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Opinion

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Workforce Training Is Good Business

There are 13 million unemployed Americans and approximately 3 million job openings in the U.S. today. According to the Mass. Department of Workforce Development, this 4:1 ratio of unemployed people to unfilled jobs is mirrored in our state as well. Despite high unemployment, a 2011 report found that more than half of business leaders, and 67% of small-business leaders, face a challenge recruiting employees with the right education and training. In Massachusetts, these unfilled jobs in the health care, education, and manufacturing sectors pay between \$40,000 and \$60,000 per year.

How can this be?

Primarily, it's the result of a skills mismatch brought on by technological change, structural economic shifts, and decades of underinvestment in the types of basic skills and occupational training that are essential for a thriving economy. We need an education system that focuses not on a college degree, but on preparation for the jobs of today and tomorrow as identified by employers, not politicians and economic forecasters. And with the rapid evolution of technology, we need programs that continually train and retrain adults.

Middle-skill jobs across the country pay well and contribute similarly through income-tax revenues paid by employees and reduced unemployment payments. Many of these jobs involve specialized training on highly complex manufacturing machinery or in hospitals and labs. Regions can achieve economies of scale by partnering with vocational schools and community colleges to do this training on shared equipment with shared curricula.

Western Mass. faces a chronic shortage of skilled machinists in our high-technology, precision-manufacturing industry. This month alone, three companies in Hampden County are looking to hire more than 40 machinists at salaries that average \$60,000. Without these workers, companies face unwelcome choices such as subcontracting the work to outside shops or expanding in other states with more skilled machinists.

We've had success in Western Mass. by developing public-private partnerships to support this type of skills training, but employers can't do it alone. The partnership between employers in the Western Mass. Chapter of the National Tooling and Machining Assoc., the Regional Employment Board of Hampden County (REB), the state, and area school systems and community colleges has leveraged resources and created or retained good-paying jobs for over 1,000 Western Mass. residents.

Precision machinists, nurses, elevator mechanics, and EMTs require a foundation of advanced math, metrology, physiology, biology, etc. that employers cannot be expected to provide. Skills training by professional educators combined with on-the-job internships should be part of our public education system. And if properly aligned with available jobs by hiring employers, this will strengthen our economy by putting people back to work.

Congress should examine the business case for skills training: the above-mentioned 3 million job openings, if filled, could generate over \$9 billion in annual taxable income (assuming a low average salary of \$30,000 per year). With a federal tax rate of 15%, this would provide more than \$1.3 billion in annual payroll taxes as well as state tax revenues and reduced unemployment benefits. With estimated training costs of \$2,500 per person, the government would recover its investment in less than a year.

Federal funding for workforce-training programs declined by almost 20% (adjusted for inflation) between 2002 and 2012, with a 29% decrease in funding for Workforce Investment Act programs for adults, dislocated (laid-off) workers, and youth.

Instead of improving the system to help workers enter or return to the labor market and match employers with skilled workers, Congress has proposed eliminating it or consolidating it to the point of elimination. Cuts to federally funded workforce training would hurt Massachusetts' small-business owners, stifle job creation, and slow economic growth.

Our elected representatives, including Sen. Brown and Sen. Kerry, need to stop their colleagues from acting in direct opposition to the economic interests of Massachusetts and the needs of our state's workers and employers.

These programs, when properly structured and administered, pay for themselves. The Western Mass. model developed by the local Machining and Tooling Assoc. and the REB can provide the case study for success. v

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