



**Testimony presented to
House Business and Labor Subcommittee On Workforce Development**

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Chair Witt and members of the committee, I am Agnes Balassa, the Regional Field Director for The Workforce Alliance. The Workforce Alliance is a national, non-partisan, privately funded coalition of employers, labor, education and training providers, and public workforce officials. As the Regional Field Director, I provide workforce development technical assistance, policy analysis and other support to organizations and coalitions in nine western states. Before taking this position in January, I had the pleasure to serve as the Executive Director to the Local Workforce Investment Board for Marion, Polk and Yamhill Counties. In my previous job, I partnered actively with the Oregon Workforce Investment Board and Manufacturing 21. I was grateful for the privilege of speaking before you several times.

Thank you for your commitment to addressing the urgent training needs of Oregonians who deserve the quality opportunities Oregon companies are eager to provide. The Workforce Alliance is the convener of the national and Oregon Skills2Compete campaigns and I am here today to provide information that we feel is critical to your efforts to develop policy and invest resources to support workforce development, education and skills training.

Several times in our nation's history visionary leaders acted boldly to align education and training policy and resources with the skill requirements of industry to produce significant economic returns for the country. The promise of a high school education for all Americans met the needs of the industrial revolution in the 1920s. In the 1950s and 1960s the GI Bill fueled the post-war economy by sending two million people to two- and four-year colleges and putting more than twice as many through vocational training.

America is facing a new economic reality. A bold response is required if we are to foster economic growth and innovation to meet 21st century realities.

There is a myth about our economy that has gained widespread support in the recent past. The myth states that the U.S. is rapidly moving toward an "hourglass" or "dumbbell" shaped economy: one that has a small number of highly skilled, highly paid jobs requiring large investments into higher education at one end, and a significantly larger number of low-wage, low-skilled jobs at the other. This myth about our economy holds that the jobs in the middle – those that fueled the expansion of the world's largest economy and provided the foundation for

a robust American middle-class – are disappearing. The report we are releasing to you today, refutes that myth, not only for the United States in general, but for Oregon in particular.

Our report, *Oregon's Forgotten Middle-Skill Jobs*, of which you have a copy in your packets, proves the following facts:

Fact: The single largest segment of Oregon's jobs requires more than a high school diploma, but less than a four-year degree. These so called "middle-skill jobs" now make up 52 percent of Oregon's jobs market. The term "middle-skill" only refers to level of education needed to compete for these jobs. You can think of these as the middle 40 in the Governor's 40-40-20 plan. Many of these jobs are highly technical. Many are unionized. Many are well-paid. And because so many are hands-on, in-the-community jobs (like our fire fighters, electricians and auto repair technicians) they are difficult to outsource. This segment of our labor market accounts for close to 900,000 Oregon jobs.

Fact: Oregon is projected to have over 340,000 job openings in this category between 2006 and 2016, about double the 180,000 job openings that will not require skills training or education past high school and more than double the 173,000 that will require four years of college or more. (See page 7 of the report for more details.)

Fact: These jobs exist in every sector of our economy, from healthcare to manufacturing to the skilled trades to finance to transportation. Page 9 of our report provides a sample list along with the projected ten-year demand and median earnings of these jobs.

Fact: The median wages for many of these jobs exceed Oregon's median wage of about \$31,000.

Fact: Oregon does not have enough workers trained to this level to fill the current demand. In 2004, 52 percent of Oregon's jobs required more than a high school diploma, but less than a four-year degree. Only 47 percent of Oregon's workforce had the skills training needed for these jobs. By 2007, only 46 percent of Oregon workers were adequately trained for these jobs. This downward trend is likely to continue as workers with these skills retire and others are not trained to this level.

Fact: The gap between the supply of and demand for these workers cannot be filled by focusing solely on high school graduates. Two-thirds of the Oregon's workforce of 2020 will be made up of adults who are already working today. Yet, nationally, the majority of public postsecondary education and training resources are devoted to the comparatively small portion of our workforce under age 25, just recently graduated from high school.

Fact: The skills needed in the emerging "green economy" closely mirror the middle-skill demands of today's labor market as a whole. According to research conducted by The Workforce Alliance, the Center on Wisconsin Strategy, and the Apollo Alliance, most green jobs are middle-skill jobs. The Workforce Alliance further found that 66 percent of U.S. employment

in energy efficiency, 71 percent in wind technology and 56 percent in biofuels requires more than a high school diploma, but less than a four-year degree.

Fact: Between 1997 and 2005 American workers on the whole saw an overall wage increase of just 5 percent (adjusted for inflation). At the same time, many middle-skill occupations saw significantly higher wage increases.

Fact: As you have heard so many times in the testimony brought before you, even as the demand for people trained to this level, especially those with technical skills, remains high, it is more and more difficult to find education and training programs to prepare people for these jobs.

I am sure that not all of the data in our report is news to you. You all are among the few who have taken the time and energy to become truly knowledgeable about Oregon's workforce development system. I know that you have made great use of all the information made available to you by the Oregon Employment Department and others. We are great fans of Graham and his Labor Market Information shop and have used a lot of their data to develop this report.

The question is what to do with the information we have presented to you today.

Our answer is simple. We believe there is a tendency to focus on the almost 30 percent of Oregon jobs that require four-year degrees or more, and / or the approximately 20 percent that require no skills beyond a high school education. We agree that it is important to assure that every Oregonian complete high school, but a high school completion is no longer sufficient to compete for the majority of jobs in our labor market. It is unfair to expect high schools to have to meet the needs of today's diverse, highly technical and specialized jobs market on top of providing a solid, high quality educational foundation. We also agree that it is important to promote the completion of four-year degrees as part of our economic development strategy. However, a single minded focus on increasing four-year degrees misses the mark for the majority of our jobs.

What we ask is that you also focus on the 52 percent of Oregon jobs in the middle; jobs that are going unfilled because we do not have enough people sufficiently trained for them. This is why we appreciate the Governor's 40-40-20 plan; it recognizes that there is an important and usually forgotten, stable, essential, middle component to our economy.

What is the best way to assure that we can meet the demand for these jobs in the middle? It is to guarantee access to the equivalent of at least two years of education or training past high school – leading to a career or technical credential, industry certification, or one's first two years of college – to be pursued at whatever point and pace makes sense for individual workers and industries.

We realize this is a lofty goal. But then, Oregon is known for its visionary leadership.

However, even with the pioneering spirit of Oregon's policy makers, this goal will take more than one session to accomplish. It will also take more than one state to accomplish. Oregon's Skills2Compete coalition is one of three that formed last year. It will be joined by eight more this year. All have the goal of working to increased access to the education and training required for middle skill jobs.

You as legislators have many tools at your disposal that will help move the state toward this goal. You have the ability to affect policy and funding related to training and education, financial aid, system capacity, improved assessment and remediation, social supports for adults while in workforce training, mechanisms to help those collecting unemployment insurance access training, incentives for greater public/private/labor training partnerships, and so on. You have received a number of proposals already and are likely to see more, like the request for the implementation of a career readiness credential mentioned by the Governor's Office.

We only ask one thing of you. We ask that you use the information we are providing you today as you make your decisions about education and training policy and investments. We realize that providing a guarantee of access to at least two years of education and training beyond secondary is a long term goal, one that will take a number of actions at both the state and the federal level. However, each legislative session offers opportunities to put smaller pieces in place that will ultimately lead us there.

If Oregon is to recover from the current economy stronger and better positioned, we must focus on the single largest sector of our economy, the 52 percent of jobs that require more than a high school diploma, but less than a four-year degree. We ask that you keep this in mind as you evaluate all of the various options that are placed in front of you over the next several months. We ask that you use the opportunities in front of you this session, and the next, and the one after that to narrow that skills gap and provide more Oregonians with the opportunity to develop the skills they need to compete.

Thank you.