

Connecting CTE to Economic Development

J. Domenic Giandomenico
Institute for a Competitive
Workforce



About ICW

- 501(c)(3) affiliate of the U.S. Chamber
- Works to ensure that businesses have access—today and tomorrow—to an educated and skilled workforce.
- Promotes high educational standards and effective workforce training systems so that they are aligned with each other and with today's rigorous business demands.



Education and Economics

“Education is an economic issue, if not the economic issue of our time.”

-President Barack Obama



The Skills Gap and Employment

- Dept. of Labor estimates at least 3 million jobs unfilled due to skills gap
- Current unemployment rate: 8.5% (Same in OH)
- Unemployment rate if we didn't have a skills gap: 6.5%
- Germany's unemployment rate: 6.8% (record low)
- Number of unfilled jobs expected to reach **7 million** by 2018!



Employment by Education

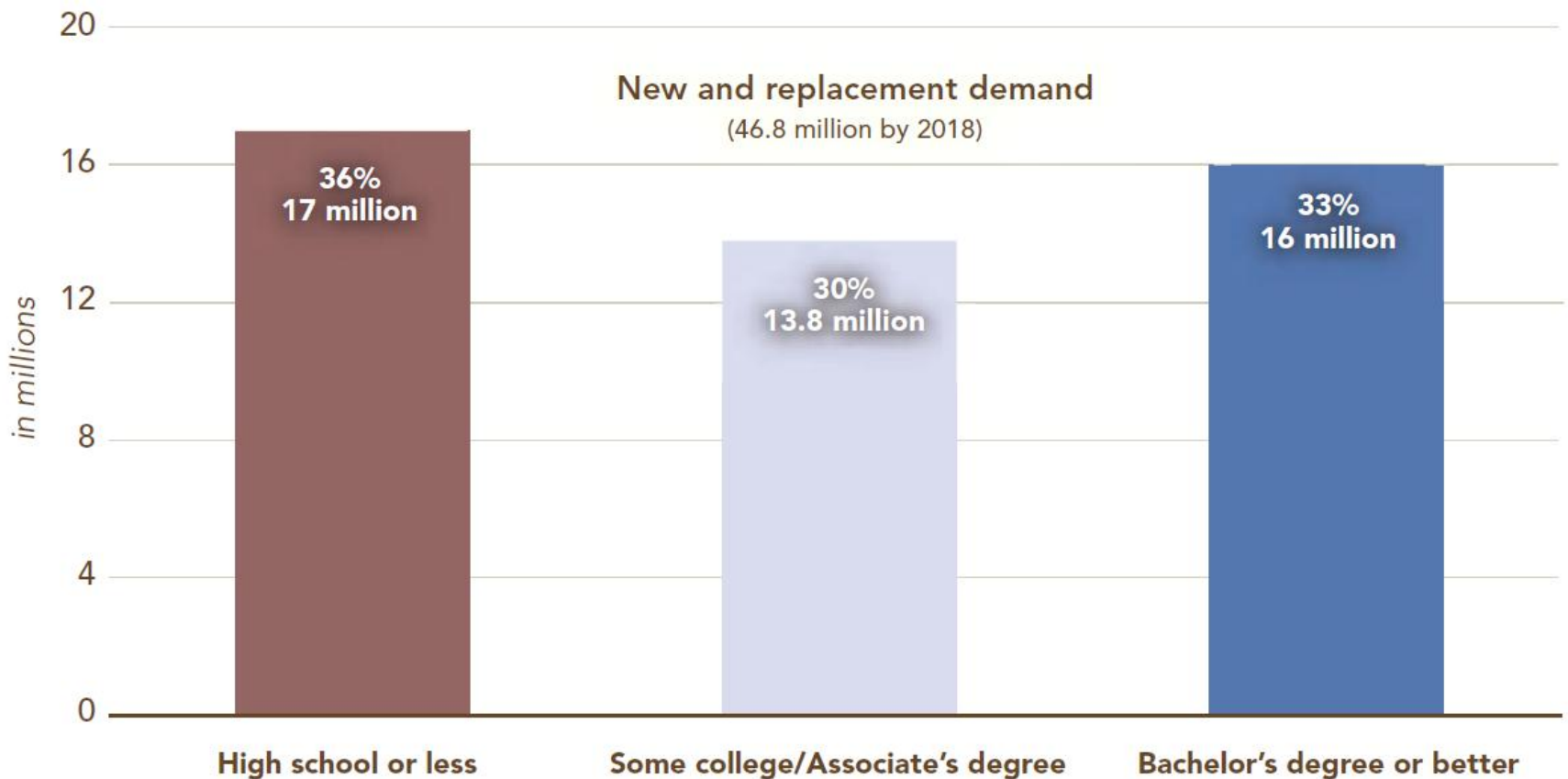
- Close to 49 million American workers with a high school diploma or less (more than 1/3 total workforce)
- Unemployment rate among them: 9.9%
- Unemployment rate associate's degree: 7.7%
- Unemployment rate bachelor's degree: 4%



FIGURE 2.1

By 2018, 63 percent of job openings will require workers with at least some college education.

Source: Center on Education and the Workforce forecasts of educational demand to 2018



Source: Georgetown Center on Education and the Workforce

- Just showing up for work used to make you likely to be middle class. Not anymore...
- HS dropouts 20% more likely to be lower income class than in 1970; HS grads 13% more likely.
- Conversely, getting an Associate's or better makes you significantly more likely to be upper class than it used to.

TABLE I

Education distribution across household income deciles (1970/2007)

Source: Authors' analysis of March CPS data, various years

	Lower-income class (lower 3 deciles)	Middle-income class (middle 4 deciles)	Upper-income class (upper 3 deciles)
1970:			
High school dropouts	39%	46%	15%
High school graduates	22%	60%	18%
Some college/ Associate's degree	19%	53%	28%
Bachelor's degree	16%	47%	37%
Graduate degree	13%	46%	41%

2007:

High school dropouts	59%	33%	7%
High school graduates	35%	45%	19%
Some college	29%	45%	26%
Associate's degree	20%	45%	35%
Bachelor's degree	14%	38%	48%
Graduate degree	9%	30%	61%



Current and Future Opportunities

- Common thread among them: Many, many skilled workers are and will be needed
- Among top needs will be engineers, health care workers of all kinds, energy techs, welders, mechanics, computer system techs
- Already a shortage of skilled workers in all of these fields, in addition to pending retirements



What does it mean for your region?

- The modern global economy is not an arms race, it's a minds race.
 - The better your talent pipeline, the better your economy will be.
- Speaking of arms races...
 - Defense contractors cannot hire foreign workers.
 - If you can raise the # of STEM degrees, you can get defense contractors



Changes in Ohio's Job Market

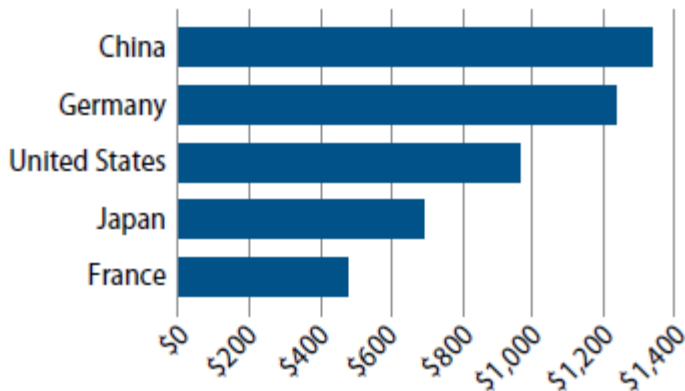
CLUSTER	JOBS IN 2008	JOBS IN 2018	DIFFERENCE	% CHANGE
Health Science	505,000	600,900	95,900	19
Human Services	176,000	207,500	31,500	18
Information Technology	123,600	145,100	21,500	17
Manufacturing	675,600	591,200	-84,300	-12



State of American Manufacturing

The United States remains an export powerhouse

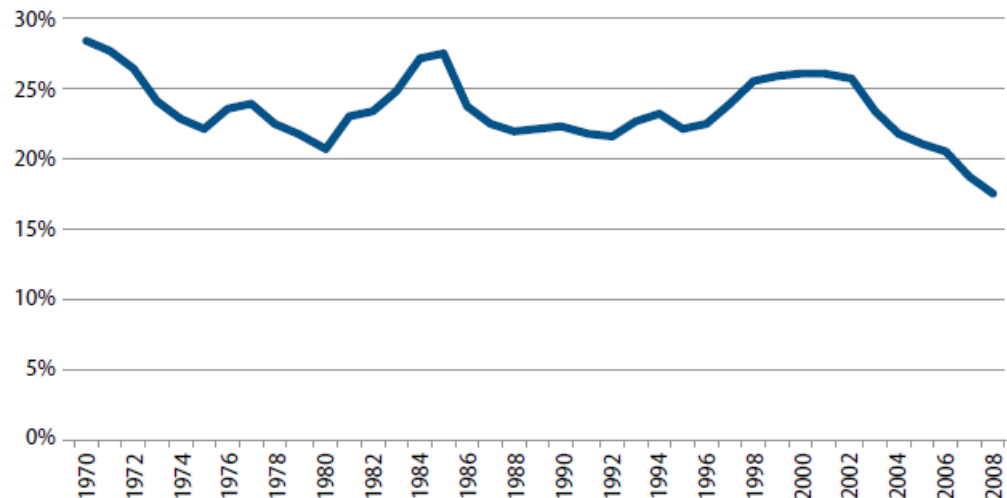
Top five manufacturing exporters in 2008, in billions of dollars



Source: World Trade Organization.

U.S. manufacturing a smaller share of worldwide manufacturing

U.S. gross manufacturing value added as share of world



Source: United Nations.



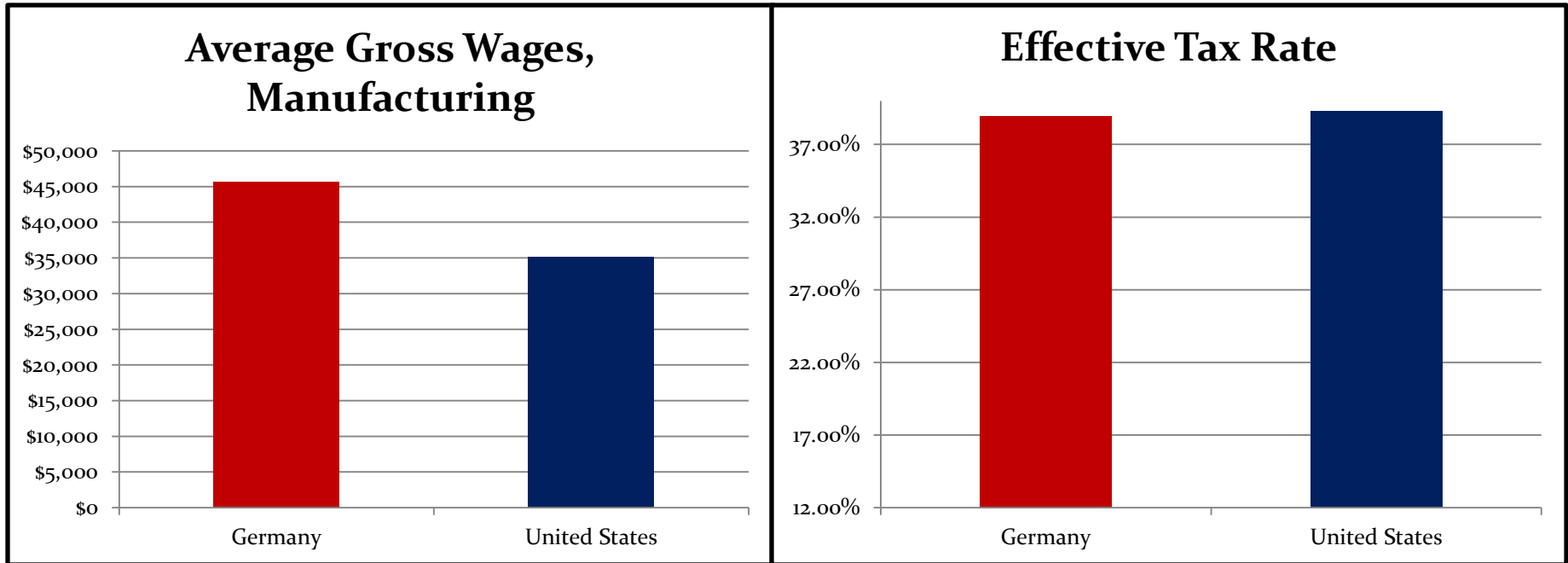
Green Tech Manufacturing

- Many American companies are outsourcing production of goods such as solar panels
 - Most of these facilities are located in Germany and China
 - Why not here in the U.S. with all of our available workers?



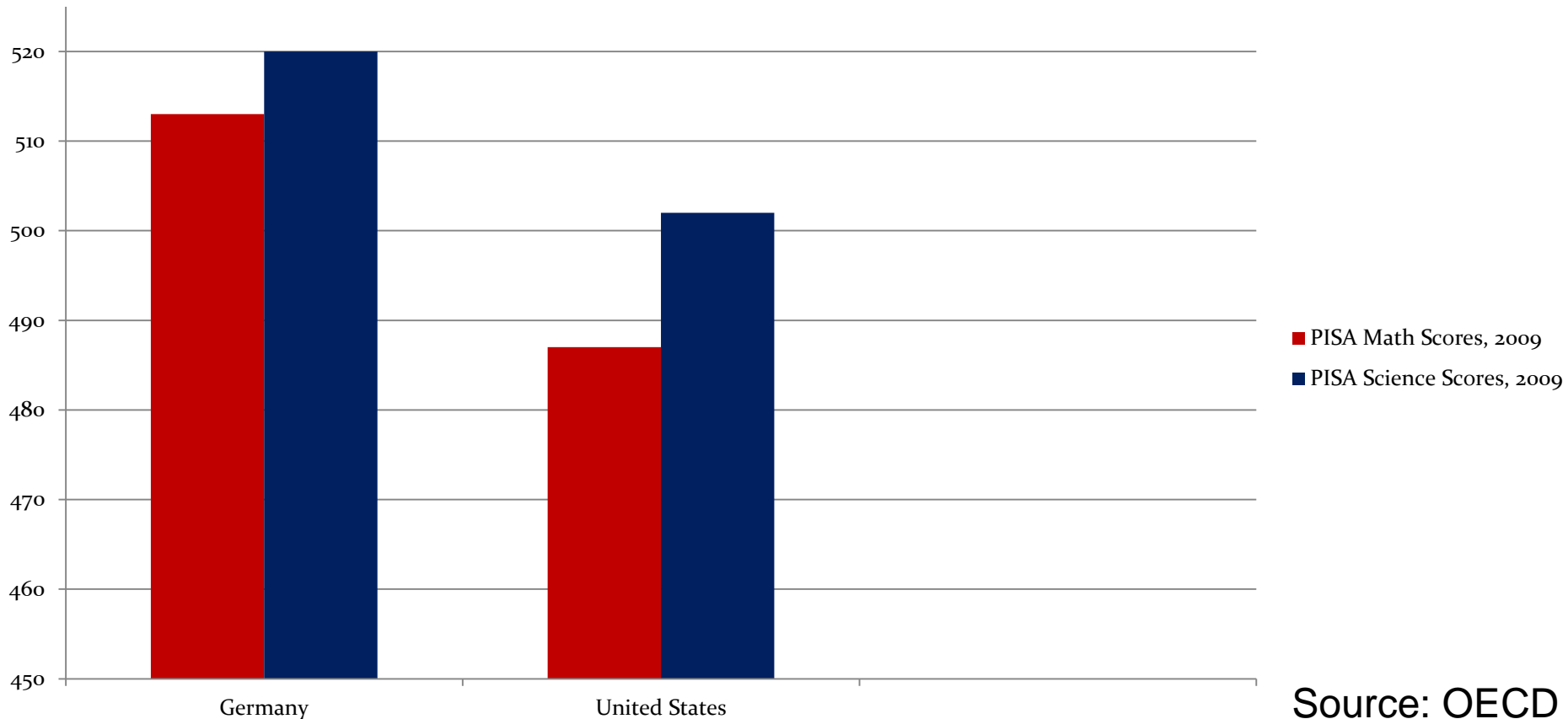
Green Tech Manufacturing

- Germany is currently one of the world leaders in solar panel manufacturing



Green Tech Manufacturing

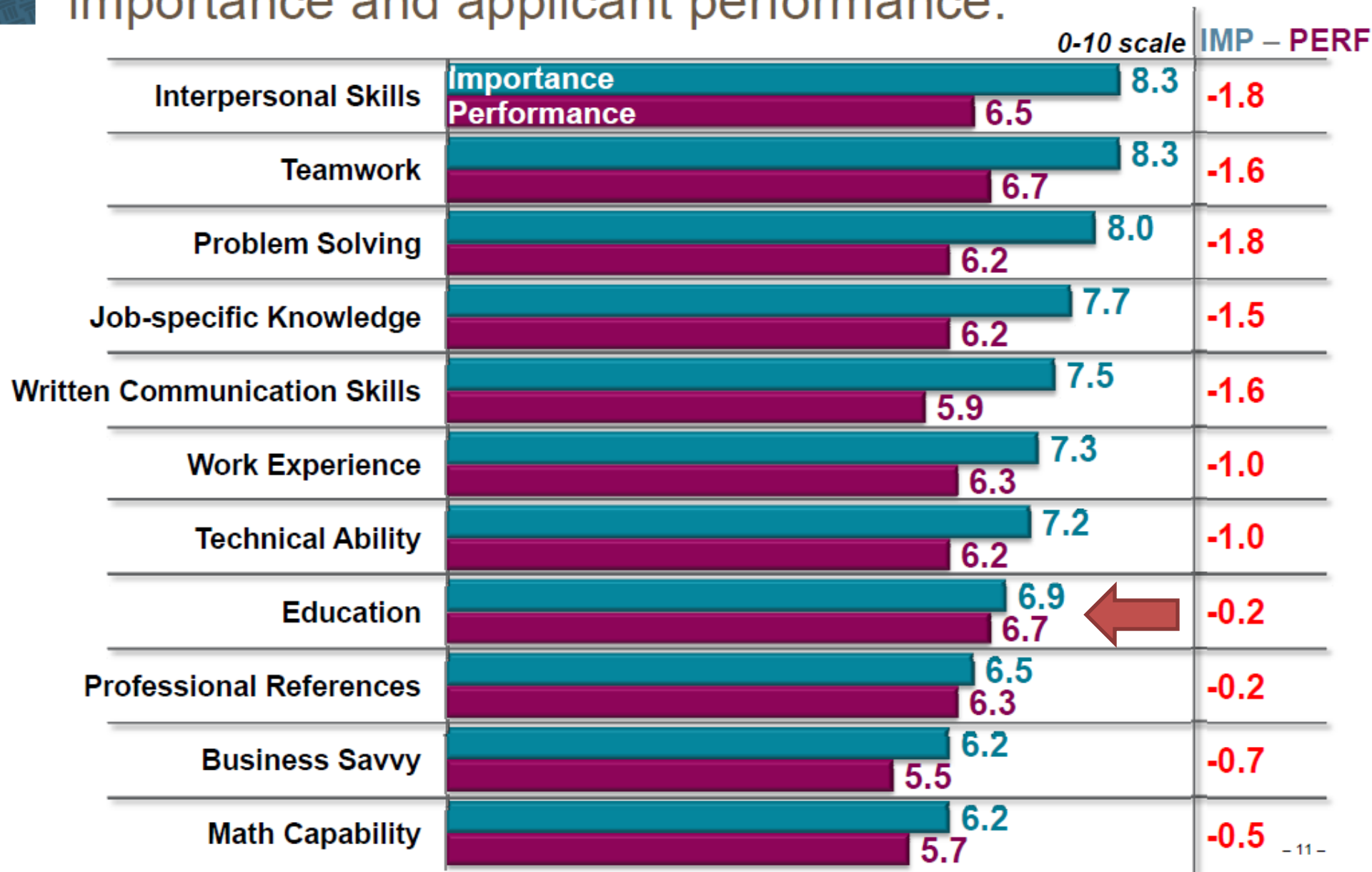
2009 PISA Scores



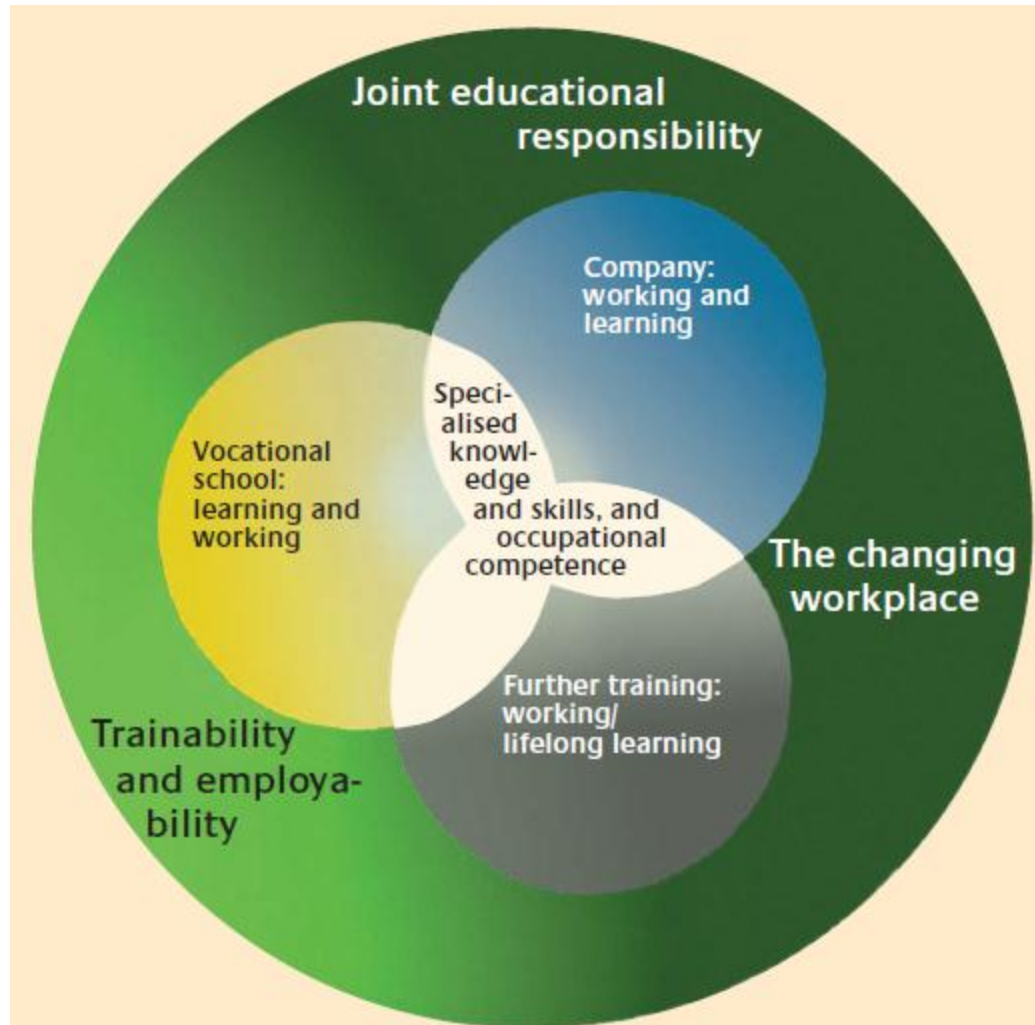
Source: OECD

On every skill and hiring criteria tested, decision-makers' ratings reveal a gap between stated importance and applicant performance.

Source: ACICS



Germany's CTE System



Source:
Germany's
Federal Ministry
of Education
and Research

Role of Business in Education

- *Business as advocacy leader:*
 - *Forecaster of future workforce needs*
 - *Customer of education*
 - *Voice of the community*
 - *Policy advocate*
 - *Regional leader*



Role of Business in Education

- *Business as partners in education:*
 - *Operational expert*
 - *Classroom partner*
 - *Sustainer of focus*
 - *Replicator of success*



Schools Working with Business on CTE

- Establish relationships that go beyond giving
- Coordinate with employers to define and clarify their needs and develop standards
- Find sensible ways for biz to contribute
- **Establish explicit role expectations**
- Give back data and information



Business Working with Schools on CTE

- Join local, state, and/or national technical skills advisory commissions
- Offer internships, part-time jobs, mentorships
- Allow your employees to take time to teach
- Bridge the communication gap
- Promote your opportunities!



ICW in 2012

- *Leaders & Laggards* on postsecondary ed to be released in June
- *Help Wanted Summit* in September in Washington, DC



Thank you!

J. Domenic Giandomenico

Director, Education and Workforce Programs

Institute for a Competitive Workforce

icw.uschamber.com

