

LEGISLATIVE PRIORITY

Let's retrain Delaware's most vulnerable workers

BY MICHAEL J. QUARANTA



EXASPERATED, I YELLED OUT, “I’m calling an electrician!” because my frustration level reached a boiling point. While I can handle simple electrical tasks, I’m not interested in hurting myself or causing a real problem by taking on a project beyond my “happy homeowner” skill-level.

I’m a baby boomer. As I observe many in my generation entering their retirement years, I’ve noticed critical job shortages developing, and getting an electrician to my home was a real chore. This shortage is likely the result of a generation regularly extolling the benefits of a college degree. Personally, I am living proof that a university education has its advantages. However, our years of zealous promotion of four-year degrees came at the expense of the building trades and other very important professions.

For years, people advocated for a higher minimum wage for workers in entry-level or low-skilled jobs. They argue that those low wages are not enough to sustain a family, and in 2020, they’re not wrong. However, these jobs and their minimum wages were never

intended to do that; these were entry-level, part-time positions that were a supplement to your other income or a way to develop a work history as a new entrant in the job market. Changes in our economy and worldwide competition have impacted the workforce and created a labor market where some people are simply stuck in low-skill and low-paying jobs.

The solution cannot be to artificially raise the minimum wage to \$15 per hour. Doing so will increase labor costs and accelerate the time in which businesses turn to automation and technology and permanently eliminate low-skill jobs. We worry that youth unemployment will rise because older, more experienced workers will compete for similar, higher starting pay, resulting in our youth losing out on valuable opportunities to gain work experience.

Wage escalation is another real concern. A long-term employee, presently making that same \$15 per hour as a new hire, will demand a wage boost because their tenure, experience, reliability and performance is sure to have a value higher than a new

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employee. This escalation of wage increases will force many businesses to make hard, personnel decisions they might not otherwise have to make.

Some businesses may sell goods or services in a very competitive marketplace where charging more for what they sell, to cover increased labor costs, is not an option. Even if it were an option and prices go up for everybody, the very people who benefit by a higher, minimum wage will also be charged more for goods and services. Unfortunately, higher prices would negate any economic lift that may have come from higher wages.

The real solution is to train people for higher wage, in-demand jobs where growing vacancies exist. These jobs typically pay wages and benefits higher than what's proposed and possess long-term career opportunities with even greater rewards. We need skilled tradesmen and women, health care workers to assist a growing and aging state population, and information technology specialists to manage the tech at our hospitals, banks and on manufacturing floors.

There is a significant population in Delaware of underemployed workers that require additional skills training in order to improve their career trajectory. In conversations with businesses and training providers, we believe a model exists for high-quality training with positive results.

The State Chamber is proposing a multi-million-dollar investment by the State that would cover training costs for several hundred trainees per year and provide for living expenses while someone is in school. This support removes the barrier most underemployed believe is standing between where they are and where they hope to be.

Specifically, an eight-hour day, five-day week approach allows for a compressed schedule to ensure graduates make a transition quickly and efficiently. We worry that without focusing on this problem now, thousands of Delawareans will go from underemployed to unemployable in a matter of 7 to 10 years.

This is a classic 'win-win' proposition. As taxpayers, the increase in Personal Income Tax (PIT) people pay as they earn higher wages, returns more of our investment over time. The diminished need for social services, and hopefully the avoidance of the kind of trouble frequently associated with unemployment or underemployment, benefits us all.

When the next recession hits, some economists believe it will last longer than typical and could impact Delawareans without marketable skills for years. Knowing this, we need to take concrete steps to train as many underemployed people as quickly as we can or risk that they become unemployable. Doing so will make a lasting change in their lives and be of benefit to us all.

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