



Statement of the U.S. Chamber of Commerce

ON: "BUILDING AMERICA'S COMPETITIVENESS:
EXAMINING WHAT IS NEEDED TO COMPETE IN A
GLOBAL ECONOMY"

TO: HOUSE COMMITTEE ON EDUCATION AND THE
WORKFORCE

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The Chamber's mission is to advance human progress through an economic,
political and social system based on individual freedom,
incentive, initiative, opportunity and responsibility.

Testimony of

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On behalf of the

U.S. Chamber of Commerce

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“Building America’s Competitiveness:

Examining What is Needed to Compete in a Global Economy”

Mr. Chairman and members of the Committee, good morning. Thank you for the opportunity to testify today before the Committee on the subject of “Building America’s Competitiveness” and its importance to our global economy. I am Wes Jurey, President and CEO of the Arlington, Texas, Chamber of Commerce. I was previously President and CEO of the Greater El Paso Chamber of Commerce.

I am here today to testify on behalf of the U.S. Chamber of Commerce, the world’s largest business federation, representing more than 3 million businesses and organizations of every size, sector and region. The Chamber represents 2,800 state and local chambers of commerce and trade associations with membership in all 50 states.

More than 96 percent of the Chamber’s members are small businesses with 100 or fewer employees, 71 percent of which have 10 or fewer employees. And, virtually all of the nation’s largest companies are also active members.

I currently serve as Chairman of the Board of the Center for Workforce Preparation, a 501(c)(3) affiliate of the U.S. Chamber of Commerce. I am also chair of Workforce Development for the U.S. Chamber's Chamber of Commerce Committee of 100 and serve on the U.S. Chamber's Education, Employment and Training Policy Committee.

The U.S. Chamber of Commerce has long recognized the important role of quality education and workforce investment in keeping business successful and the American economy competitive. We need to ensure that all students have a strong academic foundation to meet the workforce needs being demanded by employers today and in the future. We must not be complacent when all the indicators clearly tell us that our education system is not producing enough individuals with the skills needed to succeed in the workforce.

Unless we face our economic competitors and respond dramatically to the statistics that say China is graduating more than eight times as many engineers as the United States, or that only 51% of our high school graduates are ready to handle the reading requirements of a typical first-year college course,¹ then we will be failing our students and our workforce now and in the future.

With 80 percent of the fastest-growing occupations of the future generally requiring some post-secondary education, the Chamber believes our nation's goal must be to prepare our high school graduates to be "college ready and workforce ready." Many new jobs will require more technical skills and a greater understanding of math and science – subjects in which American students fail to show a suitable level of competence or even interest. Several months ago, in response to this challenge, the U.S. Chamber, along with other business organizations, began an initiative called *Tapping America's Potential*, which calls for the doubling of America's science, technology, engineering and math graduates by 2015.

The Chamber shares a strong commitment to fostering human talent and creativity in the U.S. and commends the administration for introduction of the American Competitiveness Initiative in the State of the Union Address. As we invest in current programs, we must also invest in the future by providing greater opportunities for math and science education and promising programs that enhance the productivity, effectiveness and efficiency of teachers and principals that will contribute to the academic achievement of our students. It

¹ American College Testing, "Reading Between the Lines", March 2006

is crucial that our government provide pro-growth and pro-opportunity policies to ensure that we maintain our competitive edge.

At the same time, our economy is facing an ever-increasing shortage of workers as the baby boom generation begins to retire. The American workforce is aging with no new growth of workers between the ages of 25 and 54 expected to replace them between now and 2020. In order to defy this compelling math of America's changing demographics, we must work harder to overcome the stereotypes that older workers face, finding ways to retain these valued employees, and providing educational opportunities to help them adapt to changing technologies and skill demands. Older workers can benefit, in particular, from non-traditional post-secondary educational opportunities offered by proprietary higher education schools. These schools are one of the most effective ways for working adults to pursue lifelong learning, improve their skills, and continue to be valuable contributors to economic growth. According to a recent analysis by *BusinessWeek*, the increased productivity of older Americans and higher labor-force participation could add 9% to our gross domestic product by 2045. This 9% increase in gross domestic product would add more than \$3 trillion a year, in today's dollar, to our economic output.²

The U.S. Chamber is already committed to educating employers on ways to hire and retain workers age 50 and older. Through its Center for Workforce Preparation and in partnership with AARP, it will conduct four regional, one-day employer training workshops, to be held at metro and regional chambers across the country to provide solutions to assist employers in this endeavor.

In the knowledge-based, global economy of the 21st century, the U.S. Chamber believes that, working together, educators, business, and government at all levels can do better. The U.S. Chamber's 2006 education and workforce agenda is built around creating a more competitive American economy. It begins with recognition that America's place in the world is not a birthright. It was earned through the hard work, sacrifice, risk taking and innovation of our people and our businesses. Only by fully tapping these great American qualities and through policies that expand the workforce and restore excellence in education and science will our global competitiveness continue in the 21st century and beyond.

² *BusinessWeek*, June 2005.

The U.S. Chamber is currently involved in a number of specific education and workforce-related efforts to ensure that businesses have access to a highly skilled and qualified labor pool. The U.S. Chamber of Commerce's Center for Workforce Preparation (CWP)—in partnerships with local chambers, businesses, government, other workforce development organizations—has been instrumental in defining and demonstrating the unique role of local chambers in workforce development and education. CWP's goals include building replicable and sustainable workforce development models; conducting and supporting research to develop more diverse and productive workplaces; and, developing and showcasing effective workforce and education initiatives.

The U.S. Chamber also is using its resources to spur local action. We organized the Business Education Network (BEN) whose goal is to build business and education partnerships that improve competitiveness and academic achievement. Through BEN, the latest developments in the areas of math and science and other curriculum content, educator development and partnership effectiveness and accountability are shared with the business and education community.

The U.S. Chamber of Commerce's network of state and local chambers and our corporate members can be the vehicle through which community solutions to the education and workforce challenge may be developed and shared. We will attempt to bridge the needs of local employers with educational institutions, including community colleges, schools using the latest in on-line technology, and various state and federal government-funded workforce programs. Our efforts will take place in many arenas and will utilize many techniques in order to create the momentum to make education reform and workforce readiness a national priority. The U.S. Chamber of Commerce's federation of state and local chambers and associations along with our member companies can be the “voice of business” through which solutions to the education and workforce challenge can be implemented and shared.

A Local Solution – The Arlington, TX, Chamber Workforce Model

Now, I'd like to highlight how Arlington, TX, through the leadership of the Arlington Chamber of Commerce, is positioning our community to be globally competitive through 4-5 general areas in which we have been active. While interrelated, I'd like to discuss these separately.

For the past 60 years, the Arlington Chamber has represented the interests of local businesses, including the more than 1,300 current members who employ 60,000 individuals in Arlington. The chamber serves as the primary catalyst for Arlington's economic development, fostering a positive business environment through the enhancement and diversification of the community's economic base, representing business on public policy and community issues that impact the ability of Arlington citizens and businesses to reach their full economic potential.

For the Arlington Chamber, the acquisition, development and retention of a quality workforce remains the number one issue for our local businesses. Education and workforce development provides the infrastructure for all of our efforts to serve the business community with its human capital issues. Other examples of the Arlington Chamber working in partnership with the community are worth noting. For example:

- We created the Education & Workforce Development Council. The mission of the Council is to “Build a quality employer's workforce by linking together resources that meet workforce acquisition, development and retention requirements.”
- We created Team Arlington™ which is a Chamber-led coalition that advocates for resources in support of our economic issues. Partners include the City of Arlington, University of Texas at Arlington, Tarrant County, Tarrant County Community College Southeast, Arlington Independent School District, Tarrant County Workforce Development Board, and the Arlington Chamber of Commerce; and, City of Arlington, and local businesses.
- We established the Arlington Technology Incubator, the Center for Continuing Education and Workforce Development, the adoption of Triple Freeport tax exemption, and the Central Arlington Housing Development Corporation.

As the Arlington Chamber has demonstrated, the business community cannot make the changes alone and therefore communities must focus on the need to develop and sustain public-private partnerships. Relationships must be built at all levels—from the CEO to the frontline workers. There must be integration of employers with the K - 12 education, higher education, adult education, publicly-funded workforce, and technical education systems to develop systemic change.

A local chamber of commerce is uniquely positioned to bring together workforce development, economic development, and education organizations. By working together communities can create new jobs in emerging industries while simultaneously tapping into a local workforce that is prepared to fill these jobs—ultimately positioning the community to compete in the knowledge economy.

The Arlington Chamber of Commerce was also selected by the U.S. Chamber of Commerce’s Center for Workforce Preparation for participation in the Workforce Innovation Networks (WINs) demonstration project. Funding for this project came from the U.S. Department of Labor. Workforce Innovation Networks (WINs) is a national multi-year initiative that helps chambers of commerce make their local public workforce development systems more market-driven and responsive to the needs of both employers and workers. The purpose was to demonstrate the value of a local chamber of commerce as an effective business intermediary for workforce and education services. Employer organizations provide a structured, organized framework for employer engagement and involvement. Our communities, states and the nation are far more competitive when we include business as a full-fledged partner in the education, training, and workforce development systems.

Research by the Arlington (Texas) Chamber of Commerce in 2001 revealed that approximately \$1 billion in public funds is spent each year on programs to create, mold, and shape the local workforce. In developing a four-year strategic plan, the chamber’s employer members agreed that influencing how this money would be used was their top priority for workforce development. In a community where the unemployment rate is historically lower than the national average, employers indicated a clear interest in influencing the programs that could ultimately help them access qualified workers.

Representing area employers, the chamber wanted to determine its role in developing the local workforce and expanding the area’s intellectual capital using already-funded programs. The key, the chamber decided, was to act as a broker of services by developing strategic partnerships with the public workforce system. The impact of this work has been considerable, from implementation of an industry cluster strategy to addressing the needs of critical-need industries, to the creation of the Center for Continuing Education and Workforce Development (CCEWD), a collaborative that allows businesses to access a range of workforce development services in a single location.

An Industry Cluster Approach

Fostering the development of industry clusters as a means of increasing the region's competitive advantage is a key component of the chamber's approach. The industry cluster concept was popularized by Harvard Business School professor Michael Porter. Simply put, it refers to a concentration of industries that benefit from co-location. The chamber works to align a range of factors that support a cluster's development including infrastructure, access to capital and technology, public policy, and the local workforce. The WINs grant provided the chamber with an opportunity to develop a critical-need industry cluster that aligned the needs of the workforce system, the educational system, and the business community within a sustainable and replicable model.

Like many cities, one critical-need industry in Arlington is health care. Some estimates indicate RN vacancy rates in the region are above 10 percent. Under the WINs grant, the Arlington Chamber leveraged their membership to form the Health Care Industry Cluster which consists of health care provider CEOs, health care deans of nearby colleges, local school district officials, and the Workforce Development Board. WINs funded a series of studies to assess the nursing shortage in Tarrant County and increase the capacity of educational programs needed to train a future health care workforce.

The Health Care Industry Cluster agreed on a three-pronged approach to address the nursing shortage. First, they focused on increasing nurses at the instructional level. Audit data revealed that instructional nursing staff are in highest demand, and the top contributing factor is lack of funds to pay Master's level nurses to become instructors. The cluster engaged students from the University of Texas at Arlington (UTA) Graduate Business School to develop a business plan highlighting the need and the benefit of having the private sector fund additional instructors. Over a dozen hospitals were involved with the development of the plan. Work in this area has highlighted the need for specific legislative change in how nursing instructors' pay is allocated – an issue the chamber is currently working to address.

The second area of focus for the cluster was to establish articulation agreements among educational institutions to better enable the nursing educational system to promote workforce development. One innovative effort has focused on a pre-RN track at the high school level. Backed by support from the mayors of Arlington and Fort Worth, the presidents of the Fort Worth and Arlington chambers, three hospital CEOs, and the Superintendent of the Arlington Independent School District (AISD), the cluster submitted a proposal to Tarrant County College (TCC) and the AISD. Officials agreed to

develop a Licensed Vocational Nursing (LVN) program that would allow Arlington's high school juniors and seniors, who are ready to pursue college level curricula, to earn dual credit LVN coursework in high school, sit for the LVN state exam at the end of their senior year, and then transition into the TCC Registered Nursing program. The program is scheduled to begin in the fall of 2006.

The third aspect of the Health Care Industry Cluster's strategy is a nursing mentoring program focused on increasing the retention rate of nursing students. Graduate students at the UTA Social Work Department interviewed deans from nearby colleges and universities and conducted student focus-groups to identify the issues associated with the dropout rates. From this, a proactive counseling program was created for students to discuss their issues and challenges and to intervene before the student drops out of a nursing program.

Strategic Partnerships to Benefit Business

The chamber realized that the local Workforce Investment Board (WIB), known as Workforce Solutions, had access to resources that could make Arlington's workforce (and therefore, its businesses) more competitive. They also knew that local businesses were in the best position to effectively shape Workforce Solutions' strategies in support of economic growth. However, they faced a challenge in that local employers weren't using the publicly-funded system. Employers don't care about the public policy of a system they don't use.

We decided that the best way to engage employers was to act as a liaison between chamber members and Workforce Solutions. They had to create buy-in among employers and sell the idea of Workforce Solutions' services. With funding from WINs, the two organizations developed a strategic partnership under which the chamber would implement employer outreach and help make the WIB demand driven. We needed to first focus on demand so that the supply side had a place to go.

Under the terms of the partnership agreement, Workforce Solutions committed to provide all necessary information about the resources the workforce system has available, as well as staff support to the chamber. The WIB also strengthened its participation in chamber activities by volunteering for chamber board and committee appointments. For its part, the chamber was able to leverage its marketing channels (e.g., newsletters, Web site, media relations) and credibility to facilitate buy-in among employers.

Center for Continuing Education and Workforce Development A Singular Resource for Employers

An important outgrowth of the chamber-Workforce Solutions partnership was the development of the Center for Continuing Education and Workforce Development (CCEWD). The center is a collaborative partnership housing fifteen workforce service providers – including the office of the Arlington Chamber of Commerce's Workforce Development staff – that now operate as a single unit focused on meeting employer and employee needs.

The chamber's Education and Workforce Development Council spearheaded development of the Center for Continuing Education and Workforce Development, working in partnership with Workforce Solutions and the University of Texas at Arlington (UTA). Built on the UTA campus, the facility integrates higher education, the publicly funded system, and employers into an integrated model. The chamber's Education and Workforce Development Council employer members meet on a monthly basis to provide center administration with feedback and information related to the needs of the employer community. A valuable by-product of this approach is that by increasing awareness of workforce development issues and resources, council members have become effective advocates of the “employer-driven” workforce development system for the employer community. The combined impact of these efforts should not go unnoticed: Between September 2004 and September 2005, the center's market share nearly doubled (from 6.96% to 13.5%).

Because of its success in engaging employer users, the Arlington Chamber received a grant from Workforce Solutions to serve businesses by using *WorkInTexas.com*, a Web-based job matching service, and local one-stop career centers. The grant enables the chamber to offer the resources of a streamlined workforce system to its employer members. The chamber's work will also include a special emphasis on small and medium-sized businesses.

Through the agreement, the chamber aims to register 600 employers with *WorkInTexas.com*. The program focuses directly on integrating employers with the Center for Continuing Education and Workforce Development while keeping the specific workforce needs of the employer in mind. Employers were asked to register with *WorkInTexas.com* and post one job opening and provide feedback on their experience. From there, staff registered employers and provided information on the resources and services offered at the center.

The chamber's efforts have been met with great success.

Replicating Success

The Arlington Chamber of Commerce is confident that other chambers can respond to members' workforce development needs and position themselves as powerful intermediaries for workforce and education systems. Following are a few keys to success:

Leverage Credibility: As an effective intermediary, the Arlington Chamber's focus is on brokering the services and resources provided by the public workforce system. The chamber, with its existing business relationships and access to information, is in an excellent overall position to broker the services and resources on behalf of the public workforce development system. Employer members have already developed a level of trust with the chamber and are therefore more likely to get involved with a system the chamber recommends.

Focus on Local Needs: In Arlington, the data clearly showed that health care was an immediate and pressing need. Thus, it became the first area of focus in the industry cluster approach and a range of solutions are being implemented. Importantly, it also provided a replicable model for additional industry clusters formed around advanced manufacturing, hospitality and tourism, and emerging technologies.

Be Demand Driven: The Arlington Chamber believes that any effective "employer-driven" workforce delivery system must fully engage local business representatives and capitalize on their leadership and expertise. For example, to engage businesses to use *WorkInTexas.com*, an introductory letter signed by the presidents of the Arlington and Fort Worth Chambers was sent to over 3,500 employer members asking them to participate in the pilot program.

Keep the Lines of Communication Open: Staff from the Arlington Chamber regularly provide feedback to representatives from the public workforce system. In addition to the chamber's Education and Workforce Development Council monthly meetings, bi-weekly meetings between chamber and Center for Continuing Education and Workforce Development staff members present an opportunity to discuss workforce issues and review the needs of new employers registered with *WorkInTexas.com*.

Create Opportunities for Employers to Access the Workforce System: Chambers have unparalleled access to employers and systems in place to create networking and informational opportunities. The Arlington Chamber

workforce staff host monthly “Jobs Now” forums that give chamber members an opportunity to present their employment needs to Center for Continuing Education and Workforce Development partner organizations.

Conclusion

Through the media and other sources the business community hears the mantra—train U.S. workers; invest in the domestic workforce. We at the Arlington Chamber and my fellow members at the U.S. Chamber do just this and more. For example in Arlington, you’ll find training centers at our manufacturing facilities—designed to improve technical manufacturing skills to meet our employees' personal needs. We collaborate with community colleges and vocational technical schools to provide certificate and college degree programs. We offer tuition reimbursement programs for employees pursuing bachelor’s and advanced degrees. We provide corporate on-site training programs and encourage cultural exchanges from facilities abroad to enhance diversity and awareness.

American business and the U.S. economy have faced challenges before and always overcome them. Innovation has been the key to our success in the past and can be again. We are encouraged that the Committee is exploring the competitive issues in a global economy and I hope that constructive solutions can be identified.

As you consider the Committee’s program of work for 2006 and begin to address the many educational and workforce problems of this country and the American competitiveness agenda, we would like to take this opportunity to offer you the assistance of the U.S. Chamber of Commerce and that of the Arlington Chamber of Commerce.

Thank you again for allowing me to testify. I look forward to answering any questions that you might have.