



Testimony

Submitted on behalf of the
Pennsylvania Chamber of Business and Industry

Public Hearing on Workforce Development

Before the:
Pennsylvania House Labor and Industry Committee

Presented by:

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Chairman Cox, Chairman Harkins and members of the 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, a top area of focus for the PA Chamber and specifically highlighted in our 2019-2022 Strategic Plan.

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, among others – success in today’s global economy depends developing and harnessing the talent and skills of Pennsylvanians. Students must be prepared for careers or further education and workers must be able to continually acquire new training and skills.

Unfortunately, feedback from PA Chamber members and employers around the Commonwealth is clear that we are falling short of these goals.

The PA Chamber conducts an annual survey of employers of both PA Chamber members and non-members focusing on the Commonwealth’s economic climate. Every year, we ask employers to name the single most important issue facing their company or business today. Over the 28 years we have conducted this survey, the

top response to that question has generally rotated among three options: taxes, the cost of healthcare and the general state of the economy.

The most recent survey of 650 Pennsylvania employers was conducted in July and August 2018 and when respondents were asked to name the single most important issue facing their company or business today, the top response, for the first time ever, was Workforce Development/the inability to find qualified employees.

Several other 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, half of respondents answered "Fair" or "Poor" (33 percent and 17 percent, respectively). Just eight percent selected the top response of "Excellent." When asked for the most common problems experienced when interviewing and considering job applicants, the two most popular responses by far were "Lack of soft skills" (43 percent) and "Lack of hard skills" (35 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.

This feedback 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 specific training or credentials. Employers describe difficulty recruiting applicants that exhibit what many consider fundamental characteristics of employability, like consistently arriving to work on time, taking direction and working collaboratively with others.

A couple years earlier the PA Chamber conducted a survey specifically focusing on Pennsylvania employers’ experiences and expectations concerning the workforce. 428 Pennsylvania employers – again, 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 or education. 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.

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 direct insight from PA Chamber members all over the Commonwealth.

Digging a bit deeper, 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 perceive the allocation of 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 we are delivering to employers throughout the Commonwealth: the business community must take the lead in addressing workforce development challenges and 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.

The one caveat is the soft skills deficit among those entering the workforce. We hear from employers who are interested in establishing or expanding job training programs

but are frustrated by a dearth of potential participants whom 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 July 2018 was 9.2 percent; and specifically African American youth unemployment was over 16 percent. Public policy should allow and encourage 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.

Policymakers and regulators must regularly and thoroughly review 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.

Programs and administrators, including Workforce Investment Boards, must be held accountable, and must themselves hold accountable programs they are funding. We have heard anecdotally that WIB grant processes are not always conducive to considering new programs; that the same organizations are funded every year; and even that Requests for Proposal appear designed to favor existing grantees. Now, it certainly may be the case that grantees are consistently funded because they are successful. It also may be that grantees are consistently funded because doing so represents the path of least resistance, in which case organizations or employers proposing new, novel and potentially more effective concepts may never have an opportunity to succeed.

State programs should allow for a local focus and require program administrators to 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.

At the K-12 school level, educational options in the technical fields should be expanded and improved to help current and future job-seekers meet the requirements for employers. Very critically, do your part as policymakers and community leaders to help eliminate bias against vocational education. At the post-secondary level, state policy should 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.

Addressing workforce challenges will require a multi-pronged strategy, including helping to facilitate employment for reentrants, veterans, disabled Pennsylvanians and those battling prescription drug and other addiction issues. This Committee in particular is aware of challenges related to individuals hurt on the job who subsequently deal with opioid and other prescription drug abuse and are acutely at risk of never returning to the workforce. One of the prongs in this multi-pronged strategy is certainly improving the state workforce development offices and programs under this Committee's jurisdiction and we applaud the Committee's attention to this important matter.

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