



From the office of Texas Workforce Commission

Commissioner Tom Pauken

Speech

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Remarks of Tom Pauken to Texas Workforce Commission Annual Conference on November 28, 2012

This is the last time I will be addressing this Texas Workforce Conference as a Commissioner of the TWC.

I am particularly pleased with two initiatives we have launched here at TWC during the past four years: the Texas Veterans Leadership Program and the Texas Back to Work Program. TVLP is run entirely by our veterans who served in Iraq and/or Afghanistan to help their fellow veterans make a successful transition to civilian life. Headed by Jason Doran initially and Bob Gear now, TVLP has done a terrific job in getting our returning veterans back to work. So far, our TVLP veterans have provided assistance to more than 9,700 returning veterans of the Iraq and Afghanistan war. Just like Texas is the number one state for business, we need it to be the number one state for veterans. To our TVLP leaders – thanks for what you have done to bring our veterans of Iraq and Afghanistan home the right way.

The Texas Back to Work program was designed to get Texans back to work by providing incentives for companies to hire unemployed workers who lost their jobs through no fault of their own. This is a win-win proposition – it takes people off the unemployment rolls -- thus saving the Trust Fund money -- while getting Texans back to work in gainful employment. To date, we have helped over 30,000 Texans get back to work. Thanks to our local workforce boards and businesses who made all of that possible.

The Texas Back to Work program even received the 2010 Unemployment Innovation Award from the U.S. Department of Labor and the National Association of State Workforce Agencies.

Unfortunately, when Congress passed legislation allowing states to initiate or expand programs like Texas Back to Work, top officials at the U.S. Department of Labor issued onerous regulations that effectively blocked the implementation of innovative programs like ours. Hopefully, those roadblocks will be removed now that the election is over so that this initiative can go forward.

We are fortunate to live in Texas which continues to lead the nation in private sector job creation. Over the past year, we have added 269,000 private sector jobs and more than a million over the past decade. The energy discoveries and development here in Texas, and elsewhere in the U.S. are a potential economic game changer for our state and nation. As reported by Floyd Norris in the New York Times, the International Energy Agency has forecast that, “by around 2020, the United States could surpass Saudi Arabia as the world’s largest oil producer.” This is not

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only good news for our energy industry; it also is a huge plus for our manufacturing sector. The ready access to energy, particularly natural gas, and the lower prices here relative to energy costs in the rest of the world will allow our manufacturing sector to be more competitive with manufacturers elsewhere. Now, if we would just change our national tax policy to one that is friendlier to capital investment and employment, then we would be off to the races in getting the private sector moving again at the national level.

But, more about that in a moment.

The question that looms over everything in the wake of the Great Recession of 2008 is: How do we ensure that the economic opportunities that have been there for previous generations of Americans will be there for our children and grandchildren? In times like this, we can't just muddle along and hope that, somehow, everything will work out in the end.

Some pundits have even gone so far as to proclaim that America's best days are behind us. Prominent Financial Times correspondent Edward Luce has written a book entitled, "Time to Start Thinking: America and the Spectre of Decline."

There is no question that America faces serious challenges. From 2001 to 2010, we lost one-third of our U.S. manufacturing base – that's 5.5 million generally good paying jobs that were shipped overseas, outsourced, or simply went away. The late German economist Kurt Richebacher warned of the consequences of our massive trade deficits and the hollowing out of our U.S. manufacturing base when he wrote, "Essentially, all job losses are high-wage manufacturing and most gains are in low wage services. In essence, the U.S. economy is restructuring downward, while the Chinese economy is restructuring upward."

A major cause of this is that the U.S. has the most onerous business tax system in the world -- with a 35 percent tax rate plus a 7.65 percent employer portion of the payroll tax. We are exporting prosperity and American jobs abroad. Ironically, even with our manufacturing decline, we have a shortage of skilled workers in Texas as we have neglected the importance of career and technical education opportunities at the secondary and post-secondary levels.

Nonetheless, I am far more hopeful for our nation's future than I was four years ago. Why do I say that? Because good ideas and sound policies that can reverse these negative trends are beginning to garner the kind of broad-based support necessary to win the day.

More and more Americans are realizing that you can't have a strong economy without a strong manufacturing base. Manufacturing has provided good jobs and stable incomes for generations of Americans, and we need more of it at home. The time has come to fundamentally change a tax policy that exports prosperity and American jobs aboard and replace it with one that encourages capital investment and employment here at home.

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Growing up as a kid in Texas, I still remember the time when “Made in Texas, Made in the USA” was the norm, not the exception. With good leadership and common sense solutions, we can rebuild our manufacturing base. If you don’t think we have any hope of changing the mindset of Washington policymakers on that issue, just look at the headway we have made recently here in Texas when it comes to education. Elected officials are beginning to recognize the importance of career and technical education for young Texans at the high school and post-secondary levels.

The need is obvious. We have a greying workforce and a shortage of skilled workers on many fronts. Just to cite a few examples: the average age of a welder is 55, a plumber 56, a stone masonry craftsman is 69.

What happened to our pipeline of skilled workers? Somehow, over the last two decades, certain political elites decided that everyone should be prepared to go to a four year university. I call it a “one size fits all” approach. In an attempt to make every high school student “college ready,” our state has come to rely on a so-called 4-by-4 curriculum and an expensive high stakes testing system. First, there was the TASS test, then the TAKS test, and now we have the STARR test. So much of our educational system is driven these days by a “teaching to the test” mentality from the third grade through high school. In many ways, test learning has replaced real learning. Meanwhile, in this quest to push every student to go to a university, we have deemphasized our Career and Technical Education programs at the high school level. And, we are paying a heavy price as we have choked off the pipeline of skilled workers by the neglect of vocational education at the high school level. A lot of young people are falling through the cracks and dropping out of school who otherwise might have thrived had they been given more opportunities for vocational education.

Frustration on the part of parents, employers, and educators with the current system has built up for years. Change is long overdue, and we need to have the courage to propose bold, meaningful solutions to these issues, rather than just tinkering around the edges. And, that is just what we are doing. A growing coalition of legislators, business and labor leaders, school board members, parents, other community leaders, and educators recognize that this is a serious issue and are working to fix it. The solution is simple, if not easy. But, we can solve this problem!

We need to allow for multiple pathways to a high school degree. One academic pathway would emphasize math and science. Another, the humanities and fine arts. A third would focus on career and technical education. All students would get the basics, but there would be greater flexibility than under the “one size fits all” existing system which pushes everyone towards a university degree.

This is a common sense approach to preparing young Texans to be college-ready or career-ready. It is time to end this “teaching to the test” system that isn’t working for either the kids interested in going on to a university or for

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those more oriented towards learning a skilled trade. Let's replace it with one that focuses on real learning and opportunities for all.

I'd like to leave you with one parting thought -- our politics has become way too politicized and too many of our politicians on both sides of the aisle seem more interested in sound bites, PR gimmicks, and short-term fixes to long-term problems than in making decisions for the good of the country. Those politicians remind me of a certain style of "leader" as described by Charles Malik. Those are the kind of politicians who see the crowd running in a certain direction and rush to get ahead of them in order to tell the public what they think the people want to hear.

That is not real leadership. Writing long ago in a paper entitled "The Challenge to Western Civilization," Ambassador Malik had this to say: "If Western civilization goes down, it will be only because its leadership has failed to show it the way. There is no impersonal law of growth and decay here at work whatsoever. There is the very personal moral failure of the leaders to show the way. And a real way out most certainly there is. The actual, ready potentialities of this civilization, in every sphere, are so tremendous, so overpowering, that with the proper co-ordination and the right voice of leadership it can rise to any challenge. The greatest danger today is that either this leadership is not forthcoming or its voice will come too late."

It is not about Republican vs. Democrat, or Right vs. Left; it is about up or down. Will the people and our political leaders have the courage to make the hard decisions that are necessary to get our nation back on the right track, or will we go the way of so many other great nations which rose to power and then declined -- never to return to previous greatness.

The choice is ours. For the sake of our children and grandchildren, let's make the right one.

Tom Pauken is the Commissioner Representing Employers and author of Bringing America Home. This is a condensed version of his speech to attendees of the TWC annual conference.

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The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the programs it offers in coordination with its network of local workforce development boards, call (512) 463-8556 or visit www.texasworkforce.org.