

## Executive Summary

Small Manufacturing Enterprises (SMEs) fuel the U.S. economy. They contribute to the nation's capacity for innovation and provide the agility needed for rapidly changing global supply chain requirements, taking essential operational risks to introduce new processes and products. The vital role of SMEs, however, depends on a strong manufacturing workforce and solutions to the acute challenges that SMEs face in finding, retaining, and skilling up workers.

MEP Centers are well positioned to provide a range of urgent workforce services and to facilitate more effective, longer term talent development systems that will benefit SMEs and the industry at large. Current offerings and emerging initiatives match well with the priorities of federal and state agencies and industry leaders, and there are several existing programs that could be scaled up nationwide. However, new partnerships will be necessary, especially with community colleges and workforce boards, to ensure improvements are sustainable.

### **Workforce Opportunities and Challenges**

MEP Center leaders have tools, knowledge, and experience vital to fulfilling SME workforce needs and supporting SME growth and innovation. However, further service expansion will need to address system and government barriers. These historical challenges have led many Centers to focus more on activities that offer clearly defined and more immediate ROI for individual businesses and less on longer term investments that would benefit manufacturers at large, like early career development programs.

### **National Network Trends in Workforce Services**

Centers have increased workforce service delivery since 1989 and nearly all MEP Centers support incumbent worker training or customized training for companies with technical services that include adult apprenticeships. Emerging areas include DEI consulting and women-focused programs. The technical themes for the training that Centers would most like to offer are Industry 4.0, supply chain, and automation training.

These areas of specialization and interest, combined with well-honed knowledge and experience increasing business performance for manufacturers, uniquely position MEP Centers to advance workforce solutions that are urgent as well as solutions that are needed to support the industry and manufacturing communities in the long term.

### **Potential Partnerships and Funding**

MEP Centers are well-positioned to expand on current workforce programming in collaboration with employers, federal programs, state agencies, and philanthropic organizations.

Spending on higher education, training and other workforce development activities is \$2 trillion annually. U.S. employers, primarily large employers, are estimated to spend more than \$500 billion a year on internal training, training consultants and vendors, and on wages paid to employees while training. State spending on education and training seems small compared to spending by businesses and higher education, about \$55 billion in previous years. Federally administered workforce development programs have been about \$16 billion a year including \$3.9 billion with the U.S. Department of Labor, \$2 billion with the Department of Education and \$1.1 billion with Title I state formula grant funds. States

also contribute billions to workforce development (excluding federal WIOA, DOL competitive grants) and fund a variety of workforce programs in partnership with industry. Notably, however, only about 0.1% of state workforce training is dedicated to manufacturing-specific programming in recent years.

### **Examples of MEP in Action**

MEP Center leaders have described populations they would like to collaborate with in the future, including immigrants, formerly incarcerated persons, displaced workers, workers with special needs, and veterans, suggesting a number of important connections to ongoing and emerging initiatives.

CREC selected four cases to illustrate how public funding, partnerships, and MEP expertise are combined to improve workforce services to SMEs. All four cases (from Florida, New Jersey, Hawaii, South Carolina) were identified as having a “macro” focus on industry- or sector-wide challenges. These cases best illustrate increases in partnerships, funding, and resources for SMEs.

### **Guide for Center Decision Making**

Leveraging partnerships and the MEP Network, Centers should:

1. Assess to what extent the workforce system is serving SMEs;
2. Define areas of unmet need where MEP Centers can provide unique expertise;
3. Adapt leading practices from the MEP National Network to fill gaps in the SME talent pipeline;
4. Identify viable funding sources to support the effort; and
5. Determine metrics to evaluate progress