

**Senate Business & Commerce Committee
Interim Hearing – April 10, 2012
Workforce Testimony
by
Joe Arnold
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Thank you, Chairman Carona and distinguished members of the Senate Business and Commerce Committee.

My name is Joe Arnold, and I am chairman of the workforce committee of the Texas Association of Manufacturers.

It's a pleasure to join you today to provide perspective on the workforce issues and opportunities facing Texas manufacturers.

Our state's leadership has done right and done well in creating a business climate that's ripe for expanded investment and job creation. It's the envy of every other state in the nation.

We must ensure that our state's tax, energy and environmental policies continue to encourage – not dissuade – additional business expansion, relocation and growth.

But, if we don't also take simultaneous action to ensure Texans are educated, well trained and equipped for the complexity and rigors of a competitive global economy, we're going to pay a steep price as

employers look elsewhere to other states, regions or countries for skilled workers.

We must acknowledge and act on the fact that an available workforce is just as important to Texas' economic development as any other resource.

Without educated and trained workers we – at BASF, where I work, or our state's manufacturing community at large – cannot grow our operations nor sustain our businesses in the state.

Texas manufacturers offer some of the best jobs in the state, but we're having trouble finding the skilled workers we need to fill those jobs.

Our state leaders are fond of the expression that Texas is "Wide Open for Business," but I fear there's an increasing risk that the "Help Wanted" signs may go unanswered for many employers.

That's because, according to the most recent Skills Gap study conducted by the Manufacturing Institute and Deloitte Consulting, two-thirds of business respondents report a moderate to severe shortage of qualified, available workers.

In late March, the San Antonio Manufacturers Association estimated that more than 1,500 open jobs in the area remained unfilled due to a lack of skills among potential workers.

As recent reports indicate, it's Texas manufacturing sector that's leading the job creation charge in our state, and we want to continue.

To do so, the need for a wide range of workers with a wide array of education and training will become even more critical. We can create jobs, but we will need skilled workers to fill them.

The Alliance for Science & Technology Research in America estimates that by 2018 Texas will need to fill 758,000 STEM-related jobs (jobs that focus on science, engineering, technology and math).

Historically, the manufacturing sector has been a primary source for middle-class jobs, especially for workers without a college degree. But today, manufacturing has diversified and across the board, manufacturers are clamoring for qualified workers of all kinds, from welders to engineers and pipe fitters to chemists. Regardless of their specialty, manufacturing workers can expect an average annual salary of more than \$70,000.

We need engineers and PhDs, but we also need skilled operators, craftsman, systems analysts, and process operators.

As Tom Pauken, the esteemed chairman of the Texas Workforce Commission, has said, we need to counter the notion that all high quality jobs require a traditional four-year degree. We need flexibility in our

education system that recognizes different talents and provides different options and approaches so students get the education they need for all of the good jobs that are out there. But whatever path our young people wish to take after high school, whether to a technical or community college, or a four-year university, we must hold to the new emphasis in k-12 policy of educating all students to readiness for postsecondary success. There must be rigor across the board for all students.

The State of Texas must ensure a solid foundation is laid in our state's public schools, community colleges and universities.

Let's not only ensure we keep the doors of Texas business wide open and growing, but that we're well positioned to fill the jobs and meet the diverse workforce needs of Texas employers.

It's heartening to see this committee and the Texas Legislature consider these issues ahead of the next Session.

Thank you for the opportunity to share my perspective with you. The Texas Association of Manufacturers stands ready to collaborate with you on solutions that best address the myriad of challenges and opportunities manufacturers face.

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