

Where Labor Supply Meets Labor Demand: Connecting Workforce Development to Economic Development in Local Labor Markets

At a time of increasing demand for qualified workers and high unemployment, stronger linkage at the local level between workforce development and economic development efforts is much needed. While employers struggle to fill some jobs with qualified workers, millions of unemployed Americans are struggling to support themselves and their families.

So in today's economy, jobs not only need to be created, but efforts must be made to ensure that workers have the necessary education and skills to compete for jobs. This would result in more effective workers and more competitive American businesses.

Midway through 2011, jobs remain scarce compared to the many unemployed people who need them, and there is strong competition for most available jobs. At the same time, the skills and education workers need to compete in the labor market is increasing. Many companies — looking to innovate and become more competitive in the global marketplace — want to build more highly skilled and more productive workforces but report difficulty filling some jobs.

Meanwhile, local regions hard hit by the recent economic downturn are trying to rebound by luring more businesses and increasing the competitiveness of existing industries. But the downturn has caused hardships for state and local governments. Businesses have closed, property values have fallen, tax bases have declined and budget shortfalls have prevailed.

Every dollar of public investment in workforce and economic development must

be maximized to meet the needs of industry, workers, job seekers and government in local economies. This raises a critical question: How can we better link and support workforce and economic development activities and investments at the local level so increasingly scarce public resources are deployed most effectively?

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This issue of *Update* addresses the critical question of integrating workforce development and economic development investments. We begin by briefly describing the nature of workforce and economic development activities — how they differ and, importantly, how they naturally overlap by focusing on communities' needs to develop appropriately skilled workers.

We then briefly review shifts in policies at federal and state levels that have encouraged economic and workforce development efforts to become more closely linked. These federal and state level shifts provide critical support, but our examples of integrating workforce and economic development will focus on activity at local levels, where the work of creating jobs and finding appropriately skilled workers for them occurs.

We offer three examples that illustrate different ways to integrate workforce development and economic development on the ground in a local economy: KentuckianaWorks Construction Pipeline Project in Louisville, Ky., WIRE-Net in Cleveland, Ohio and New Century Careers in Pittsburgh, Pa.

These examples also demonstrate how economic and workforce development programming, when aligned, can promote local economic and industrial competitiveness while also improving local residents' ability to prepare and compete for quality employment.

Next, we describe four essential capacities that workforce development programs need in order to effectively work with local industry and add value to local economic development efforts. These capacities include industry expertise and credibility, deep knowledge about the local labor pool, the ability to conduct strong local labor market research, and relationship building and maintenance.

The publication concludes by acknowledging the inherent differences in the cultures of workforce and economic development practice as well as the pressing need to overcome these differences and develop strategies for better coordinating investments. Investments in institutions at the local level will be critical to accomplishing this important work.

Workforce Development is Economic Development

Traditionally, economic development efforts are geared toward creating an attractive environment for business growth, stability and profitability. These efforts — including infrastructure investments, property or corporate tax abatements and other incentives designed to attract and retain businesses — can help make a community financially attractive for business investment and operations.

Economic development activities may also include investments in facilities to incubate new businesses in a particular industry and activities to tout a community's workforce as being well-positioned to fill businesses' skill and labor force needs.

For many companies, the availability of an appropriately skilled workforce is critical to their business location or expansion decisions. Even as our economy is struggling, the need for appropriately skilled workers continues. For example, a recent study by the McKinsey Global Institute highlights the enduring importance of developing a skilled workforce, noting a projected shortfall of workers with sufficient education. This report also highlights the lack of systems for effectively guiding skill development among workers in ways that meet the needs of our economy. McKinsey notes, “... too few Americans who attend college and vocational schools choose fields of study that will give them the specific skills that employers are seeking.”¹ Addressing this issue falls to agents at the local level. Local agents are positioned to identify what businesses and workers in their communities need and tailor appropriate investments and services in response. Thus, there is a natural overlap between local and regional economic development efforts and workforce development efforts.

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Good workforce development efforts seek to equip job-seekers and current workers with the skills local employers need and to help them get jobs requiring those skills.

Sector employment strategies are among the most effective workforce development approaches. For nearly two decades, the Aspen Institute's Workforce Strategies Initiative (AspenWSI) has studied and promoted sector strategies, which are fast becoming standard best practice. A sector strategy:

- **Targets a specific industry or cluster of occupations**, developing a deep understanding of the targeted industry;

¹ McKinsey Global Institute, *An Economy That Works: Job Creation and America's Future*. June 2011, p.3. Accessed at http://www.mckinsey.com/mgi/publications/us_jobs/pdfs/MGI_us_jobs_exec_summary.pdf.

- **Intervenes through a credible organization or set of organizations**, crafting workforce solutions tailored to that industry and its region;
- **Supports workers in improving their employment-related skills**, increasing their ability to compete for higher-quality jobs;
- **Meets the needs of employers**, improving their ability to compete within the marketplace; and
- **Creates lasting change in the labor market system to the benefit of workers and employers.**

Sector strategies were initially developed as a way to assist low-income workers to improve their skills. While these strategies can also be deployed effectively for workers who are not economically disadvantaged, we believe that the largest portions of public and philanthropic workforce skills training investments should be targeted to low-income, unemployed and low-skill individuals. These individuals are the least likely to benefit from employer investments in workforce training and are least able to invest in skill development on their own.

Sector strategies are implemented most commonly by traditional workforce service providers, and the benefits for low-income workers are well-documented.² Benefits for employers also have been documented.³ Sector strategies by their nature have created opportunities to link workforce and economic development efforts.

Yet, obstacles to linking workforce development and economic development initiatives remain. Workforce development and economic development each rely on different funding streams, with different expectations regarding outcomes. For example, workforce development programs are usually evaluated by whether their participants find jobs or earn higher wages. Economic development programs, however, often state

their value by the number of jobs created or retained or by the additional businesses attracted to a community.

Also, workers — particularly those facing barriers to employment — are a primary constituency of workforce development agencies, but not generally of economic development agencies, which interact more with business owners or managers.

The timeframes for conducting and evaluating workforce development and economic development programs also differ. Job training programs usually address immediate employment placement needs and generally demand short-term results, based on the assumption that unemployed workers need jobs today.

But thoughtful regional economic development often takes much longer. Today's investments may not pay off for years. For example, a common local economic development investment is the industrial park. These are generally launched initially with an anchor business, and the expectation is that they will attract additional business investments over time. Another example is the nationwide effort to convert our energy production and distribution system to clean energy. This is a slow-going process that will take many years to accomplish. Meanwhile, funding for clean energy employment training programs has already been distributed, and trained workers are searching for jobs. If workforce development and economic development goals, priorities and strategies are not pursued in a coordinated fashion, labor supply and demand imbalances will become more problematic. As a result, too many — or too few — skilled workers will be prepared for the number of jobs available.

These differences between workforce development and economic development — in measurable outcomes, funders' motivations and principal constituencies — have resulted

² For more information on sector strategies and their outcomes see: Maureen Conway et al., *Sector Strategies for Low-Income Workers: Lessons from the Field* (The Aspen Institute's Workforce Strategies Initiative, 2007). Accessed at <http://www.aspenwsi.org/publicationdetailsdb.asp?pid=36>; Sheila Maguire, et al., *Tuning In to Local Labor Markets: Findings From the Sectoral Employment Impact Study* (Public/Private Ventures, 2010). Accessed at http://www.ppv.org/ppv/publications.asp?section_id=26.

³ For more information on the business value of workforce services see: The Aspen Institute's Workforce Strategies Initiative, *Business Value Assessment Publications and Tools*. Accessed at <http://www.aspenwsi.org/WSIwork-BVA.asp>; Tim Lohrentz, *Review and Analysis of the Literature: The Business Benefits of Employee Development* (National Network of Sector Partners, 2010). Accessed at <http://www.insightcced.org/uploads/publications/wd/BusinessBenefitsEmpDev.pdf>.

in significantly different organizational cultures and perspectives. Even when workforce and economic development functions are administratively combined and housed together in local government, tensions and communication challenges may persist. Administrative merging of the two functions can be particularly challenging when this type of integration is mandated by top-down funding or administrative directives. Unifying these efforts in reality often requires a significant amount of time and resources being devoted to joint-mission setting and relationship building among staff.

In the next section, we review several strategies that federal and state agencies have pursued to overcome these differences and encourage collaboration between workforce development and economic development groups.

Recent History of Economic Development and Workforce Development Alignment

In recent years, federal and state governments have promoted the alignment of economic and workforce development initiatives. With the authorization of the Workforce Investment Act of 1998, federally funded workforce systems around the country began grappling with a mandate that expanded local workforce development's primary focus on individual workers to a "dual customer" focus on businesses and job seekers. The Workforce Investment Act transformed the Job Training Partnership Act's Private Industry Councils into Workforce Investment Boards, which have a voting majority of local business and industry representatives.

Since the act went into effect, there has been a fundamental shift in orientation to an approach that attempts to balance labor market supply and demand challenges. This shift has also been prompted through several federally funded competitive grants programs issued by the U.S. Department of Labor during Republican and Democratic administrations.

These programs include the Workforce Innovation in Economic Development (WIRED) Initiative, the High Growth Job Training Initiative, the Community-Based Job Training Initiative, Pathways Out of Poverty, Energy Training Partnership Grants and Green Capacity Building Grants. Established to stimulate regional collaboration with a focus on "high-growth" industry sectors, these programs also challenge local workforce development agencies to develop innovative programming to provide the identified or projected skills in the workforce that local business and industry need to compete.

During the 1990s, states and cities also began to better connect economic and workforce development activities and to move toward a "sector" or "business cluster" focus, targeting investments for industries important to the local economy's overall health and growth.

Greater coordination of workforce and economic development strategies at the state level also has been furthered by several reforms aimed at revamping administrative and governance systems. During recent decades, some states merged workforce and economic development offices, creating new state agencies such as the Michigan Department of Labor and Economic Growth and the Minnesota Department of Employment and Economic Development. Other states have folded a workforce development agency into an economic development agency. For example, the Missouri Division of Workforce Development lies within the Missouri Department of Economic Development. Meanwhile, other states have sought to coordinate efforts by forming new collaborative bodies, such as the Workforce Competitiveness Trust Fund in Massachusetts and the Workforce Alliance in Kentucky.

In 2003, the National Governors Association Center for Best Practices began a two-year Policy Academy for six states to support and learn from their respective workforce-economic development alignment efforts. It culminated in a publication advocating for better alignment of workforce, education and economic development systems by focusing on key

industry sectors, building more effective worker pipelines and work supports, and creating cross-system performance indicators.⁴

Today, a few states and regions are working to strengthen their economies by developing regionally targeted initiatives. Illinois's Critical Skills Shortage Initiative and Pennsylvania's Industry Partnerships program were launched to create jobs and increase the competitiveness of critical industry sectors. Similarly, Washington state has a long history of working with Industry Skill Panels. All of these initiatives bring together stakeholders within an industry to design and implement strategies that address workforce and economic development needs.

Some regionally targeted efforts cross state lines because industries and labor markets also cross state lines. For example, the AIM2WIN Regional Workforce and Economic Development Initiative combines economic and workforce development strategies in order to strengthen key industry clusters for a multi-state regional economy that includes portions of Iowa, Minnesota and Wisconsin.

In the current era of increasingly scarce resources, high unemployment, and mismatches between the skills employers need and the skills workers have, ensuring that economic development and workforce development investments leverage and complement one another is all the more critical. Federal and state policies have encouraged this alignment, but local leaders of workforce and economic development initiatives remain the primary drivers.

What Alignment Looks Like in Three Local Economies

The following are brief examples of initiatives in which workforce development efforts are closely aligned with economic development activity and investments in three metropolitan areas — Louisville, Ky., Cleveland, Ohio, and Pittsburgh, Pa. Each of these initiatives was developed in response to the unique economic and employment environment in its area.

Each used different industry engagement approaches, responding to different employment opportunities, employer needs and resource availability or constraints. Each example demonstrates the importance of having a broad coalition of stakeholders who collaborate in order to produce a successful alignment.

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KentuckianaWorks Construction Pipeline Project

In Louisville, Ky., workforce development program leaders and civil rights leaders collaborated with key political and economic development leaders to ensure that a large economic development project and public investment — the construction of a sports arena in downtown Louisville — created new employment opportunities for local residents.

Begun in 2005, the arena project spurred collaboration between workforce development and economic development agencies, which created workforce hiring goals to ensure that residents benefit from the new jobs generated by the construction.

Key to this effort was the Construction Pipeline Project, a new construction pre-apprenticeship program designed to equip workers with the necessary skills to work on the project. KentuckianaWorks, the regional workforce development agency, administers funding for the program and helps broker

⁴ Martin Simon and Linda Hoffman, *The Next Generation of Workforce Development Projects: A Six-State Policy Academy to Enhance Connections Between Workforce and Economic Development Policy* (National Governors Association Center for Best Practices, Final Report to the U.S. Department of Labor, December 2004). Accessed at <http://www.nga.org/Files/pdf/WorkforceAcademyReport04.pdf>.

partnerships, such as the one between the Louisville Urban League and the Greater Louisville Building and Trades Council to develop the training curriculum.

During the construction of the arena, known as the KFC Yum! Center, approximately 2,000 workers put in 1.55 million hours. The Louisville Arena Authority, created to oversee the construction project, set local hiring and diversity goals for the project. More than 60 percent of the project's workforce came from the Louisville area, exceeding the project's local hiring goals. In addition, 23 percent of workers were minorities, and 5 percent were women, which also surpassed workforce hiring goals.⁵

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To construct the arena, \$217.8 million in contracts for work were let. The Arena Authority set a goal to have 27.5 percent of its subcontractors be businesses owned by women and/or minorities. It achieved 30 percent and the subcontractors received \$65 million in business.⁶ To achieve these workforce and contracting goals, the Arena Authority worked with a range of workforce development and economic development leaders in Kentucky.

In 2005, then-Gov. Ernest Fletcher formed the Louisville Arena Authority (chaired by Jim Host, a former Kentucky Commerce Secretary) to oversee the construction of the KFC Yum! Center in downtown Louisville. The Louisville Urban League, Justice Resource Center and local residents lobbied for the project to

include specific local hiring goals. The Urban League, experienced in operating workforce development programs, previously had seen many such construction jobs in Louisville go to workers migrating in from outside the area. And the local construction industry had a noted lack of diversity in its workforce. The Louisville Arena Authority board created an Affirmative Action and Labor Committee to promote and monitor the employment of local residents — particularly minorities and women — in the arena project.

The Arena Authority's board set local hiring goals, and the Urban League and Justice Resource Center (an organization involved in civil rights and community organizing) were tasked with helping to meet those goals. This required not only monitoring hiring, but also training new workers in skills that would be needed to obtain work on the project. The Arena Authority board helped the regional public workforce development agency, KentuckianaWorks, obtain the governor's discretionary Workforce Investment Act funds to finance a new construction pre-apprenticeship program, the Construction Pipeline Project.

For this targeted training and employment effort to succeed, workforce program leaders had to develop strong working relationships not only with political and economic development leaders, but also with employers who would ultimately make hiring decisions. These relationships also informed curriculum development and positioned the Pipeline Project to be effective with employment placement.

KentuckianaWorks forged a partnership between the Urban League and the Greater Louisville Building and Trades Council. The Urban League and Trades Council worked together to develop the Construction Pipeline Project curriculum. The Trades Council was also instrumental in helping the Urban League and KentuckianaWorks to navigate new relationships with 15 different trade unions as well as the lead building contractor and

⁵ Mark Green, *Louisville Arena Board Creates State's New Economic Engine* (The Lane Report, November 2010). Accessed at <http://lanereport.com/articles/article.cfm?id=1363>.

⁶ *ibid.*

numerous subcontractors. The Pipeline Project ultimately placed 35 women and minorities (with little or no previous construction experience) in jobs on the arena project.⁷

The partners on the Pipeline Project also made sure that hiring goals were not only met but exceeded. Contractors were engaged and invited to provide feedback on the Pipeline Project's work through phone calls, mailings and in-person meetings. The Arena Authority monitored hiring during the construction of the arena and worked with contractors, union representatives and Pipeline Project partners to address the employers' workforce needs while also meeting the hiring goals.

Perhaps even more importantly, Louisville has a model for collaboration and for aligning interests that had historically been competing. Local leaders expect the collaborative processes and working relationships built during the Pipeline project will be useful in helping prepare and employ a local and diverse workforce in future projects.

The Construction Pipeline Project has evolved into the KentuckianaWorks One Stop Construction Career Center, which continues to provide training for and placement into jobs in the construction industry. The One Stop Center and the pre-apprenticeship program housed within the Center are operated by the Urban League and its partners.

WIRE-Net

In Cleveland, the business organization WIRE-Net provides programs and services to strengthen manufacturing companies so they remain competitive in their markets, contribute to the community and fuel local economic growth.

With more than 300 member companies, WIRE-Net has extensive and deep relationships with local employers. It links traditional economic development and industrial retention activities with workforce development activities, in order to retain and grow quality employment opportunities as well as help low-income individuals take advantage of those opportunities.

WIRE-Net's activities span services to help manufacturers navigate local public services and regulations and access public incentives as well as advocacy efforts conducted on behalf of the manufacturing industry. WIRE-Net helps manufacturing firms with public services such as obtaining building permits and navigating zoning requirements. And the organization also helps firms to access available public financing and incentives. WIRE-Net's advocacy efforts include campaigning for public investment in infrastructure maintenance and improvement and organizing its business membership to participate in advocacy efforts.

WIRE-Net also assists manufacturers by consulting directly or brokering consulting services provided by others in areas such as market diversification and manufacturing operations. And WIRE-Net helps manufacturing firms access public financing to expand industrial capacity and obtain workforce training funds targeted for manufacturing workers.

WIRE-Net also administers the Northeast Ohio Campaign for American Manufacturing, a non-partisan, issue-focused coalition of manufacturing, business, civic and industry leaders. The coalition advocates for policies to improve the manufacturing sector through infrastructure improvements, trade and tax policies, education, and health care, among other things.

In its earliest days, WIRE-Net provided pre-employment training to unemployed individuals. When employers expressed concern in recent years about having trouble finding and keeping qualified workers, WIRE-Net responded by refocusing its employment services in order to assist manufacturers with targeted staff recruitment, screening, assessment, hiring and retention services.

WIRE-Net staff members also work with community-based organizations to provide social supports for new employees who need help transitioning from unemployment to new jobs. These workforce development support services are in high demand by employers.

Because it has limited resources and cannot provide services to all of the businesses who

⁷ Louisville Urban League report, *KentuckianaWorks Construction Pipeline Project: The Louisville Area and Beyond* (2010). Accessed at <http://www.lul.org/PDF/ConstructionPipelineReport-10-6-2010.pdf>.

request them, WIRE-Net developed an assessment process to prioritize among the companies requesting its support services. WIRE-Net's Workforce Opportunity Assessment Tool helps staff identify "high road employers" who merit top priority, by assessing a company's workplace culture, human resource practices and commitment to full-time employment for staff. Other factors in WIRE-Net's assessments include a company's turnover and retention rates, wages, benefits and number of anticipated job openings, as well as its involvement with other WIRE-Net activities to support the local manufacturing industry.

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New Century Careers

In southwestern Pennsylvania, despite declines from its industrial heyday, advanced manufacturing remains a large and vibrant industry. Manufacturing is a critical driver of the regional economy, and there is high demand for skilled machinists, industrial maintenance technicians, welders and other high-skill occupations.

Current manufacturing expansion is fueled by process and productivity improvements as well as new technologies. This has resulted in employers needing a significantly more skilled workforce than they once did.⁸

A workforce shortage crisis is predicted to soon occur, not only because of this shift in the skills workers need. Other contributing factors include an aging workforce, as well as young people's lack of awareness about new manufacturing job opportunities and their outdated image of the nature of manufacturing work.

There are already signs of impending worker shortages. As companies attempt to rebound from the recent recession and to ramp up production, some are reportedly being forced to decline orders because they don't have enough skilled workers to fill those orders.

Pittsburgh-area manufacturers need access to a workforce with appropriate technical skills so they can remain competitive and stable. But they also need this so they can decide whether to take on new lines of work and grow. For this reason, Paul Anselmo, executive director of New Century Careers, a Pittsburgh-based nonprofit that provides job training, maintains that "for the manufacturing industry, economic development is workforce development."

To retain the tens of thousands of manufacturing jobs and attract new manufacturing investments that will create new jobs, Pennsylvania's Department of Community and Economic Development has teamed up with public and private workforce service providers, colleges and manufacturing employers in southwestern Pennsylvania.

Together, they are changing the region's training, education and apprenticeship pipeline so that education investments by the public, industry and individuals align with local companies' needs for skilled workers, now and in the near future.

Established more than a decade ago, New Century Careers has prepared more than 1,000 individuals for entry-level manufacturing jobs and trained almost 7,000 manufacturing employees already working in 305 companies.

New Century Careers provides a range of services to the many manufacturing companies that partner with the organization. These services include up-to-date and detailed labor market information, opportunities to participate in roundtable discussions on manufacturing industry topics, market and workforce trend information, access to recent graduates of machining and welding training programs, and customized training for current workers, at below-market cost.

Recent changes have been made in the region's training, education and apprenticeship pipelines in order to produce skilled manufacturing workers, changes that one workforce development organization or college acting alone could not have accomplished.

And more changes are needed. The current student training pipeline and infrastructure is estimated to meet only about 10 percent of the

⁸ Dan Fogarty, *Initial Report January 14, 2010, Pennsylvania Project for Advanced Manufacturing Careers* (January 2010). Accessed at http://www.paworkforce.state.pa.us/portal/server.pt/community/pa_center_for_advanced_manufacturing_careers/18909.

projected 15,000 to 17,000 new or replacement workers that Pennsylvania employers will need by 2020.⁹ New Century Careers is collaborating with manufacturers, colleges and other training providers on a wide range of activities to address this gap.

Some of these activities are designed to attract young people into manufacturing careers. But an even larger collaborative effort has been made to define specific skills and competency standards that many employers need and then align them with National Institute for Metalworking Skills standards to produce a specific training template.

Equipped with this template, the region's colleges and technical training providers (including New Century Careers) have worked to standardize education programming and make it available in a variety of locations (as well as on-line). As a result, employers can more easily evaluate a potential employee's manufacturing skills training. And workers can now earn credentials that are both "portable" in the sense that they are recognized by many area employers and "stackable" meaning that a course or certificate completed through one education provider will be recognized as providing the knowledge base to move to another course — even if the student transfers from one school to another.

As these three examples demonstrate, the goals of economic development and workforce development overlap. Economic development investments are generally made in order to recruit jobs, create new jobs, retain existing jobs and build infrastructure that promotes capacity for further job growth. Workforce development investments are generally made in order to provide services that equip local residents to get a job, to get a better job or to keep a job.

These examples also demonstrate how conscious and strategic efforts to simultaneously improve business competitiveness and local labor force participation can maximize the impacts of economic development and workforce development investments.

Four Capacities Needed to Align Economic Development and Workforce Development

As these examples have illustrated, a wide range of capacities is needed for workforce development efforts to successfully align with economic development efforts. These capacities include industry expertise and credibility, deep knowledge about the local labor pool, ability to conduct strong local labor market research, and relationship building and maintenance. Some of these capacities are strengths inherent to good workforce programs. Others are more of a stretch and for many programs, require significant investment to build and maintain. We describe each of these capacities in more detail below.

1. Industry expertise and credibility

Workforce development programs that focus on a particular industry sector earn credibility from the businesses with which they work by demonstrating technical knowledge about and deep interest in those businesses.

To earn this credibility, programs employ staff who speak (or learn) the language of industry employers and understand employers' core business operations and challenges. They are able to work with employers to identify very specific workforce development needs and to strategize about value-added solutions. They also understand career pathways and education requirements associated with the region's available employment.

Because these programs are committed to the industry and want to establish or maintain relationships with businesses, they find opportunities to provide services to businesses — even when the businesses are not hiring. For instance, a workforce program focused on manufacturing may help local manufacturers upgrade their incumbent workers' skills during economic downturns when businesses are not hiring. These programs are, as a result, already at the table as recognized industry participant when economic development projects are planned and implemented.

⁹ Pennsylvania Center for Advanced Manufacturing Careers, *Critical Shortages of Precision Machining and Industrial Maintenance Occupations in Pennsylvania's Manufacturing Sector* (December 2010). Accessed at http://www.paworkforce.state.pa.us/portal/server.pt/community/pa_center_for_advanced_manufacturing_careers/18909.

But a workforce development program that does not have deep industry knowledge still can work to link with economic development efforts by developing this knowledge through partnerships or strategic hiring.

For example, the Louisville Urban League was a workforce training provider before it engaged with the Louisville Arena Authority. The Urban League did not have prior experience with or deep knowledge of the skills needed by workers on the arena construction project. Nor did it know much about the hiring processes of construction industry contractors and subcontractors. And it did not have extensive experience working with the numerous trade unions involved with the arena project hiring.

However, early on, the Urban League, with assistance from the local workforce agency, sought guidance from a key local group that did have this knowledge and experience — the Greater Louisville Building and Trades Council. Getting the council's buy-in on meeting local hiring goals was instrumental to the Urban League's ability to successfully navigate new territory and develop in-depth industry knowledge.

2. Deep knowledge about the local labor pool

Local and regional economic development projects designed to promote industry growth and competitiveness can be stymied by the harsh reality that many Americans are not prepared to compete for the skilled jobs that employers need to fill. This is where strong workforce development programs can add a lot of value.

Equipped with deep knowledge about local residents, workforce service providers are well-positioned to inform planning on what investments to make in local industries and how these investments can produce good local employment outcomes.

For example, because the Louisville Urban League has strong connections to local residents, particularly minority residents, it understood that residents would not benefit from new jobs generated by the sports arena project without providing them with significant training and strategic employment placement assistance.

Workforce service providers know the skills, aptitudes, goals and motivations of their unemployed and under-employed constituencies. They know what barriers

keep people from participating in training programs or successfully transitioning from unemployment to work.

In Pittsburgh, for example, workforce development providers knew that manufacturing skills training would need to be available at sites across southwestern Pennsylvania. Otherwise, training would not be accessible to low-income students who lack reliable transportation and/or would face long commutes to a distant training facility.

Providers also knew that the manufacturing industry needed to develop public awareness activities to change the negative view of manufacturing jobs held by young people and their families.

3. Ability to conduct local labor market research that is informed by both data and industry intelligence

This is another area where workforce development programs can inform economic development efforts. For example, in southwestern Pennsylvania, overall manufacturing job growth is not projected to expand much, in aggregate, over the next 10 years. But this aggregate data masks the fact that many workers are nearing retirement age.

And aggregate data cannot be used to learn more about critical problems — for example, that by increasing the skill requirements for existing jobs, employers will have a harder time filling jobs and individuals will have a harder time getting those jobs.

Created by Pennsylvania's Workforce Investment Board to develop long-term workforce strategies, the Pennsylvania Center for Advanced Manufacturing Careers partnered with the Keystone Research Center, a Pennsylvania-based research and policy development institute, to unpack aggregate labor market data, making it extremely useful for planning and strategy development.

Pennsylvania has made significant investments in institutional research capacity to analyze labor market data and has funded researchers to work with the state's Industry Partnership program leaders (employers, educators, workforce service providers) to help these leaders understand labor market data and the implications for their work.

Both workforce development and economic development practitioners need the capacity to find and interpret labor market information that illuminates overarching trends in the local or regional economy and reveals the nuances of specific local conditions.

Reaching this level of knowledge about current and emerging labor market trends requires using published public labor market data and reports. But it also requires practitioners to talk with employers about their specific hiring practices and concerns as part of their analysis.

For example, to build on its initial analysis of manufacturing labor data in Pennsylvania, the Center for Advanced Manufacturing Careers conducted focus groups with employers to vet analysis findings and to learn about on-the-ground factors driving change.

Aggregate labor market data also cannot provide information about the quality of jobs. In Lancaster County, Pa., labor market data has shown growing need for workers to fill jobs in tourism, one of the region's largest and fastest growing sectors. Logically, this might have led the local Workforce Investment Board to invest in preparing workers for jobs in hospitality, food service and other tourism-related occupations.

However, after conducting an on-the-ground assessment of the quality of tourism-related jobs, the board determined that scarce training resources would be better used to prepare low-income residents for jobs in other prominent local industries, including food manufacturing and health care. These offer greater job stability, more full-time, year-round work, better opportunities to obtain employment benefits and more career advancement opportunities. While all three industries are the target of local economic development investments (and all are important to the region's economic health), the WIB linked its workforce-related investments with local economic development programming geared toward the industries with the most attractive jobs.

4. Relationship building and maintenance

As the three examples in Louisville, Cleveland and Pittsburgh illustrate, workforce leaders learn from and must build and maintain relationships with leaders and staff representing many different organizations. To effectively align workforce development with local and regional economic

development activities, workforce leaders engage with representatives of businesses, trade associations, chambers of commerce, unions, city and regional planning agencies, colleges, high schools, community-based organizations and economic development agencies.

In some communities, a workforce development program leader may need to act as a “convener” in order to find common ground and spur collaboration among a wide range of stakeholders. In other communities, a collaborative effort may already have a leader — perhaps the mayor's office or the local chamber of commerce has already organized a stakeholders group to work on issues related to a local industry. In such cases, a workforce leader may find that he or she can add value to an existing effort.

Integrating workforce and economic development functions takes time, with relationships growing and evolving incrementally. To effectively support integration, public and private financial investments should be made with the understanding that long-term investment is critical to agencies' ability to build and sustain effective working relationships.

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Final Thoughts

Efforts to integrate workforce and economic development investments and practices are occurring at the federal, state and local levels. As the examples cited earlier show, much can be gained from strategic collaboration between economic development and workforce development practitioners.

Working collaboratively, they can better leverage resources, relationships, information and activities in order to make investments that both strengthen local industry competitiveness and provide better employment opportunities for local residents.

Federal, state and local policies increasingly encourage integration of workforce and economic development. Yet, a great distance between the two remains. Workforce development and economic development agencies still have different cultures and value systems. They also frequently operate in their own environments, with differing funding streams, performance measures and timelines.

We must find practical ways to bridge these differences. Businesses are seeking higher-skilled workers, greater productivity, increased competitiveness in a global marketplace and higher profits. Meanwhile, job seekers and workers are looking for educational opportunities, better wages and benefits, as well as career advancement opportunities.

Meeting the needs of both is critical for our nation, now and in the future, as we seek to

reduce high unemployment and poverty as well as to better compete with other developed and developing countries in an increasingly difficult global economy.

At this time, it is imperative that we work to align economic development and workforce development efforts. To do so, we must not only invest in our infrastructure, energy systems, research and development, and other areas that spur innovation and economic development.

We must also invest in and support the development of capacities enabling local workforce development leaders to coordinate their efforts with economic development leaders' work. Together, they need to develop and maintain an adult education and job training infrastructure that meets industry's need for skilled workers and individuals' need for quality employment.



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