

Press-Republican

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Cutting job training defies logic

Paul Grasso: In Perspective

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For example, recent economic reports issued in Washington indicated that new-home sales dropped dramatically (minus 12 percent), durable-goods orders were disappointing (minus 6.9 percent), but jobless claims dropped to their lowest level in almost two years, down 22,000 to 391,000. The prediction was that weekly claims would come in at 400,000 or slightly higher, but below the 413,000 the week earlier. The four-week average of 402,000 is the lowest since the middle of 2008.

According to the Bureau of Labor Statistics (BLS), private-sector employment increased by 222,000 in February, but the unemployment rate remained around 9 percent.

On the flip side, the recently released Conference Board Employment Trends Index (ETI) showed an increase for the fifth month in a row.

The index is up over 8 percent since last February. The ETI aggregates eight labor-market indicators, including Consumer Confidence "Jobs Hard to Get," Initial Claims for Unemployment Insurance, Percentage of Firms With Positions Not Able to Fill Right Now, Number of Temporary Employees, Part-Time Workers for Economic Reasons, Industrial Production, Job Openings (BLS) and Real Manufacturing and Trade Sales.

Seven of the eight indicators improved with only Job Openings lagging. The report showed the consumer confidence index at 70.4, the highest level since February 2008 and up from 64.8 in the prior month.

Manpower, the temporary employment agency, conducts a quarterly Employment Outlook Survey that has proven to be an excellent predictor of hiring trends. The survey is an indicator of hiring activity for the next quarter. The forecast includes responses from more than 64,000 employers in 39 countries and covers the world's major labor markets. In the U.S., they survey 18,000 employers; the survey is representative of employers in all sectors of the U.S. economy.

According to their survey, 16 percent of American employers expect to add to their workforces and 6 percent expect to reduce staffing during the second quarter. Seventy-four percent of employers anticipate making no change to staffing levels, and the remaining 4 percent of employers are undecided about their hiring plans.

The outlook for the second quarter for U.S. employers is slightly higher than it was a year ago. U.S. employers have now expressed a positive outlook relative to hiring for six straight quarters.

Probably the best news is employers in all of the 13 industry sectors surveyed expressed a positive outlook relative to hiring. The durable-goods and manufacturing sectors are especially interesting. Conventional wisdom is that the sector is dying in the U.S.

We all read about how manufacturing jobs are being sent overseas. The fact is there are 2 million fewer workers employed in factories than there were before the recession began.

What makes this sector interesting is that nationally manufacturers are turning work down because they can't find qualified workers.

Manufacturing staffing companies report shortages of welders, workers to operate laser cutters, electricians and machinists capable of operating computer-controlled equipment.

Experts in manufacturing staffing say that many of the factory workers who find themselves without a job simply don't have the specialized skills the employers now require.

Other reports find most sector employers expressing similar concerns.

So, let's see if I understand this correctly. Housing sales, durable goods orders and job openings are down, but so are unemployment claims. The national unemployment rate remains unchanged; yet, consumer confidence is increasing. Many employers may add to their workforce, but many are concerned about whether workers have the skills to perform the jobs.

In it's simplest form, the data reveal that employer and consumer confidence is increasing but that people are still having difficulty finding jobs; many because of a skills mismatch, not because the jobs aren't there.

And still, some in Congress want to eliminate funding for job training. Like I said, it boggles the mind.

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