

**The National Skill Standards Board:  
Creating the Workforce of Tomorrow, Today**

**Remarks of Mr. Jeffrey Allum, Director of Systems Implementation  
National Skill Standards Board (NSSB)**

**To the**

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(PMETYC)**

**In**

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I would like to thank Mr. Augustin Ibarra Almada, Executive Director of CONOCER, for inviting me to participate at this annual meeting. I am very pleased to be here to learn more about the skill standards efforts of my colleagues here in Mexico and from around the world. I am certain that what I learn here today will help my organization in the work that we are doing.

I am here to talk about my organization, the National Skill Standards Board, and about the mission on which we embarked six years ago. Our mission is to create a voluntary, national system of skill standards, assessment, and certification that will help American businesses compete in this global economy while providing workers with a higher standard of living and increased economic security. I would also like to explain why we think it is important that we collaborate with our counterparts from around the world.

### **The First Hundred Years**

In order to explain where we come from, I'd like to take a step back into history to the transition for the United States from an agricultural-based economy to one defined by industry and manufacturing. Between 1860 and 1914, a number of discoveries and inventions propelled America through a series of unprecedented changes: the discovery of petroleum, the first transcontinental telegraph, the typewriter, refrigerated railcars, the telephone, the phonograph, the first airplane, and finally, the adoption of assembly line manufacturing.

These discoveries transformed American society and its people and changed the thinking on how American businesses operated, how labor markets organized, and how products and services were advertised, sold, and distributed. Industrialization called into question the role of the existing American education system in these emerging circumstances, and the capacity with which these needs could be met. Take education for example. Instead of learning the classics and being taught fixed moral, social, and religious values, the emergence of industrialization and modern technology as well as democratization forced Americans to change their way of thinking and review the content of their education to take into account these new changes. State and federal governments as well as professional and industrial associations became aware of this fundamental shift, and sought answers. Conventional wisdom dictated that the existing, traditionally based education system was failing the new America in the new industrial age. Everyone agreed that vocational education should play a significant role, but they were unsure of what that role should be.

As a result, a flurry of commissions established in the early 1900s debated the issue through publications, conferences, and proposed legislation in order to decide what steps to take. These commissions shaped the course of workforce education, training, and development for the next 100 years.

## The Second Hundred Years

Today, one hundred years later, the United States is in the midst of yet another economic transformation. This time, a vibrant *Information* Revolution has forced America to rethink its workforce development policy to meet this new challenge. Today's economy is driven by the Internet, telecommuting, Microsoft Windows products, E-commerce, air travel, and biotechnology. Today's jobs require workers to operate sophisticated computer equipment and software programs, use the Internet to obtain information and conduct financial transactions, understand and use quality improvement procedures on the assembly line, and utilize quality customer service skills as E-commerce gives rise to increased consumer activity. The developments of the past decade have forced the economy to adapt, as more and more jobs require high technology skills.

Ask any number of company executives what their most critical need is and a majority of them will say skilled workers. Survey after survey by companies, news organizations, associations, and think tanks all report that America's workforce is suffering from a "skills shortage" that threatens its current economic expansion. Despite the fact that U.S. unemployment has held steady at approximately 4% for the past two years, there simply are not enough workers in America with the necessary skills and knowledge to fill the new, specialized jobs of the New Economy.

For example, in the Information Technology (IT) industry (which will need over one million new technicians by the 2005), a recent silicon.com survey titled "Skills Survey 2000" found that almost 47% of managers polled had difficulty filling vacancies in their departments. This problem has become so critical that four weeks ago, the U.S. Congress approved a bill authorizing 600,000 new H1B visas over the next three years allowing skilled foreign nationals to enter the United States and fill vacancies in this fast-growing industry.

Information Technology is one of many industries faced with a shortage of skilled labor. The Big Three automakers have predicted the need for over 250,000 skilled workers by 2005. Approximately 800,000 new workers will be needed in the health services industry by 2006 – an industry that needs workers with highly specialized skills and expertise with computerized equipment. In the vibrant retail industry, the demand for skilled salespersons with excellent customer service and computer skills will increase to over 400,000 by 2006 as well.

Faced with these developments, the United States is reevaluating the way it organizes its business operations, labor markets, and education and training. Unlike European countries where business groups, labor organizations, and educators come together, communicate their needs, and provide worker training and vocational education, the labor market in the United States lacks that type of cooperation and level of services.

Career and training paths for current, future, and dislocated workers are not well defined. Worker training programs remain largely under the purview of the government at the local, state, and even federal level. This reliance on government programs limits the availability of training and therefore contributes to a workforce that lacks the skills and knowledge necessary to meet the requirements of today's more sophisticated workplace.

It is clear that businesses, workers, and educators must work together and communicate their needs in order to give workers the tools they need to succeed in the workplace. The need for a skilled workforce that meets the needs of today's economy is the reason why the NSSB exists today.

### **The National Skill Standards Board**

The National Skill Standards Board was created by the National Skill Standards Act of 1994. This was a bipartisan effort by both the United States Congress and the President in response to many requests by business leaders to close the skills gap in our workforce. The Board is composed of 24 members from businesses, labor organizations, and education and training institutions, plus the Secretaries of Commerce, Education, and Labor as ex officio members of the Board.

The Board is charged with building the framework in which the skill standards system will operate. As I mentioned, the system is composed of skill standards, assessments, and certifications. These skills are being identified by industry in full partnership with labor, civil rights groups, and community-based organizations. The standards will be based on high performance work and will be portable across industry sectors.

To make the work of identifying skill standards easier, the NSSB categorized the United States' workforce into 15 industry sectors. Those sectors are:

- Agriculture, Forestry, and Fishing
- Business and Administrative Services
- Construction
- Education and Training
- Finance and Insurance
- Health and Human Services
- Manufacturing, Installation and Repair
- Mining
- Public Administration, Legal and Protective Services
- Restaurants, Lodging, Hospitality and Tourism, and Amusement and Recreation
- Retail Trade, Wholesale Trade, Real Estate and Personal Services
- Scientific and Technical Services
- Telecommunications, Computers, Arts and Entertainment, and Information

- Transportation
- Utilities and Environmental and Waste Management.

Businesses, labor organizations, educators, trainers, and community-based organizations come together in each sector and form industry coalitions. If the coalition meets certain NSSB criteria, it is recognized as a Voluntary Partnership for that sector.

Members of Voluntary Partnerships in each sector, under the guidance of the NSSB, are responsible for developing their respective skill standards, assessments, and certification. I should stress that the only role for the government here is to help form the coalition and then provide technical assistance throughout this process. Other than that, this effort is **strictly voluntary** and its success is dependent on the willingness of the industry coalition members to work together and make this system work.

Skill standards development is nearing completion in two important sectors - manufacturing and the retail/wholesale industries. The Manufacturing Skill Standards Council (MSSC) and the Sales & Service Voluntary Partnership (S&SVP), both of which have been operating for over two years, plan to complete initial standards development in their respective industries in the next several months.

The Education and Training Voluntary Partnership (E&TVP), which began its work last year, plans to release skill standards in 2001. In January of this year, the Utility Industry Group (UIG) was created to begin the development of skill standards in the utility industry. While not a Voluntary Partnership yet, the UIG was formed to address the critical need for skill standards in this very important industry.

Finally on May 16, 2000, the NSSB recognized the Hospitality and Tourism Skill Standards Council (HTSSC) as the fourth Voluntary Partnership. This Voluntary Partnership plans to release skill standards in 2001 as well. Coalition building efforts continue for the finance and insurance, business and administrative services, and telecommunications industry sectors.

In six short years, we have accomplished so much. With four Voluntary Partnerships and the UIG recognized, skill standards development is underway in industry sectors that cover roughly 60% of the American workforce.

Research carried out by the Voluntary Partnerships has required company representatives and workers to take time out of their already busy schedules to talk to us about their work and the necessary skills and knowledge in order to develop the skill standards. As you know, time is money and for many smaller businesses, even the loss of one worker for an hour or two a day is a lot to ask.

But I am happy to say that the response to our requests has been very positive. In the case of the MSSC, over 300 companies and 3,300 workers participated in the validation studies that were designed to make certain that the skill standards developed were accurate, fair, and relevant to those jobs.

In the case of the S&SVP, over 30,000 employees were sent surveys to validate skill standards in the retail and wholesale industry sector. Thus far, the response has been overwhelmingly positive.

Up to this point, I have spoken about the SYSTEM of skill standards, assessments, and certification as opposed to the skill standards themselves. To give you a better idea of the premise of our efforts, I will speak to that effect now. There are three types of skill standards that are currently being developed by the existing Voluntary Partnerships. They are core, concentration, and specialty standards.

The NSSB has defined core standards are the skills and knowledge necessary for any job within an industry sector or sectors, such as math, reading, and understanding safety issues. Concentrations are those that are specific to a certain area or group of jobs within an industry sector, such as process control, customer service, and production. Finally, specialty standards are those that are developed by independent organizations, such as operating a specific piece of machinery or applying a specific safety regulation, but are recognized by the NSSB. These skill standards are developed for highly specialized positions within an industry sector and build upon the core standards for that sector.

To implement this system of skill standards, assessment, and certification, the NSSB is partnering with state and local organizations throughout the country to reach as many people as possible. At the federal level, the NSSB is working with Workforce Investment Boards (WIBs) to inject the system into workforce training programs established by the Workforce Investment Act of 1998. The NSSB is working with national and state education departments to incorporate the use of skill standards and certifications to measure performance and accountability requirements. In addition, the NSSB has commenced negotiations with local and community-based organizations to incorporate the proposed skill standards system into job training programs that serve eligible populations.

### **What the Second Hundred Years May Hold**

While it may seem logical that the United States accepts the challenge of global competition, the past few years have shown that it is worthwhile for a country to work with its neighbors in order to achieve its economic goals. Throughout the world, countries large and small are surrendering part of their sovereignty and working together to achieve this goal and attain a better standard of living for their populations.

On the other side of the Atlantic, member countries of the European Union are slowly taking the steps towards full monetary and economic union. In Southeast Asia, the members of ASEAN are striving to form an economic union by the beginning of the next decade that will encompass a population of more than 500 million people. In South America, Brazil, Uruguay, Paraguay, and Argentina formed MERCOSUR back in 1991, with Chile and Bolivia soon joining as associate members.

And here in our own neighborhood, we have the North American Free Trade Agreement or NAFTA.

Although it has only just begun, in the case between Mexico and the United States, the implementation of NAFTA since 1994 has generated economic growth and increased trade on both sides of the border. Between 1993 (before NAFTA was implemented) and 1998, two-way trade between both countries has risen 113% - from just over US\$80 billion to approximately US\$175 billion. Direct foreign investment by Mexico in the United States doubled from US\$1.85 billion in 1995 to US\$3.61 billion in 1999. The same can be said for the United States, where direct foreign investment in Mexico rose from US\$16.97 billion in 1994 to US\$34.26 billion in 1999.

This type of cooperation is very important in today's global economy because economics is no longer a national issue but rather an INTERNATIONAL one. The actions of one country, whether by the government or private enterprises, may very well affect the economy of another.

Multinational corporations are assuming greater roles within the economies of their respective countries and in those of other countries. In North America for example, the actions of companies like Ford, Dow Chemical, and Coca-Cola in the United States; Bombardier, Laidlaw, and Corel in Canada; or Grupos Bimbo, Gigante, and Modelo in Mexico have the potential to directly influence the economies of all three countries – for better or for worse.

The work of the NSSB is becoming increasingly global. As I mentioned previously, countries throughout the world are working together to achieve economic growth that benefits all. All around the world, countries with different histories and goals have realized that education and training are critical in helping workers meet the demands of the new economy. We do not see our efforts and those of other countries as a passing phenomenon. In fact, we see this as the trend which will continue for the next 100 years. From a workforce perspective, the lowest common denominator for any company in any country is the work that people actually perform. It does not matter if blue jeans are manufactured in Monterrey or Michigan. The work stays the same. Skill standards identify those skills and empower workers with the knowledge they need to perform well in their jobs. Skill standards are the building blocks that

help create a skilled workforce ready to meet the challenges of the business world.

This is the vision of the NSSB but in the context of an interdependent world, it takes on a whole different meaning. With the growth in trade and the proliferation of multinationals throughout North America and the world, a skilled workforce can mean the difference between economic prosperity and stagnation not only for one single country, but also for an entire region.

The emerging NSSB model is one that demands stringent quality and accountability requirements while protecting the integrity of existing infrastructures and systems. Working with organizations such as CONOCER and those of other countries as well as multinational companies will help the NSSB achieve the goals that it seeks and will help forge a global skill standards system for the workforce of all countries in this interdependent world.

It is with this possibility in mind that the NSSB continues on its mission as set out by Congress in 1994. Very soon, the first voluntary, national set of skill standards will debut in the United States. It won't be long before the entire system will become operational. Once that happens, the United States will be on its way towards creating a skilled workforce that will enhance not only its own economic fortunes, but those of its neighbors as well.

The next hundred years are now upon us. The global economy is changing the way governments think about workforce development and training in order to adapt to the constant stream of technological advances that affect business. History has shown that sustained economic growth and higher standards of living have become possible when governments work together to achieve their common goals. The NSSB would like to work with its neighbors to help shape a global system of industry-based skill standards, assessments, and certification. Cooperation and partnerships with organizations such as CONOCER are a major step in the right direction.