

Written Testimony of  
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Full Committee Hearing on

A Stronger Workforce Investment System for a Stronger Economy

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Good morning. My name is Paul Stalknecht and I am the president and chief executive officer of the Air Conditioning Contractors of America. ACCA is a national trade association with roots extending back to the early part of the 20<sup>th</sup> century. We serve and represent the small businesses that design, install and maintain indoor heating, ventilation, air conditioning and refrigeration (HVACR) systems. Our corporate membership of 4,000 includes more than 3,000 contracting businesses in every state in the country.

I do not profess to be an expert on all the details of the Workforce Investment Act. I can only speak to some concerns and opinions of the industry I represent.

When I say ACCA represents small businesses, I mean really small businesses. More than half of our members have fewer than ten employees. Industry-wide, 60 percent of HVACR contracting firms generate less than \$1 million in annual revenue.

Yet according to the 2007 Economic Census, altogether we employ nearly 200,000 mechanics, installers, helpers and related personnel, and these workers have an above average salary of \$46,500 per employee.

But our industry's ability to add skilled employees has not kept up with our overall growth. Between 2002 and 2007, the value of business performed by HVACR contractors grew 35 percent, but total employees grew only 2 percent.

In fact, prior to the current economic crisis and the fall of the construction market, our industry was faced with a major crisis of its own – a workforce crisis. There simply were not enough *skilled workers* to fill all of the positions available.

The current economic and construction slowdown has eased up on the pressure many contractors have been facing over the last decade. But this is only a temporary stay – and certainly not one that we seek to extend. As the economy improves, we will once again find ourselves with more work than people. The problem is going to get worse for us as more building owners and homeowners, fueled by government incentives and mandates, seek to install new, more energy-efficient heating and cooling systems.

According to the Bureau of Labor Statistics Office of Occupational Statistics and Employment Projections, the need for HVACR mechanics and installers will grow 28 percent between 2008 and 2018.

So I ask you, why does an industry that offers good, stable and financially attractive careers – American-made jobs, created by American entrepreneurs, jobs that cannot be shipped overseas – have such a hard time filling those jobs? Especially when 30 percent of high school students – 50 percent of minority students – still drop out? Something is not clicking.

The federal government provides funding and resources through the Workforce Investment Act for programs that assist job seekers and employers. Over the last 12 years, the Workforce Investment Act has helped job seekers find the careers that interest them, direct them toward the training they need to be competent in their chosen field so they are attractive to employers, and ultimately connect them with a job. A potential job seeker can find information about a rewarding career path in the HVACR industry and other technical trades using a local One Stop Career Center or the Department of Labor's [www.careeronestop.org](http://www.careeronestop.org) web site.

While these programs are helping, ACCA finds that the demand for employees in the technical fields is still not being met, especially given the need for green jobs.

As the committee considers the reauthorization of the Workforce Investment Act and new directions for the federal government's policy for the workforce investment system, allow me to make a few recommendations and observations based on the experiences of ACCA members across the nation.

**First, Congress needs to create federal policies that change the “culture” of job training and career counseling.**

The HVACR industry should be an attractive and rewarding option for those who do not seek a degree beyond secondary school. While you need certain skill levels and a base educational foundation to work in the HVACR industry, you don't need a four-year college degree. In the last few decades, it seems our society has denigrated the skilled trades in favor of four-year colleges. Government policy and cultural shifts have created a world where young people “look down” on the skilled trades that still offer tremendous opportunity, job security, a comfortable lifestyle, and a career path to entrepreneurialism and business ownership.

According to the BLS, only 16.4 percent of workers employed as HVACR technicians and installers between the ages of 25 and 44 hold an associate's degree, bachelor's degree or higher. Overall, nearly 27 percent of workers between the ages of 25 and 44 employed in the HVACR industry have attended some college without graduating.

Many business owners in the HVACR industry do not have a four-year college degree. They started out as tradesmen – some perhaps getting their start through a Workforce Investment Act program (or one of its predecessors). As they climbed the career ladder, they learned their business and management skills on the fly. In contrast, the college educated business owners who entered the HVACR industry needed to learn their technical skills as they went along. Two different education paths to success, but our society seems only to highlight the college route.

There are students with no interest in a four-year degree who are being pushed to attend one anyway. They take on debt they don't want so that they can get a job they don't want which often pays less than they would have been making after four years of working in the HVACR industry.

And there are students so disillusioned by our educational system that they drop out of it altogether. High school dropouts still make up an alarming percentage of our children, nearly 30 percent. It does not appear that we are doing all that we can, as a society, to help our young people identify their strengths and the right career paths they should take to exploit them.

Members of ACCA's Michigan chapter have first-hand experience with this disconnect in workforce development. Some of our contractor members in Michigan have taken a proactive approach by working with teachers and guidance counselors, getting on curriculum planning committees and school boards, and participating in job fairs. In their experiences, the limited resources of schools and the perception about work in a “blue collar” field hampered the success of their efforts. This culture and attitude needs to change.

**Second, on-the-job training must be part of any apprenticeship program in order to be a success.**

Ours is a technically-skilled workforce and we need to create career paths and opportunities for students and workers to gain entry into the good-paying green collar jobs offered by the HVACR industry and other skilled trades. Work in the HVACR industry requires structured education and apprenticeship programs to ensure that our technicians are able to do the job and do it right. You can't just walk in off the street and repair a heating or cooling system, which is why on-the-job training must be a key component to training.

Community colleges, trade schools, and apprenticeship programs graduate students but in many cases they lack specific skills because they didn't have on-the-job training. These programs would work more effectively if the federal government made money available to support on-the-job training with local contractors in the trade so trainees can round out their skill sets.

Programs developed at the state and local levels through the Workforce Investment Boards should emphasize on-the-job training as part of any job training program. It boosts the confidence of the employee and it helps establish a better educational foundation to build one's career.

**Third, federal policies should be expanded to encourage and support locally-developed and accredited apprenticeship programs that already exist.** ACCA's National Capital Chapter in the Washington, D.C., area oversees a successful apprenticeship program in conjunction with Montgomery Community College and area contractors to train students to be skilled HVACR technicians. This four-year program requires 640 hours of class instruction and 8,000 hours of on-the-job training with a sponsoring employer. Class sizes range from 32 to 41 students, with a retention rate of 65 percent-- well above the national average of 43 percent for a similar program. Since 1992, the apprenticeship program has graduated 337 students. Upon graduation, participants receive a recognized certificate and earn credits toward an associate's degree. And they are able to apply for their Journeyman's license without taking the state exam.

One common complaint by program administrators is compliance with federal paper work and recordkeeping requirements for certification. Apprenticeship program administrators must jump through many bureaucratic hoops to gain approval from state and federal agencies, including the Department of Labor and the Veterans Administration. What's needed is a change in policy to streamline the process for start up programs and those already in existence.

**Fourth, Congress should continue to support and expand the roles of the Workforce Investment Boards across the country.** Workforce Investment Boards work best because they involve local business leaders along with representatives from schools and trades. Unfortunately on many boards, the 51 percent business majority is theoretical with many meetings having few business attendees. Therefore, to ensure that business engagement occurs at each meeting, we recommend that a quorum of business people must be present. In addition, the composition of these boards should be modified to reduce the number of federally-mandated partners while still ensuring the voices of all stakeholders are heard. These business-majority boards should provide general oversight of the local system including oversight of the One-Stop Career Centers and provide a forum for coordination among various agencies and organizations.

**Finally, I urge you to consider assisting small businesses that develop their own in-house training.** Several ACCA member companies that qualify as small businesses have created their own apprenticeship programs with rigorous standards that are recognized by the Department of Labor. These are especially critical in rural areas where trainees may find limited options for training.

For example, ACCA member company Service Legends of Des Moines, Iowa, developed an apprenticeship program approved by the Department of Labor that trains employees from the ground up. Interest is so great Service Legends receives 120 applicants per month as job seekers aim to join their team.

Improving our nation's workforce investment system is a complicated but necessary effort. Our economy needs a continuous supply of highly-skilled workers to expand. I know that high school guidance counselors are overworked, underpaid, and often uninformed about the value of skilled trade careers. Perhaps in larger high schools, or high schools with an unusually high drop-out rate, at least one guidance counselor should become proficient in technical trade opportunities and assigned to *only* handle technical trades placements.

ACCA's member companies are the foot soldiers in the new movement to install and service energy efficient infrastructure in American homes and buildings. If our economy is to grow, employers will need a steady stream of qualified applicants to replace employees lost to attrition and fulfill the expected needs of the future.

With that I will conclude my comments and would be happy to answer any questions you may have. Thank you again for this opportunity to testify before you.