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MATCH GAME: COMPANIES PUSH TRAINING TO CLOSE SKILLS GAP

By Ana Campoy
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Heather Betancourth, a representative from Chevron Phillips Chemical Co., told a crowded room of community college students what they wanted to hear: Her employer needs to fill 3,000 positions in the coming years. Starting salaries can top \$100,000.

But here in the greater Houston region, dangling six-figure jobs is no longer enough to find qualified applicants for many positions. So the company has a scholarship program that covers community-college tuition, Ms. Betancourth elaborated, and pays interns around \$18 an hour to work at its chemical facility.

Chevron Phillips, a joint venture between energy giants Chevron Corp. and Phillips 66, is among dozens of companies that are spending millions of dollars in the nation's fifth-largest metropolitan area to train a local labor force that they say is unprepared to hold the jobs they are creating.

It is a sizable private-sector effort to address a gap between available jobs and the skill level of the local population – one that speaks to the national challenge of narrowing income inequality and reviving the sagging middle class.

"This is something that was necessary to ensure the supply of workers that we need," said Peter Cella, Chevron Phillips's chief executive.

Well-paying blue-collar jobs abound in Houston and other parts of the country, but employers complain that it's hard to fill them due to a lack of technical training required to do them. The mismatch is pushing companies in some areas to take an active role in workforce development, a necessary step to improve the situation, said Joseph Fuller, at senior lecturer at Harvard Business School who has studied the issue.

Identifying a generational problem, the Greater Houston Partnership, a regional business association whose major backers include Exxon Mobil Corp., Royal Dutch Shell PLC and BP PLC, is going back to pre-kindergarten, spearheading an initiative to improve early-childhood education.

Dow Chemical recently launched an apprenticeship program in Houston, at a cost of \$100,000 a participant, which it hopes will generate workers to run its new plants.

In northeastern Ohio and western Pennsylvania, some 100 firms are backing the Oh-Penn Manufacturing Collaborative, which was created by local employers to market careers in that sector and revamp the curriculum of local training programs to produce graduates ready for the area's machine-building jobs.

In Chicago, Skills for Chicagoland's Future, a nonprofit placement agency, is helping local employers find candidates, and then splitting the bill with them to train them.

The problem is perhaps more pressing in the Houston area, which over the next three years is expected to generate nearly 60,000 middle-skill jobs in the petrochemicals and construction sectors as plants expand and older workers retire, according to a study

commissioned by the Greater Houston Partnership. Many of them pay two to three times the minimum wage.

But while a high-school diploma might have been sufficient to land factory work in the past, many of the Houston jobs require technical training that students aren't getting in public school. Many students aren't even aware the jobs exist.

The result is that many jobs in greater Houston aren't being filled by local workers. The metro area's poverty rate rose to 16.4 percent in 2013 from 16.1 percent in 2005 according to U.S. Census data, even as the area's economy expanded by 38 percent during that period, outpacing the country's biggest cities.

At Meador Staffing Services, which helps Houston area employers find workers, 60 percent of job seekers are disqualified. Many fail a basic-skills test that measures abilities like how to use a ruler, the company says; others have a criminal record or test positive for drugs.

Those who fulfill the requirements are highly sought after. Mike Tupa, operations manager at a Pasadena, Texas, plant owned by detergent maker Sun Products Corp., said the labor market for plant operators is so tight that a recent hire didn't even make it to his first day of work because he was lured to another job before then.

"It's a dog-eat-dog world to make sure you can stay competitive in the pay and the benefits," he said.

Part of the problem behind the skilled-worker shortage, he and others say, is that until recently local high schools were channeling students toward four-year university degrees instead of technical careers.

But while more than 75 percent of Texas high-school graduates enroll in higher education, less than 30 percent of those who start college earn a bachelor's degree, according to the latest statistics compiled by the Texas Higher Education Coordinating Board, a state agency.

Sali McNeal is among the workers trying to bridge the skills gap. After high school he went to college to become an engineer, but dropped out, ending up driving a forklift at a scrapyards. Now Mr. McNeal, 26, is about to obtain an associate degree which could more than double his income. He already landed an internship with Chevron Phillips.

But his struggle points to the difficulties underemployed workers face striving to move into the middle class. To pay for college, he's working a weekend job selling car parts. During weekdays, he often stays up until 2 a.m. to study, all while raising three children.

Local community colleges are trying to lower those kinds of barriers. Part of a \$1.5 million Exxon Mobil grant is going toward scholarships for workers in need of training. Colleges are also offering night classes for working students and creating short courses to quickly qualify them for better-paying jobs.

Despite that kind of help, a key challenge remains: Many Houstonians can't afford to stop working to gain new skills, even if it means higher pay in the future, community groups say. "The issue is that folks need to work to pay the rent and support their families," said Matthew Cox, director of family education programs at Houston's Memorial Assistance Ministries, a nonprofit that offers worker training.

So Chevron Phillips is trying to enlist potential employees earlier, at the high-school level. Part of that is marketing to convince students dead-set on a white-collar job to consider one in manufacturing. That includes handing out sunglasses to students at job fairs and producing promotional videos, like one that shows a Chevron Phillips employee driving a convertible Porsche.

Together with Phillips 66, the company also financed a \$1.6 million "Petrochemicals Academy" in Sweeny, Texas, where local high-school students learn how to run a petrochemical plant while earning credit toward an associate degree. More than 60 students have enrolled in the program, which is a collaboration between the two companies, and the local community college and school district.

Mariela Lopez, a senior, signed up for petrochemical courses, but she's planning to become a professional photographer after she graduates.

"Just in case it doesn't work out, I'll have the plan B, which is going to the plant."