

8



Testimony Submitted to:

**Joint Legislative Budget Committee
Workforce Development**

Presented By

**Randy Wolken
President and CEO
MACNY, the Manufacturers Association**

February 3, 2016



Thank you for the opportunity to speak today. My name is Randy Wolken and I serve as President and CEO of the Manufacturers Association of Central New York (MACNY), an organization representing approximately 300 employers in 26 counties, as well as President and CEO of the Manufacturers Alliance of New York (the Alliance), representing six regional manufacturing associations and over 2,000 industrial companies and businesses covering all of New York State; I can say without reservation that MACNY and the Alliance are committed to supporting registered apprenticeship training that will increase the number of mid-skill level technician workers in advanced manufacturing throughout our region and state.

In addition, I am a member of the Governor's Regional Economic Development Council for Central New York and MACNY is a business partner in the statewide Trade Adjustment Assistance Community College and Career Training (TAACCCT) grant in advanced manufacturing (referenced in the Governor's proposal), a business partner in two Pathways in Technology Early College High School (P-TECH) programs in Syracuse and Auburn, an advocate for alternative Career and Technical Education (CTE) pathways for high school students, and a partner in the Central New York STEM Hub, part of the Empire State STEM Learning Network. We have also affiliated with Partners for Education & Business to help with career awareness activities.

Workforce Needs

- Manufacturing is and will continue to be a vital industry for New York. The sector accounted for 447,500 jobs in 2015 and remains one of the highest paying industries in the state, with manufacturing employees making an average annual compensation of over \$61,000. Every dollar spent in manufacturing adds \$1.37 to the U.S. economy, and every 1 job in a manufacturing facility creates an additional 2.5 jobs in other sectors.
- Nationally, the Manufacturing Institute and Deloitte embarked on their third Skills Gap study (1) which found:
 - *Over the next decade, nearly three and a half million manufacturing jobs likely need to be filled and the skills gap is expected to result in 2 million of those jobs going unfilled.*
 - *An estimated 2.7 million jobs are likely to be needed as a result of retirements of the existing workforce while 700,000 jobs are likely to be created due to natural business growth.*
 - *In addition to retirements and economic expansion, other factors contribute to the shortage of skilled workforce, including loss of embedded knowledge due to movement of experienced workers, a negative image of the manufacturing industry among younger generations, lack of STEM (science, technology, engineering and mathematics) skills among workers, and a gradual decline of technical education programs in public high schools.*

- *82 percent of executives responding to the Skills Gap survey indicate they believe the skills gap will impact their ability to meet customer demand, and 78 percent believe it will impact their ability to implement new technologies and increase productivity.*
 - *The Public Perception of Manufacturing series conducted over the past six years by The Manufacturing Institute and Deloitte consistently reveals that while Americans consider manufacturing among one of the most important domestic industries for maintaining a strong national economy, they rank it low as a career choice for their children.*
 - *Seven out of 10 executives reported shortages of workers with adequate technology, computer, and technical training skills.*
- In New York, over the last 5-10 years' workforce development has continued to increase in importance as the retirements that were put on hold during the recession are now looming large for manufacturers. The national problem with the perception of manufacturing, and the interest in manufacturing as a career among young people, is also very real here in New York. Our manufacturers have been consistently reporting difficulties with finding skilled workers, and a lack of the higher level skills in the workers that are available.

For several years, the Alliance has been engaged with the TAACCCT Grant in Advanced Manufacturing, SUNY Workforce Development grants, P-TECH grants, numerous smaller workforce grants, SUNY 2020 projects, the Empire State STEM Learning Network and REDC projects throughout the State. Through this work, we have come to learn there are many workforce development challenges facing New York's manufacturers, our educational institutions, and our workforce system.

We were pleased to see the Governor's proposal on a manufacturing focused Apprenticeship Program. We offer the following recommendations to ensure this program is a success. MACNY recommends the creation of a NYS Manufacturers Intermediary Apprenticeship Program. New York's advanced manufacturing industries face a growing demand for skilled workers. In 2013, approximately 115,000 people were employed in Advanced Manufacturing industries which accounted for an average of one in four total manufacturing jobs in the state. Three manufacturing industries -- electronic instruments, semiconductor and electronic components, and pharmaceuticals and medicines -- together accounted for 50% of total employment in these industries, based on data from the Quarterly Census of Employment and Wages.

The average age of a high-skilled worker in manufacturing is 56, and replacing them before they retire is critical to retaining the needed skills sets in the workforce. The majority of New York's manufacturing workforce is employed by small and medium sized businesses. These manufacturers often do not have the personnel or the resources to adequately train either new or incumbent workers. This proposal would target primarily entry-level incumbent workers to advance them into more skilled positions within the company.

NYSMIAP would be an employer-led public-private pilot program for registered apprentices in manufacturing occupations. The NYSMIAP is a unique business-lead approach targeted at raising the skill levels of incumbent manufacturing workers that will create distinctive career pathways, while filling a crucial need within the industry.

Modern apprenticeship has two basic elements. The first, On-the-Job Training (OJT), consists of a “master,” or “journey-level,” craft person capable and willing to share their experience with a “novice,” or “apprentice,” in a hands-on manner. The second, Related Instruction (RI), consists of learning more theoretical or knowledge-based aspects of a craft. Usually this is done in a classroom or another setting removed from the actual workplace. NYSMAP would rely primarily on SUNY curricula, developed through the TAACCCT grant. To construct an apprenticeship, a series of competencies, or tasks to perform, must be decided upon. This proposal would create an Employer Educator Council to do that work. Registered apprenticeship programs are typically three to four years in duration and the proposed NYSMIAP would be of similar duration.

MACNY has been working with NYSDOL to obtain conceptual approval to function as a single “program sponsor” acting on behalf of small and medium sized manufacturers. This has never been done before in New York and would dramatically reduce the administrative burden on individual manufacturers in relation to apprenticeship programs and would greatly streamline apprenticeship program registration. In addition, this program design would allow NYSDOL to have a single point of contact for multiple employers, thus reducing some of their administrative burden as well. The design would allow small and medium sized manufacturers to offer registered apprenticeship programs through MACNY as a business intermediary and obviate the need for each manufacturer to go through the often lengthy and complicated registration process on its own. This innovative approach will provide hundreds of employers the flexibility to hire small numbers of apprentices when they otherwise may not have the resources to do so.

MACNY is proposing to pilot in Central New York and expand to the rest of the state to our Manufacturing Alliance partners in subsequent years. This pilot would focus on 3 to 5 of the most needed job titles in manufacturing as determined by the employer educator council.

This proposal would leverage the relationships and curricula built as a result of the SUNY TAACCCT grant in advanced manufacturing. In addition to the labor market data that emphasizes the need for a greater supply of skilled workers, advanced manufacturers in New York State have shown a strong interest in developing registered apprenticeship programs as a practical method of meeting this need and building a strong pipeline of future workers. As part of the NYSMIAP, employers would be expected to shoulder the major portion of the OJT responsibilities along with contributing some proportion of the related instruction costs.

Through the TAACCCT grant several new and expanded certificate and degree completion programs were put in place at community colleges including: advanced manufacturing; plastics; computer numerical control /precision machining; optics fabrication; semiconductor technology; welding; photovoltaics; and mechatronics. Because of this recent work, very little curriculum development for related instruction would need to be undertaken. As such, MACNY would work with NYSDOL and SUNY to determine what resources would be required to centralize and coordinate services.

In addition, MACNY would seek to leverage federal workforce funding and align the apprenticeship program with existing workforce efforts in New York State. We would also seek to collaborate with a broad range of partners including NYSDOL, SUNY and its community colleges, Empire State Development, Regional Economic Development Councils, the State Workforce Investment Board and local Workforce Investment Boards, New York Association of Training &

Employment Professionals (NYATEP), the Workforce Development Institute (WDI), the Business Council of New York State and others to further expand registered apprentice programs in New York State.

MACNY proposes implementing the New York State Manufacturers Intermediary Apprenticeship Program beginning in Central New York and expanding throughout the state over five years at a cost of \$6 million. Apprenticeship programs are typically 3-5 year programs. Year one funding would be \$500,000.

NYS DOL is very supportive of our approach and we have been working with them to address the implementation details. Our manufacturers know us and trust us and we have the ability to bring hundreds of additional small and medium sized businesses to the table and increase dramatically the number of registered apprenticeship programs statewide.

MACNY and its Alliance Partners believe that this effort must be industry led to succeed. Because of our unique relationship as a “business intermediary” we enjoy many advantages that public sector entities such as NYS DOL and SUNY may not be in a position to offer. We can focus exclusively on manufacturers while state agencies must respond to multiple constituencies, and we can aggregate demand with hundreds of small and medium sized manufactures. We can advocate for “demand driven curricula” aligned with industry need on a statewide basis. We can advocate for related instruction schedules that are not tied to typical college semesters, can accommodate shift work and don’t require multiple trips to campuses. And lastly, we are aligned with multiple national organizations supporting “industry recognized credentials.”

In addition, we provide the following comments on the 2016-17 Executive Budget Proposal.

Proposal: Close the Skills Gap and Train Youth

As detailed above, MACNY is in total agreement with the Governor that the “skills gap” is one of the greatest challenges facing New York State’s economic development goals.

Proposal: Create the \$3 Million Middle-Skill Jobs Gap Training Fund

Alliance Partners would welcome the opportunity to work with their respective REDC’s to make sure that this proposal is successful.

Proposal: Modernize the New York Apprenticeship and Training Council

We support the addition of educational representatives to the Council. We also fully understand the historical dominance of the construction trades on the Council, but would strongly advocate for an increased manufacturing presence on the Council. We would be pleased to make recommendations for persons to appoint to the Council.

Proposal: Transform New York State’s One-Stop Career Centers

Alliance partners have been working with regional One Stops to increase awareness of manufacturing needs. We would support any increase in their effectiveness.

Proposal: \$50 Million Urban Youth Jobs Program

While tax incentives are positive steps in the right direction, many of our small and medium sized manufacturers are unable to take advantage of them because of the lag time between performance and reimbursement. Upfront incentives to participate in programs that reduce participant's costs are an alternative inducement that we recommend be considered.

In conclusion, our companies are facing the retirement of the baby boomer generation and could lose between 25% and 40% of their workforce in the next 5-10 years. This shortage of skilled workers will not only cripple our existing manufacturers but will make New York unable to attract new business unless we find ways to get more young people, job changers, and veterans into the manufacturing workforce through registered apprenticeship training opportunities.

The observations and recommendations outlined here are focused on increasing the number of persons that can participate in apprenticeship training opportunities. To accomplish this goal, we must increase the number of companies that are both committed to and participating in the educational pipeline. Employers must play an active role in impacting this pipeline because of the growing need for higher and more sophisticated skill levels in the workplace.

The Alliance recognizes the need to act now and act boldly to galvanize resources and expertise for New York to realize its full potential in the national and global economy. We extend our hand in partnership to accomplish this vitally important work.

Thank you.

Randy Wolken
President and CEO, MACNY and the Manufacturers Alliance

(1) The skills gap in US manufacturing website:
<http://www2.deloitte.com/us/en/pages/manufacturing/articles/boiling-point-the-skills-gap-in-us-manufacturing.html>