



**Testimony presented to
Oregon Senate Commerce and Workforce Development Committee**

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Chair Rosenbaum 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. However, I live here in Salem and before taking this position, I spent almost ten years serving as an Oregon Local Workforce Investment Board Director. Therefore, I am very familiar with Oregon's economic and workforce issues.

Thank you for your commitment to addressing the urgent workforce development 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. The result was significant economic gain. 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 2 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" shaped economy: one with 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. According to this myth the jobs in the middle – those that fueled the expansion of the world's largest economy and provided the foundation for the American middle-class – are disappearing. Last week, the Oregon Skills2Compete campaign and The Workforce Alliance released a report that refutes the myth.

Our report, *Oregon's Forgotten Middle-Skill Jobs*, of which you have a copy in your packets, offers 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" make up 52 percent of Oregon's jobs market. The term "middle-skill" only refers to the 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. They account for close to 900,000 Oregon jobs.

Fact: Oregon is projected to have over 340,000 middle-skills job openings 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 middle-skill jobs exist in every sector of our economy, from healthcare to manufacturing to the skilled trades to finance to transportation. Our report provides a 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 all Oregon jobs required middle-skills, yet only 47 percent of Oregon's workforce were trained to this level. By 2007, only 46 percent of Oregon workers were adequately trained for these jobs. This downward trend is likely to continue and accelerate as middle-skill workers 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: 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 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: 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.

We are aware that not all of the data in our report is news to you. The question is what to do with this data.

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 completes 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 job 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.

So, we ask three things:

1. We ask 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.

The best way to meet the demand for these jobs in the middle 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. We realize this goal will take more than one session and 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.

Still, you have many tools 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.

2. We ask that you make use of the panelists we have assembled here as a resource. They are highly knowledgeable and happy to respond to your questions.

3. We ask that you use the information we are providing today as you make your decisions about education and training policy and investments. Each legislative session offers opportunities to put smaller pieces in place that will ultimately lead us toward a guarantee of

access to training beyond high school. You have such possibilities in front of you this session, and the next, and the one after that

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. Please keep this in mind as you evaluate all of the various options that are placed in front of you over the next several months so that we can provide more Oregonians with the opportunity to develop the skills they need to compete.

Thank you.