 million to help unskilled and displaced workers gain, “access to internships, apprenticeships, and job-relevant basic skills education and training in order to move up the career ladder into better-paying jobs that employers across the country are looking to fill.” To further promote its success, the *Job-Driven Training* program should be closely coordinated with industry workforce development strategies to develop private sector programs that are flexible, accessible, and employer driven.

The Government should ensure that its limited resources are only used to support programs with proven track records of success. Specifically, they should be used to buttress job-driven training

programs which train for skills needed by in-demand occupations, result in industry recognized credentials, have direct links to employers and utilize work based or experiential learning. For example, Boston-based *Year Up* receives funding from state and local governments and provides young adults in urban markets with workforce development assistance to prepare them for either college or paid positions that include on-the-job training in the private sector. In 2012, 84 percent of *Year Up*'s alumni were working or had gone on to full-time education within four months of graduation. Initiatives to assist U.S. veterans in this manner should also be given top priority, plus any federal coordination assistance needed. Competitive grants can be used to expand and replicate such programs to increase the number of qualified candidates for industry-operated training programs.

In addition, steps should be taken to promote the reauthorization and modernization of the *Carl D. Perkins Career and Technical Education Act* to encourage increased employer engagement in new training efforts. This would facilitate support for programs that are aligned with labor market needs, result in the attainment of an industry recognized credentials, offer experiential and work based learning opportunities, and offer transfer pathways or other effective methods of coordination between secondary and post-secondary programs. The *TechHire* grant program, recently unveiled by the Administration, provides a great opportunity to facilitate these types of market-driven, flexible and innovative technical training and educational programs.

Recommendation III: Build and Expand Programs Based on Most Successful Skill Training Models.

Finally, the Administration can use its unparalleled capacity for information collection and research and analysis to determine, publicize, and support best practices. *What Works in Job Training: A Synthesis of the Evidence*, a 2014 report by the Departments of Labor, Commerce, Education, and HHS, recommended expanding access to current data and initiating pilot programs to test innovative strategies. Future skill training strategies should be developed with an open mind and industry should continue to experiment to identify and implement the most effective workforce development models.

That notwithstanding, the best existing practice research already offers useful guidance for both the short and long term. Specifically, a review of the best private sector-led training programs reveals several key components that should be strongly considered for future models, including the following:

- Ensure skill training is employer-driven, results in the attainment of industry recognized credentials, and is linked to in demand occupations.
- Encourage the use of work-based and experiential learning models such as apprenticeships, internships, on-the-job training, mentorships, job shadowing, simulated work environments, and other innovative and flexible strategies.
- Follow industry best practices for trainee recruitment, including pre-apprenticeship models and tested programs targeting returning U.S. veterans and other underserved populations;
- Combine work-based or experiential learning with classroom instruction wherever possible;

- Develop partnerships with community colleges, high schools, technical schools, and other career and technical education providers;
- Consider the use of providing, “Earn While You Learn” wages to attract top trainee candidates and allow participants to support themselves during training;
- Consider the use of incentive/reward systems for training progress, with gradually increasing wage scales at successive stages of skill training, testing and certification;
- Promote collaborative, industry-wide or other multi-employer training programs to pool resources and share best practices; and
- Consider the use of “*Scholarship Loan Agreements*” under which training is provided at no cost provided a stipulated term of employment is served.

Finally, to foster increased investment in and commitment to such programs, the Council encourages the Administration to convene a National Workforce Development Summit. Such an event could help identify industry priorities and plan strategy. It should also consider creating a new National Workforce Development Council to work with industry, labor, education, and other stakeholders to benchmark best practices in skill training and build linkages between government, industry and non-profit groups.

Mr. President, thank you for your attention in addressing America’s workforce needs. We stand ready to assist your Administration in strengthening our global competitiveness.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