

National Perspectives on the Workforce Development System

Forum on Employment Trends and Workforce Development Strategies in Virginia

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Jeffrey A. Finkle, CEcD
President & CEO, IEDC



About IEDC



INTERNATIONAL
ECONOMIC DEVELOPMENT
COUNCIL

The International Economic Development Council (IEDC) is the world's Largest membership organization serving the economic development profession. We are dedicated to helping economic developers do their jobs more effectively and raising the profile of the profession. When we succeed, our members create more high-quality jobs, develop more vibrant communities, and generally improve the quality of life in their regions.



IECDC Membership

From public to private, rural to urban, and local to international, our 4,600+ members include:

- Public state, regional, city and county ED professionals
- Chambers of Commerce and other business support agencies
- Technology development agencies
- Redevelopment authorities
- Educational Institutions & Non-profits
- Consultants
- Utility companies



National Perspectives on the Workforce Development System

Outline

- ▶ ED and Business Perspective of WF Delivery System
- ▶ Disconnect Between WIBs and EDOs
- ▶ Focus on Jobs for the Future
- ▶ Summary

**THE WORKFORCE DELIVERY
SYSTEM:
ECONOMIC DEVELOPMENT
AND
BUSINESS PERSPECTIVE**





The Workforce Delivery System – ED and Business Perspective

Main Viewpoint of Economic Developers and Business:

- ❑ The WF system is disjointed and chaotic
- ❑ WIBs are primarily focused on job seekers
and not the needs of employers



The Workforce Delivery System – ED and Business Perspective

**Based on a 2009 AFL–CIO “Working for America Institute”
National Survey on Workforce Investment Boards**

- ▶ Most WIBs do not give business needs adequate consideration
- ▶ Many WIBs do not include the key actors in the regional economy on the Board:
 - i.e., major industry leaders or economic development agency representatives
- ▶ Many WIBs could be more entrepreneurial in meeting the workforce development needs of the region
 - Half of all WIBs (50%) rely entirely on federal formula funds to accomplish their work

The Workforce Delivery System – ED and Business Perspective

- ▶ WIBs function too often as a job bank rather than as an engine for economic growth in the region
- ▶ Most WIBs focus primarily on reducing unemployment without sufficient attention to the quality of available jobs in the region

→ Placing workers in jobs to lower unemployment rate is important BUT

They fail to focus on forming partnerships that will lead to putting people in careers with higher earnings or jobs for the future that will improve the competitive advantage for the region

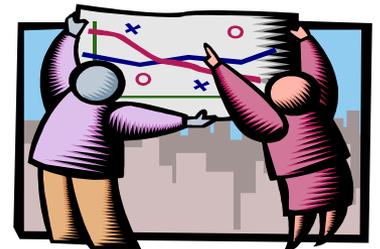


The Workforce Delivery System – ED and Business Perspective



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- ▶ Most WIBs are not true policy–setting bodies:
 - 67% of business interests surveyed reported that their boards approve staff decisions instead of being “deliberative policy–making” organizations
 - Without this focus on policy, WIBs do not play a major role in leveraging community resources to attract high wage employers or contribute to a viable regional economic development strategy



The Workforce Delivery System – ED and Business Perspective

- ▶ WIBs should make an effort to develop industry partnerships in important targeted sectors and focus on promoting and developing quality work skills and competitive companies

→ Especially in today's volatile economy,
WIBs need to focus more on incumbent
worker training and apprenticeships



The Workforce Delivery System – ED and Business Perspective

In Summary:

- ▶ Business need to be better represented on WIBs
 - As well as EDOs, educational leaders, and local govt.
- ▶ WIBs function too often as a job bank rather than as an engine for economic growth in the region
 - Not enough focus on quality jobs for the future
- ▶ WIBs should focus more on helping to set policy with other stakeholders & form viable regional partnerships
 - * WIBs that do embrace economic development strategies are often more successful in addressing long-term workforce development needs

**COLLABORATION
BETWEEN
WIBs & EDOs**





WIBs and EDOs: Common Goals

~ Creating and retaining jobs and business is imperative in today's economy ~

Economic Development Organizations and Workforce Investment Boards both seek to:

- **Strengthen the local talent pool of workers**
- **Match the needs of local and regional employers**

IEDC Survey

IEDC surveyed its membership on the working relationship between economic development organizations and workforce investment boards

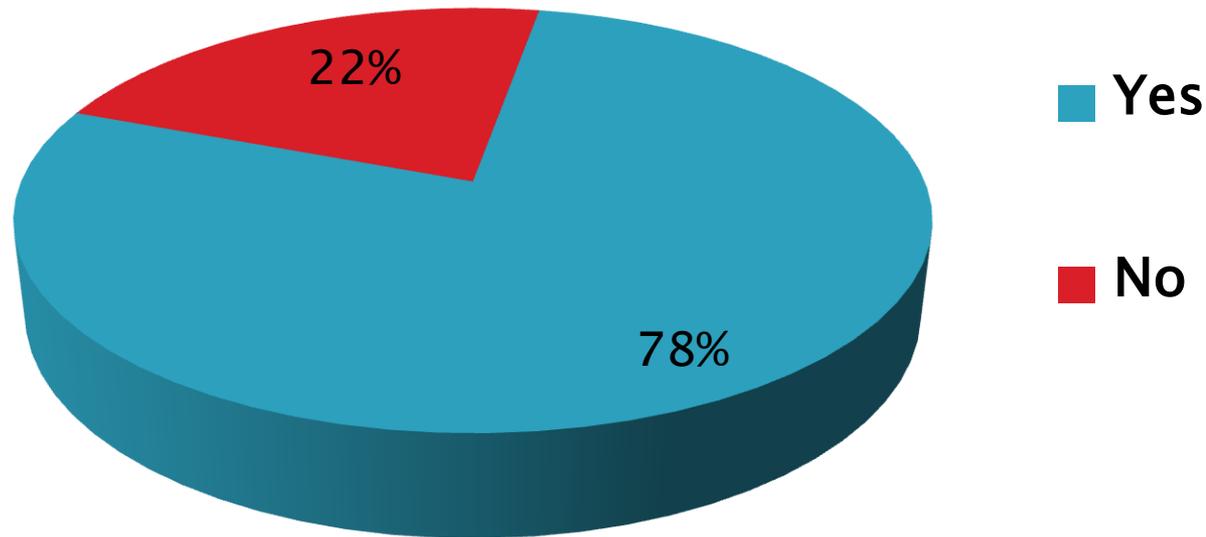
We looked at

- **How they collaborate**
- **What the challenges are**
- **What WIBs could do to help the local economy grow**

Here is the analysis of the survey...

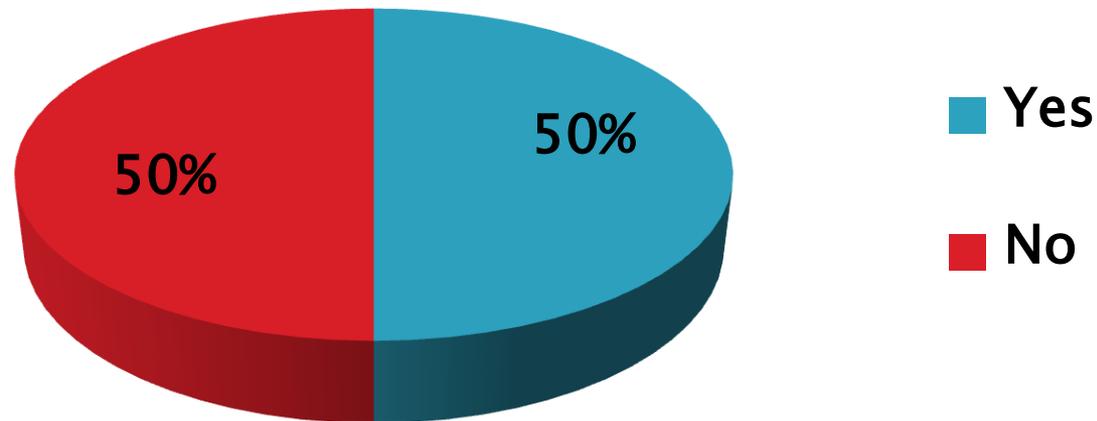
Does your organization have a broad workforce development strategy that includes collaboration with state/local WIB?

Replies



Has your community restructured agencies and organizations to align economic and workforce development ?

Replies



42% are considering alignment in the next two years

How do EDOS collaborate with WIBs?

The first most predominant activities of EDO–WIB collaboration:

- Efforts for retention and expansion
- Specific training and educational programs
- Business–education partnerships with other stakeholders in the community

* Between 63%–66% of respondents



How do EDOS collaborate with WIBs?, continued

The second most predominant activities of EDO–WIB collaboration:

- Engaged in new business attraction efforts
- Designed incumbent worker training programs

* Between 47% –54% of respondents

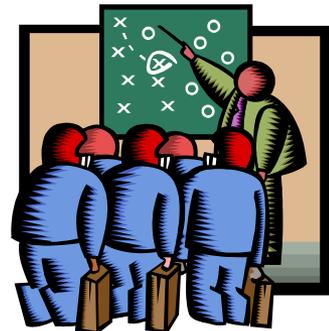


How do EDOS collaborate with WIBs?, continued

The third most predominant activities of EDO–WIB collaboration:

- Developed aversion strategies for firms facing layoffs or closure
- Invited WIB leaders onto the Board or other relevant committee
- Coordinated job–placement activities

* Between 36% –41% of respondents



How do EDOS collaborate with WIBs?, continued

The fourth most predominant activities of EDO–WIB collaboration:

- Engaged in joint marketing efforts
- Coordinated programs to encourage start–ups and entrepreneurship
- Cross–trained staff

11% of respondents did NOT collaborate with WIBS in the past two years

*** Between 15%–32% of respondents**

Issues that have been the biggest challenges in working with WIBs

The # 1 challenge among 49% of respondents:

Differences in funding streams linked to different reporting requirements and performance measurements



Issues that have been the biggest challenges in working with WIBs, continued

- **35%** attest to limited capacity and resources
- **30%** attest to cultural differences in understanding each other's work
- **20%** attest to lack of political will to align activates
- **9%** attest to overlapping efforts and competing messages

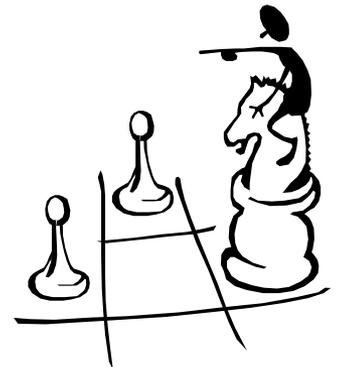


Issues that have been the biggest challenges in working with WIBs, continued

Another 16% had other reasons for challenges in working with WIBs.

The most common “other” responses:

- **WIBS need to be more strategic, taking a proactive, rather than reactive approach**
- **WIBs concentrate more on unemployed than business needs**

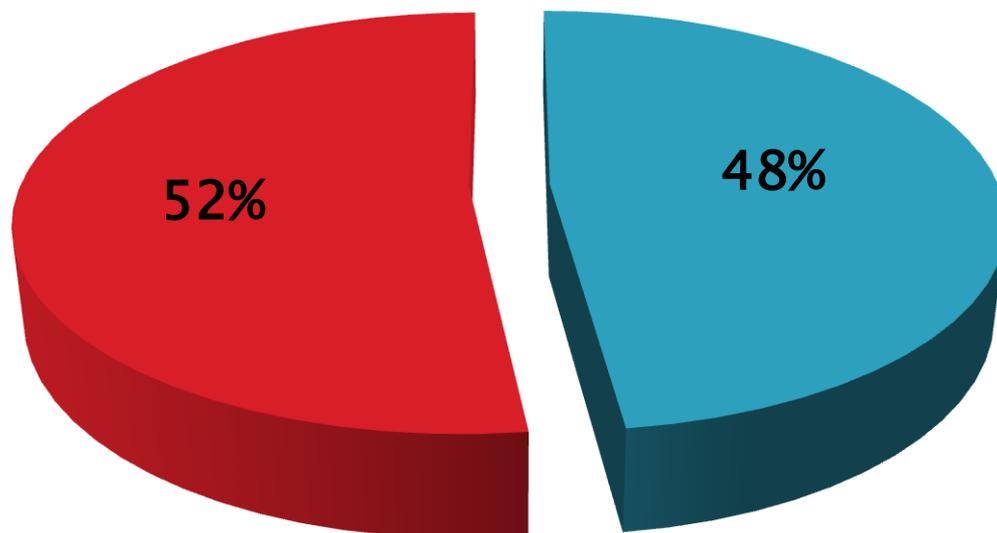


Is there anything that your WIB could be doing – that they are not doing already – that would help the local economy grow?



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Replies



■ Yes

■ No

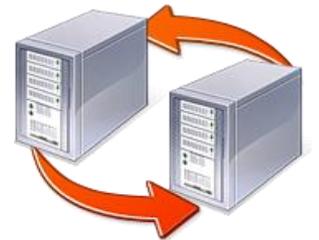
Is there anything that your WIB could be doing – that they are not doing already – that would help the local economy grow?

With 94 respondents providing an opinion on how WIBs could be doing more to help the local economy grow, the replies can be summarized by the 3 C's:

COLLABORATE

COMMUNICATE

CONNECT



Is there anything that your WIB could be doing – that they are not doing already – that would help the local economy grow?

Communicate, Collaborate, and Connect by:

- Working more with regional EDOs and business leaders
- Being more user friendly
- Working more directly with small business and start-ups
- Being more visible
- Forming strategic partnerships
- Being more accountable
- Meeting regularly with stakeholders in the community
- Doing more outreach to local employers (especially helpful to BRE efforts)

Collaboration Between WIBs and EDOs

In Summary

- ▶ Alignment of WFD and ED activities is crucial to preparing a competitive U.S. workforce
- ▶ Differences in funding streams linked to different reporting requirements and performance measurements is the biggest challenge EDOs find in working with WIBs
- ▶ Economic developers would like WIBs to be more strategic, taking a proactive, rather than reactive approach
- ▶ For the local to economy grow, it is crucial for both WIBs and EDOs to:

Collaborate – Communicate – Connect

**SECTORS THAT
NEED JOBS FOR
THE FUTURE**



Sectors that Need Jobs for the Future

Snapshot of Unemployment

- ▶ Over 7.2 million jobs lost since Dec 2007
- ▶ Over 15.3 M people are unemployed today
- ▶ Construction lost over 1.6 M jobs since Dec 2007
- ▶ 661,000 people nationwide have stopped looking for jobs
- ▶ 2.2 M jobs lost in manufacturing since Dec 2007
- ▶ Over 501,000 jobs lost in the financial sector since the start of the recession
 - Accounting for 80% of service sector employment



Sectors that Need Jobs for the Future

Gap between industries that lost jobs and industries that are hiring:

Jobs Lost

vs.

Jobs Open



Auto (manufacturing)

Construction

Banking

Health

Engineering

Energy



Sectors That Need Jobs For the Future



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Sectors with Job Growth Today

- ▶ Healthcare
- ▶ Information Technology
- ▶ Utilities–Energy
→ Green Jobs
- ▶ Financial Services
- ▶ Public transportation
- ▶ Government



Healthcare

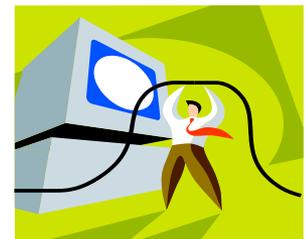
- ▶ 631,000 hired in Healthcare bt. Dec 07–09
 - 27,000 jobs this March, compared with an average monthly gain of 18,000 over the prior 12 months
- ▶ More physicians entering the marketplace
 - each physician needing an average of 4.5 support staff
- ▶ Aging baby boom population will increase job opportunities for those dealing with the elderly and persons with disabilities
 - such as cardio technicians, occupational therapists, and nurses



Technology

- ▶ 1 million new technology-related jobs will be created over the next four or five years—an increase of about 10%
- ▶ **Database administrator jobs:** is a hot field with ample opportunity for growth

Note: The intermingling of healthcare and IT – stemming from increased pressure to digitalize all medical records – could provide a large number of new jobs



Sectors That Need Jobs For the Future

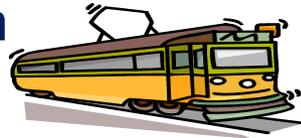
Financial Services

Accountant jobs: growth of 22% in the next decade



Public transportation

States have invested more than \$22.6 billion of stimulus funds towards transportation



Government jobs

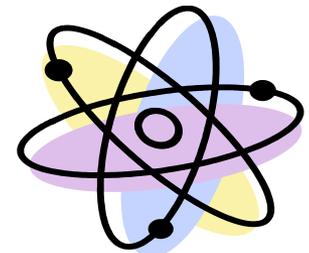
Over the year, from 2009, government employment had increased in 160 metros (42% overall)



Sectors That Need Jobs for the Future

Utility Sector–Energy–Green Jobs

- ▶ The turnover for utilities positions will be high in the coming decade as older workers retire
 - In 2008, 53% of utilities workforce was age 45 or older
- ▶ Opportunities for Green Jobs and Renewable Energy
 - Projections for up to 4.2 million new green jobs that can be created in the U.S. by 2038



Sectors That Need Jobs for the Future



Green Jobs

- ▶ With half of the potential green jobs in high-paying science and engineering, legal, research, and consulting fields, former finance managers may be able to use their skills to transition to a 'green' job
- ▶ The greening of buildings could also create large numbers of jobs for low and semi-skilled workers in the construction industry, to perform work such as energy-efficiency retrofits and weatherization of commercial buildings and homes, and placing of solar panels
- ▶ Manufacturing possibilities include developing wind turbine blades and towers, making semiconductor chips for LED lighting fixtures, producing plug-in electric vehicles, geothermal equipment, and fuel cells



Sectors That Need Jobs for the Future

What this Means for Workforce Development:

- ▶ Upgrading the skills of existing workers is essential
- ▶ Transitioning the workforce to whole new skill sets
 - i.e., green – is necessary to do today to be prepared tomorrow

Example:

- The Macomb Community College in Michigan (near Detroit) has collaborated with firms and institutions to develop the Macomb Renewable Energy Program Initiatives that will help prepare students for green industries.
- Macomb has also created an advanced manufacturing program to update worker's skills and to retrain auto designers to do pipe design, with the hope of bringing back some engineering jobs to the state.



What this Means for Workforce Development:

- ▶ Collaborating with community colleges and economic development practitioners is vital for upgrading the workforce
- ▶ Taking a sector strategy approach – i.e., organizing clusters of businesses that share similar workforce challenges, markets and suppliers – can create economies of scale for job training and education and promote innovation

Example:

- In Ohio, economic developers say that the state's future will be in high-tech jobs related to industry clusters like advanced materials, alternative energy, and biomedical devices.
- Firms specialized in the state's emerging fuel cell industry are hiring graduates of Hocking College and Stark State College of Technology because the quality of their training fits the needs of these new sectors.

Sectors That Need Jobs for the Future

..continued...

What this means for Workforce Development:

→ About \$1 billion was dedicated toward green job training efforts through the Recovery Act, including \$500 million in funding for training in energy efficiency as defined in the Green Jobs Act of 2007

...use this money strategically for quality job growth!



National Perspectives on the Workforce Development System

In Summary

- ▶ Workforce Development extends well beyond connecting job seekers to existing job openings
- ▶ Creating and retaining jobs and business is imperative in today's economy
- ▶ Business need to be better represented on WIBs
- ▶ Alignment of WFD and ED activities is crucial to preparing a competitive U.S. workforce
- ▶ Upgrading the skills of existing workers and transitioning the workforce to whole new skill sets is necessary to do today in order to be prepared for tomorrow

**For a vital local economy all stakeholders must
collaborate – communicate – connect**



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Thank you

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Questions?

Please visit our website at www.iedconline.org



The screenshot shows the IEDC website homepage. At the top left is the IEDC logo and the text "INTERNATIONAL ECONOMIC DEVELOPMENT COUNCIL" with the tagline "The Power of Knowledge and Leadership". Below this is a "SITE SEARCH" box with a search bar and a "More Info" button. The main content area features a large banner for the "FEDERAL ECONOMIC DEVELOPMENT FORUM" held from March 15-17 in Alexandria, VA, with a "MORE INFO" button. To the right of the banner is a "Member Login" section with fields for "Username:" and "Password:", a "Remember me" checkbox, and a "Log In" button. Below the login section is a "Join IEDC!" button with a photo of a woman. At the bottom right is a "IEDC Web Seminar: Higher Education Community Partnerships" scheduled for Wednesday, February 2:30 - 4:00 pm EST, with a photo of a group of people. The left sidebar contains navigation links for "Welcome, Guest", "Inside IEDC:" (About IEDC, Member Center, Join IEDC, Partners/Sponsors, Media Center), "IEDC Programs & Services:" (Professional Development, Conferences, Advisory Services, Legislative Affairs, Professional Awards), "Online Resources:" (IEDC Resource Center, Publications Center, ED Links, Calendar), and "IEDC Home".

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FEDERAL ECONOMIC DEVELOPMENT FORUM
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Join IEDC!

IEDC Web Seminar: Higher Education Community Partnerships
Wednesday, February
2:30 - 4:00 pm EST

IEDC's Presidential and New Congress Transition Document and Economic Stimulus Recommendations

[The 2009 Federal Economic Development Agenda](#) (PDF) is a set of policies intended to provide national leaders with recommendations critical to the economic development communities in the United States. [The Executive Summary](#) (PDF) sums up the recommendations offered in the Transition Document.

On December 16, IEDC and a team of economic development leaders from across the country were invited to meet with President-elect Barack Obama's Treasury Transition Team in Washington, D.C. to provide recommendations for the new Administration's economic stimulus package. Participating organizations included: the Association of Defense Communities (ADC), the California Association for Local Economic Development (CALED), the Council on Competitiveness, the Council of Development Finance Agencies (CDFA), the International Downtown Association (IDA), the National Association of Development Organizations (NADO), and the National Association of Development Companies (NADCO). The recommendations they provided are essential to shaping a viable economic stimulus package to lift the nation out of the economic crisis and meet long-term needs for sustainable development. These documents