

TESTIMONY
OF
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BEFORE THE
***SUBCOMMITTEE ON OVERSIGHT OF GOVERNMENT
MANAGEMENT, RESTRUCTURING, AND
THE DISTRICT OF COLUMBIA***

COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE

MAY 18, 2000

Mr. Chairman and members of the Subcommittee, I thank you for inviting me to testify on the subject of training federal employees.

The American Society for Training & Development (ASTD) is a professional association representing 70,000 members in the field of workplace learning and performance. ASTD's members work in more than 15,000 multinational corporations, small and medium sized businesses, government agencies, colleges, and universities. ASTD also has 150 local chapters nationwide.

Through the expertise of our members and our research on company-based training and human capital management, ASTD provides employers, employees, and policymakers insight into the critical forces shaping the workplace of today and tomorrow.

My testimony will cover three areas:

- Ø the competitive landscape driving how organizations compete for talent;
- Ø leading trends in private sector training; and
- Ø recommendations to help the Federal government build and maintain a knowledge-based workforce.

The Rising Importance of Training

The war for talent is a bottom line issue in today's knowledge economy. Workplace learning is becoming the smartest strategic solution to the largest human resource challenge ever facing

employers. According to PricewaterhouseCoopers, 70% of Fortune 1000 companies cite lack of trained employees as their biggest barrier to sustaining growth.⁽¹⁾

For both the private sector and government, attracting, optimizing and retaining talent will require a continuous investment in people.

According to the 2000 ASTD State of the Industry Report, an annual survey that collects information from more than 500 organizations across the country on the nature of their training expenditures and practices, spending on employer-provided training continues to grow.⁽²⁾

Total training expenditures increased 11 percent from 1997-1998. Organization participants also projected a 14 percent increase in total training expenditures between 1998 and 1999. Companies in the technology sector projected the largest increase -- 30 percent-- during the same period.⁽³⁾

Despite this trend, senior executives recognize that training and career development programs on their own will not be sufficient to give their company an edge in attracting and training the best people. They are simply the price of admission to be a player in the global economy.

According to our study, "Training Investment Leaders" each spent \$17 million on total training expenditures in 1998 while the average firm spent just \$2 million.⁽⁴⁾

Those firms provided training for nearly 97 percent of eligible employees, at an average of 57.5 hours per employee. The average firm provided training for 76 percent of eligible employees. This amounted to 29 hours of training per eligible employee.

At U.S. Telecom, a computer telephony firm that emerged out of our study as a Training Investment Leader, the average eligible employee participated in nearly 125 hours of training. Depending on the job, new staff members can participate in anywhere from 30 to 90 days of training including intensive sessions with technicians about firm products. In addition to technical training, the company also offers courses on presentations, teamwork, and EEOC requirements.

In terms of courses provided, Training Investment Leaders reported significantly higher spending (23 percent) on training in technical processes and procedures than the average firm, which spent 13 percent.

Among all of the firms in ASTD's study, managerial and supervisory skills, professional skills, and occupational safety were the second most common types of training on which firms spent money. Basic skills, executive development, quality, competition, and business practices were among the types of training on which typical firms spent the least amount of money.

However, there has been a recent shift in spending for soft skills training.⁽⁵⁾ According to a new study by WR Hambrecht + Co prepared for venture capital firms, the soft skills training market is growing substantially at a compounded annual gross revenue of 123%. This market is growing at twice the rate of the IT training market and should surpass it by 2003.⁽⁶⁾