

Testimony to Commission on Fiscal Stability and Economic Growth

Campaign for Working Connecticut 2018

Background

Campaign for Working Connecticut (CWCT) is an informal statewide group of experienced Connecticut-based workforce development stakeholders, including employers, educators, training providers, labor, planners and funders.

Participants are pragmatic, effective, ground level workforce development practitioners and partners determined to bolster employment levels to drive economic growth.

Our shared objective is to promote timely implementation of specific, evidence-based, practical recommendations to alleviate significant workforce skills misalignment challenges confronting many Connecticut employers in key industry sectors, consistent with the Commission's desire to materially improve Connecticut's attractiveness for existing and future businesses.

Skills Misalignment/Gap

Connecticut employers frequently cite difficulty finding skilled workers. CBIA recently found that 48% of those trying to hire could not fill all their vacancies.

Yet a review of recent labor market information (Yale School of Management, *CT Workforce Assessment*) reveals that although there is a gap in some occupations, there is no critical workforce gap per se.

The pool of available workers in Connecticut's labor force maps closely to the percentages of current job openings requiring low-skills, or middle-skills, or high-skills.

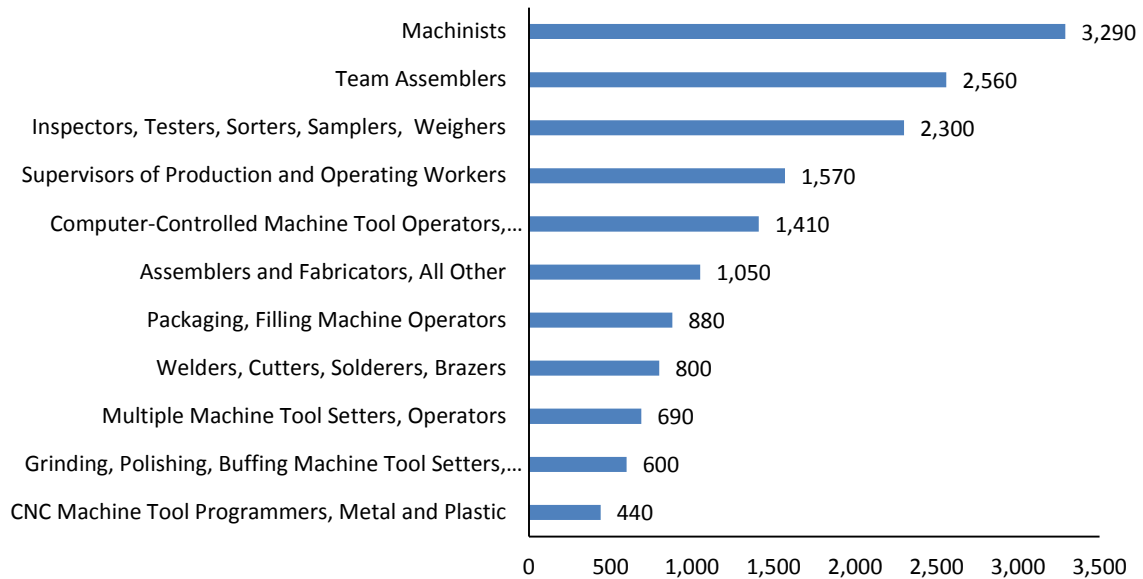
However, there is a misalignment between workers' current skills and those employers require for these job openings, resulting in a skills gap. These skills gaps are most evident by industry sector and by occupation.

Skills gaps exist both across crucial industry sectors and for key occupations.

Skills gaps exist in key industry sectors vital to business growth in Connecticut.

- **Manufacturing**: Numerous recent reports, analyses and employer surveys document urgent need for significant additional front-line workers with specific technical skills. CBIA's recent *2017 Survey of Connecticut Manufacturing Workforce Needs* anticipates demand for 13,600 additional skilled workers in 2018. Connecticut's existing talent pipeline is incapable of meeting that need.
- **Healthcare**: Shifts in healthcare delivery modes from hospital-based care to home health services and outpatient care are occurring. Over 2,000 annual openings are projected in middle-skill healthcare occupations.

Manufacturing Openings 2014-24

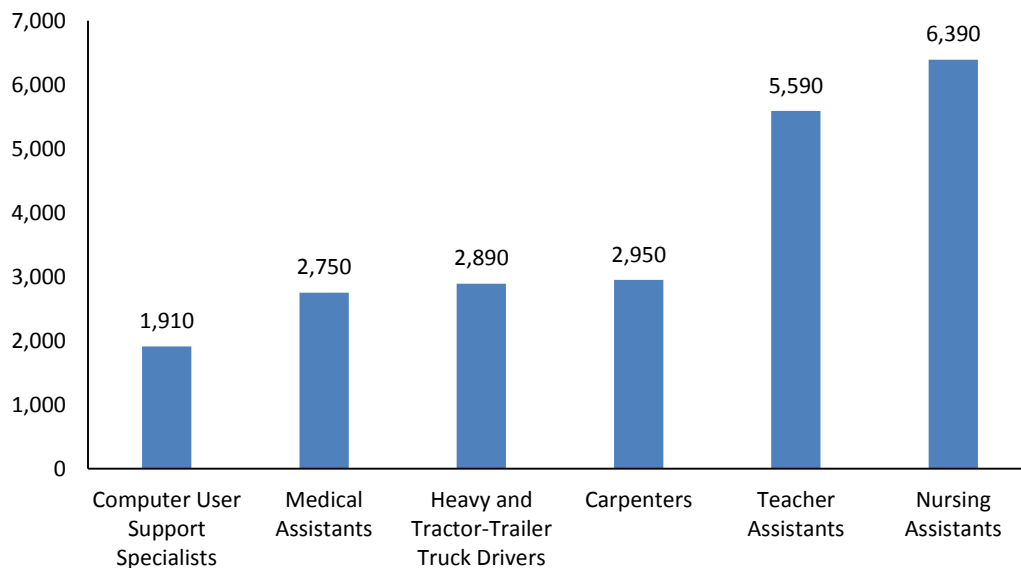


Source: CTDOl 2014-2024 occupational projections

Education and skills gaps also exist across multiple specific occupations.

- Sector-specific examples include:
 - Manufacturing – Machinists
 - Construction – Carpenters
 - Healthcare – Medical Assistants, Nursing Assistants
 - Education – Teacher Assistants
 - Cross-sectors occupations – Computer Use Support Specialists, Truck Drivers

Estimated Openings 2014-24



Source: CTDOl 2014-2024 occupational projections

Return on Investment

Effective skills training strategies produce consistent substantial return on investment.

Yet we have little ROI data on existing Connecticut programs. Better data informs good decision-making, particularly linking data on education and employment. Without the right data, cuts are made in the wrong places - people and programs suffer. The model of Maryland's *EARN* program demonstrates the potential value for this kind of analysis.

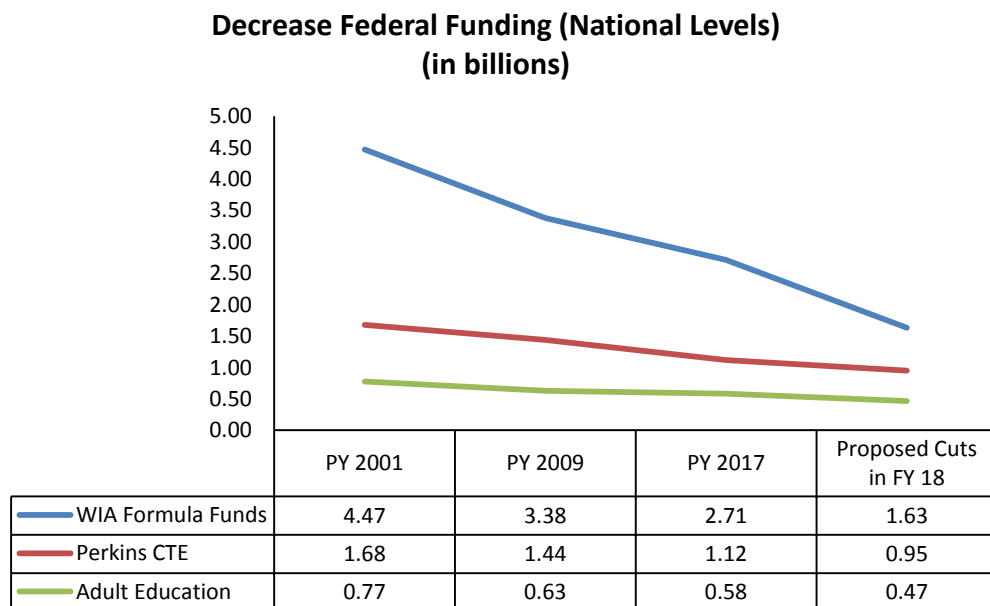
Type of Training	Estimated Average Cost Per Participant	Estimated Number of Participants	Total Cost	Total Return on Investment (Low)*	Total Return on Investment** (High)
1 Year Full Time For Credit	\$10,000	1,000	\$10,000,000	\$30,000,000	\$148,800,000
6 Month Credential Non Credit	\$6,000	2,000	\$12,000,000	\$36,000,000	\$178,560,000
6 Week Short Term With OJT	\$4,000	4,000	\$16,000,000	\$48,000,000	\$238,080,000
18 Month Apprenticeship	\$12,000	1,000	\$12,000,000	\$36,000,000	\$178,560,000
Total			\$50,000,000	\$150,000,000	\$744,000,000

* Based upon \$3 return for every dollar spent, for an "average training program" from EARN Maryland Salisbury University Study, 2016

** Based upon \$14.88 return for every dollar spent, from EARN Maryland Salisbury University Study, 2016

Reduction in Resources

Federal investments in key core workforce strategies have declined dramatically. The following chart shows the decline of federal funding for National programs.



National Skills Coalition

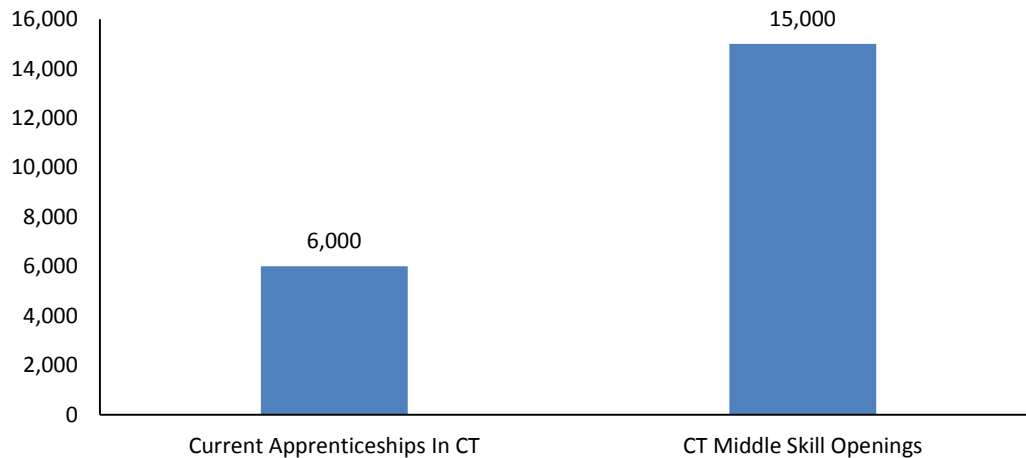
Reimagined Apprenticeship

Connecticut currently has approximately 6,800 registered Apprentices. Concentrated largely in construction and building trades.

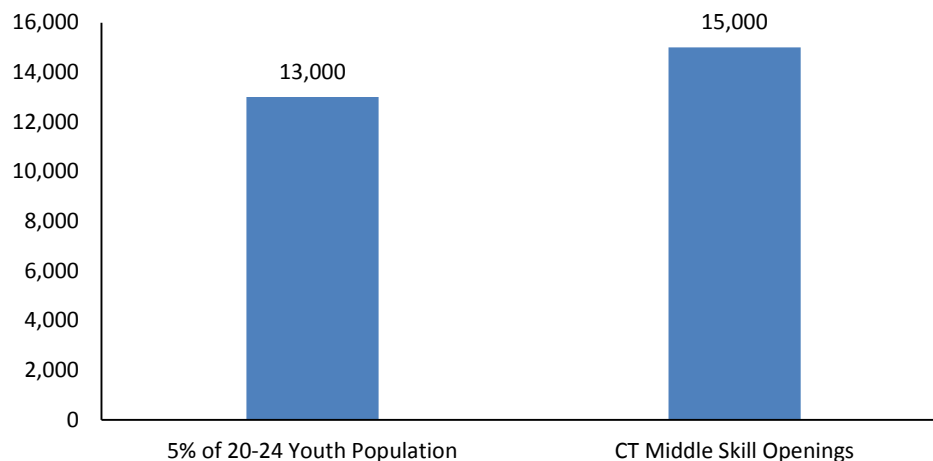
Yet Connecticut has more than 15,000 middle-skills jobs openings, for which apprenticeships would be an effective strategy, leading to high-skill job opportunities.

Colorado's *CareerWise Colorado* apprenticeship initiative (including significant private sector support from Bloomberg Philanthropies and JP Morgan Chase) targets more than 20,000 apprenticeships in high-demand, high-pay occupations by 2027. This represents more than 5% of their 20-24 year old population. To be at a comparable level, Connecticut needs almost 13,000 apprenticeships, bringing us closer to the number of 15,000 middle-skills job openings.

Current Number of Apprenticeships Compared With Current Middle-Skill Openings



Apprenticeships At 5% of 20-24 Youth Population Target Level Compared With CT Middle-Skill Openings



Source: American Community Survey 5 Year Estimates; CT DOL; CWCT estimates

CWCT Proposed Policy Initiatives

To alleviate skills misalignment challenges confronting Connecticut's businesses and employers, the following policy initiatives are proposed.

Establish Employer-Driven Regional Sector Partnerships

- **Sector Partnership Fund**: Establish/capitalize employers-training fund to hire/train new employees and train incumbent workers. Coordinated by Regional Sector Partnerships to incentivize training for in-demand middle-skill occupations in high-value sectors. Appropriate funding level to be determined. Prioritizing investments in following sector-focused workforce strategies.
- As core infrastructure – at regional scale/level – **Regional Sector Partnerships** should plan, design and execute workforce programs and services.
 - Targeting regional high-value sectors.
 - Responsive to employer-led, sector-focused, multi-partner collaboratives.
 - Supported by regional workforce intermediaries.
 - Coordinating investment in/implementation of priority high-impact workforce strategies (below).
- **Good Jobs**: Regional Sector Partnerships should focus/prioritize workforce training investments on strategies supporting employment in/pathways leading to good-paying, in-demand middle skill jobs, providing \$15 minimum hourly wage, affordable health insurance, paid leave, retirement savings plan, and viable career pathways.
- **Actionable Intelligence**: High quality, real-time labor-market information is critical in distinguishing between skills misalignment and a skills gap. Employers cite difficulty in hiring, but Regional Sector Partnerships should collect data on job postings, hiring patterns and related labor market indicators to learn what really works for employers. The US Chamber of Commerce "Talent Pipeline Management" framework provides a model where employers standardize job registries to provide clearer signals for hiring needs.

Vetted best practice strategies to be designed/coordinated regionally via Regional Sector Partnerships:

- **Work-Readiness Skills Preparation**:
 - Encourage/facilitate attainment of career competencies (including workplace-based learning opportunity) for high school graduation.
 - Develop/promote/utilize industry-recognized "badge(s)" leading to stackable credentials, based on standardized suite of work-readiness assessments and instruction offered through American Job Centers, community college programs, community-based training programs and adult education programs.

- **Workplace-Based Training:** Support/implement demonstrably effective employer-designed wage-subsidized on-the-job and customized training for those requiring preparation to become truly job-ready for productive employment.
- **Retention Support:** Ensure that preceding strategies include critical retention support services – including post-employment coaching and intensive/extended case management – to enhance likelihood of long-term wage gain and career progression/labor force attachment.

Expand Apprenticeship/Pre-Apprenticeship

- Expand apprenticeship opportunities for more key occupations and vital sectors (e.g., manufacturing, healthcare, information technology, insurance and finance, etc.).
- Expand pre-apprenticeship opportunities into comprehensive and sector-focused high schools (academies) to provide related instruction credit toward apprenticeships and develop cross-occupation foundational skill. Establish high school (pre-) apprenticeship collaboratives. Introduce 9th graders to professional skills, to attain work-related core competencies in 10th grade, prepared for pre-apprenticeships by 11th grade. Create structures to encourage and support employers to invest in pre/apprenticeships.
- Double the number of apprenticeships/pre-apprenticeships in targeted occupations/sectors.

Pursue Innovative Resource Development Options

- Encourage/incentivize employer self-investment in training
- Investigate social impact bond strategy to implement concepts proposed above
- Earmark targeted vocational training funds linked to school construction bonding
- Collaborate with philanthropies/funders to align and optimize workforce development investments

Dynamic Leadership/Accountability

- Empower business/employer-driven State Workforce Board, co-chaired by Lt. Governor, staffed by Office of Workforce Competitiveness (OWC), reporting to Governor.
- Include Jobs Cabinet comprising Commissioners of DECD, CTDOL, SDE, DORS and CSCU President, staffed by OWC, to coordinate cross-agency/program workforce strategy and funding.
- Coordinate strategy and investments with/through statewide (where appropriate) and Regional Sector Partnerships.