

# Identifying Opportunities for Collaboration and Integration on Economic Development and Workforce Initiatives

September 14, 2012

# Talent – Economic Growth Imperative

- The recent NGA Chair’s Initiative – *Growing State Economies* – found that education and skills is one of the six key drivers to grow a state’s economy. Specifically:

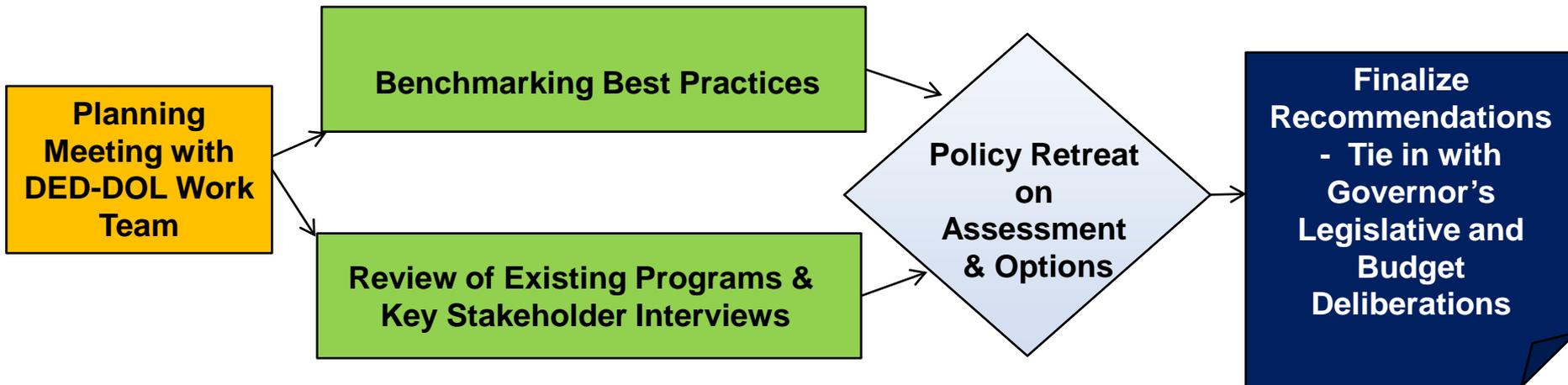
*“Education and skills are increasingly important to economic success... It is individuals with specific training, abilities and characteristics who provide the principal mechanisms through which economies evolve and thrive. A critical mass of high-powered minds and specialized knowledge is in great demand, not just in the United States but around the world, as corporations look for new sites for a particular cutting-edge industry and young scientists and engineers want to be where other highly-skilled people are.”*

## Talent Imperative in Nebraska

- Industry surveys consistently show that workforce is both the key economic strength and the key economic weakness for Nebraska:
  - **Strength:** Workforce quality top competitive advantage of Nebraska
  - **Weakness:** Lack of availability of skilled workforce is major impediment to business growth
- Battelle’s Competitive Advantage Report found:
  - Lower levels of high skilled talent across leading industry clusters in Nebraska.
  - Decline in engineers and scientists employed in Nebraska from 2004 to 2008

# Project Objective and Methodology

- **Project Objective:**
  - ***Identify how the Departments of Economic Development and Labor can collaboratively address the key challenges and strategic opportunities for advancing the state’s economy.***
- **Methodology**
  - **FOCUS ON “FUNCTION”** – informed by discussions and benchmarks
  - **THEN FOCUS ON “FORM”**
- **Key Project Activities**



## Who Did We Speak With

- Two planning meetings with DED-DOL leadership team
- In-depth Internal Interviews
  - John Alpin
  - Phil Baker
  - Whitney Bumgarner
  - Dan Curran
  - Mary Findlay
  - Allison Hatch
  - Lara Huskey
  - Cathy Lang
  - Joan Modrell
  - Tim O'Brien
  - Carla Patterson
  - Melissa Lee Trueblood
  - Eric Zeece
- Stakeholder Interviews
  - Mike Baldino, Mfg Association
  - Wendy Birdsall, Lincoln Chamber
  - David Brown, Omaha Chamber
  - David Drozd & Jerry Dieckhart, UNO Center for Public Affairs
  - Dan Duncan, Innovation Campus
  - Kathryn Erdmann, US DOL
  - Dan Hoffman, Invest Nebraska
  - Steve Joel, Lincoln Schools Superintendent
  - Larry Johnson, Logistics Council
  - Todd Johnson, Gallup
  - Rich Katt, State Education -- CTE
  - Barry Kennedy & Richard Baier, State Chamber
  - Phil Kozera, BioNE
  - Jim Linder, UNMC
  - Jim Linderholm, Lincoln WIB
  - Eric Thompson, UNL Bureau of Business Research

# Summarizing the Shared Mission and Value Proposition Linking DED and DOL

- **Shared DED & DOL Mission:** *Ensure that Nebraska’s industry has the qualified workforce they need to grow and prosper, with a particular focus on addressing primary industry clusters and regional development needs in Nebraska*

<i>Function</i>	<i>Value Proposition from Collaboration/Integration</i>
<b>Economic Research</b>	Focusing LMI capabilities on economic development needs
<b>Labor Market Exchange</b>	New virtual service approach of NEworks repositioning state’s labor exchange to be high quality site for filling high to low skilled jobs with job ready candidates...a benefit to both Nebraska’s companies and citizens
<b>Job Training</b>	Establishing a more seamless workforce development system focused on meeting employer needs
<b>P-16 Talent Pipeline</b>	Provide a sustained voice of industry and focus on requirements for careers found in Nebraska
<b>Top-Talent Attraction &amp; Innovation</b>	Broaden focus of workforce development to recognize high level skilled workers – entrepreneurs, scientists and engineers – by creating linkages with innovation strategies and technology industry clusters
<b>Unemployment Insurance</b>	Strengthen focus on “re-employment” mission

## From Function to Form: Addressing Perceptions of Stakeholders

- All stakeholders generally understood the importance of workforce development as it relates to economic growth and prosperity.
- The workforce and education stakeholders raised few concerns, and generally agreed with the integration of economic and workforce development.
- In sharp contrast, the economic development community raised significant concerns, including:
  - Concern that the state’s economic development mission will be diluted
  - Perceived differences in cultures will clash
  - Many see DOL as more bureaucratic and driven by federal requirements – concerned that it will reshape DED
  - Concern that many of the DED efforts are in their infancy and at a stage that requires significant nurturing – industry clusters and innovation, in particular – and will be set back by an integration
  - Concerned that timing within current Administration will not allow for full integration, and could be easily undone by successor.

# From Function to Form: Conceiving Options for Integration

- **Option 1: Full Agency Combination**

- Would need to be able to address significant concerns of key stakeholders based on their current perceptions of DOL and DED's roles. Has the potential to set back existing programs that are being implemented, such as the Governor's Talent and Innovation Initiative.

- **Option 2: Partial Combination – Combine DOL's economic research, labor market exchange and job training workforce components into a new agency ... Dept. of Economic and Workforce Dev.**

- Need to be careful on how UI is handled so don't create new barriers or administrative challenges, particularly under Federal requirements which will not allow for Labor Exchange to be split from UI

- **Option 3: Collaboration not integration (burden of proof is on showing results)**

- Work on major state initiatives that demonstrate connectivity
- Advance a regional approach of linking economic development and workforce development (e.g. First Minnesota, Pennsylvania Industry Partnerships)
- Pooling of resources via MOUs
- Seamless front door to business/industry

# Recommendation

- **Advance a Governor’s Talent Pipeline Initiative (Option 3 – Collaboration)**

- Serve as the guide for linking Economic Development, Labor, and Education on areas in which integrated programs and initiatives will quickly and seamlessly lead to ensuring that Nebraska’s industry has the qualified workforce they need to grow and prosper.



**Innovation**

**Broad  
Range  
of  
Potential  
Actions**

STEM Education  
Career Academies

Sustained Industry Councils

Industry Certification Training

InternNE  
Entrepreneurial Education  
Certificates

Revamped State Targeted  
Workforce Training Program  
WIB Incentives for Regional  
Industry Cluster Programs  
Expanding Job-Ready and  
Longitudinal Research  
Inter-Agency Workforce  
Partnership Council  
Gallup Entrepreneur  
Acceleration System  
Entrepreneurs-In-Residence

# More Details on Governor's Talent Initiative

<i>Function</i>	<i>Specific Actions</i>
<b>Economic Research</b>	<ul style="list-style-type: none"> <li>• MOUs being signed to enable greater use of LMI data for economic development efforts</li> <li>• Longitudinal studies</li> <li>• Focus on job vacancies, labor availability and under-employment across regions of the state</li> </ul>
<b>Labor Market Exchange</b>	<ul style="list-style-type: none"> <li>• Publicize and mobilize ... get the word out on successes and availability</li> <li>• Advance as a career placement tool for higher education – add more functions and features to guide career self assessments, create student portfolios, offer online career mentors, etc.</li> <li>• More outreach to primary industry cluster members, particularly in metro areas through ED professionals</li> <li>• Make revisions to system based on user-feedback to ensure it is user-friendly to both industry and individuals</li> </ul>
<b>Job Training</b>	<ul style="list-style-type: none"> <li>• Combine state funded DED and DOL programs to:               <ul style="list-style-type: none"> <li>• Better align with focus on primary industry clusters' needs</li> <li>• Make more timely -- meet the speed of business</li> <li>• Identify dedicated funding</li> </ul> </li> <li>• Provide incentives for local WIB to address regional industry cluster needs</li> <li>• Create an inter-agency partnership collaboration to pool resources better and to be better positioned to pursue federal funding               <ul style="list-style-type: none"> <li>• Coordinate especially with Veteran Programs and VocRehab Programs</li> </ul> </li> </ul>
<b>P-16 Talent Pipeline</b>	<ul style="list-style-type: none"> <li>• Engage industry involvement in Cluster Career Academies modeled on Logistics Council's efforts</li> <li>• Coordinate with P-16 efforts to ensure full continuum of efforts across all partners</li> <li>• Ensure continued funding of Intern Nebraska Program</li> </ul>
<b>Top-Talent Attraction &amp; Innovation</b>	<ul style="list-style-type: none"> <li>• Advance Entrepreneurs-In-Residence program to mentor entrepreneurs, accelerate business formation, and create more high quality university spin-outs</li> <li>• Advance entrepreneurial education certificates, especially for graduate-level engineering and science students</li> </ul>
<b>Unemployment Insurance</b>	<ul style="list-style-type: none"> <li>• The claimant as the job seeker</li> <li>• More direct connection between benefits and work search</li> <li>• Strengthen registration and work search verification</li> </ul>

# Appendix A: Programmatic Findings by Function

# Function: Economic Research

## Internal Discussions

- Opportunities for improved research products with more integrated efforts, including:
  - Job vacancy survey
  - Labor shed study
  - Improved labor availability analysis to identify pools of under-employed workers and those seeking jobs for prospects (tapping databases found in NEworks)
  - Improved employer surveys ... tapping LMI expertise
  - More comprehensive program impacts/evaluation ... tapping linkages of administrative datasets
  - Commute patterns
  - GIS site mapping for site locations
- Limited opportunities to realign existing efforts since under federal contracts, so improved research products would require additional resources. Estimate \$250k annually.

## External Stakeholders

- Voiced concerns about timeliness of analysis – need to work on tight turnaround when working with a prospect
- Occupational forecasting alone not sufficient. Process needs to be enriched by engaging educational providers more in the process and incorporating the supply side of the equation and what it takes to generate the occupations in demand as well as working to expose students to these fields.
- Interest in key advancements of data services:
  - Ability to do longitudinal studies critical to understanding the dynamics of who fills jobs and what happens to those unemployed
  - Given Nebraska's low unemployment rates, it is critical to have under-employment studies to show breadth of available skilled workforce

# Function: Labor Market Exchange

## Internal Discussions

- Moving to shift away from image of a “place where people come who don’t want or don’t have the skills to work”
- Through establishing a “virtual service unit” seeking to create an employer centric system that brings a focus on the “job ready” workforce, while also serving the unemployed and underemployed.
  - Focus on improved matching of qualified workers for qualified job openings
  - Data mining across those seeking work – whether or not receiving UI – to meet employer needs.
  - Use of web spiders and other tools to identify real employer job postings
  - Pilots underway in three areas of the state – two rural and one urban
  - Also piloting using the “virtual service unit” as the career placement service for post-secondary with Metro Community College
- A key value of integration is to “re-brand” NEworks so that it is relevant to employers

## External Stakeholders

- Viewed as more of a system for the unemployable/low skilled than for the job ready/high skilled workforce
- Perception is that Federal dollars dictate activities, which are not always what Nebraska needs – too much focus on consistently unemployed vs. underemployed or those trying to climb a career ladder – needs more emphasis on workforce development activities.
- NEworks website is viewed as cumbersome and time consuming for both companies and individuals.
  - Impression is that few companies utilize it due to cumbersome requirements and in frustration, few skilled workers turn to it to find employment because of quality of jobs that are posted. Recommended that this website be abandoned and a website focused on attraction and retention of skilled workforce be developed.

# Function: Job Training

## Internal Discussions

- Nebraska Advantage Customized Job Training Program provides effective source of discretionary funds for retention and attraction of firms, however not enough funds available.
- Incumbent workforce training remains a significant need for Nebraska industries
  - DOL Worker Training Program focuses on incumbent workers, largely soft skills driven
- Need to be pro-active in identifying and meeting the workforce needs of primary industry clusters.
- Seeking to create a more seamless workforce development system focused on meeting employer needs and being organized and more agile to pursue federal grant opportunities
  - Make funding source irrelevant to employers and keep focus on meeting specific needs
  - Requires multiple agency coordination, including education
- Potential that Congress will act to advance increased flexibility and integration of WIA with economic development

## External Stakeholders

- DOL Job Training Programs are viewed as relatively unresponsive.
  - Application process is slow and most funding goes to generic training (i.e., Microsoft Office training rather than specific job skills)
- Programs are viewed as reactive instead of proactive in terms of industrial trends (in advance of a specific company asking for assistance)
- With limited funding, need to focus on a long-term state workforce development strategy with priority placed on serving industry clusters.
- State role should be in setting policy to make local relationships work more seamlessly.
  - Several local efforts were cited as effective partnerships between local industry clusters and either community colleges or other training providers.

## Internal Discussions

- Both DED and DOL share interest in advancing talent pipeline involving stronger working relationships with education community – important to bring the voice of industry into the talent pipeline development process
  - Industry Councils are key means to support talent pipeline development
- Focus on careers found in Nebraska is key element that must be infused in talent pipeline development across K-12 and all levels of post-secondary
  - Students knowledge at all levels within educational system of career opportunities is quite limited – partnerships between industry and academia is minimal.
- InternNE has successfully garnered interest and participation by industry and has been able to be modified and tweaked to meet industry needs.
  - But supply of students has not been able to meet demand and outreach to educational system needs to continue to be expanded and refined.
- Need to create career ladders for targeted primary industry clusters.

# Function: Talent Pipeline (2 of 2)

## External Stakeholders

- Revamping of Career Technical Education (CTE) underway – has not been focused well and major fall-off from Middle School (career awareness) to H.S.
  - New career standards
  - Major focus on H.S. career academies linked with community colleges.
  - No state funding puts CTE reforms in jeopardy ... Federal funding not sufficient given need for new facilities, transportation, curriculum development and teacher development
  - Need to address challenges posed by rural school districts – more virtual delivery
- See Community Colleges as critical – stronger links to employers, several highly innovative in Nebraska, but not an effective system. Plus, competition among and between the educational pipeline often hinders real collaboration of the development of career ladders or 2+2+2 programs.
- CTE reforms makes integration with economic development critical – need for systematic and sustained voice of employers to stay current with job market
- Industry sees education system not focused on relevant, applied knowledge, instead too focused on theory. Plus, does not appear that scientific/engineering curriculums are being modernized to meet industry needs of today.
- Share views on InternNE – strong industry response, but weak student interest due to outreach. InternNE should be modified to allow for internships to qualify summer after Freshman year.
- Relationship between the Departments and the University System is weak with a lack of understand and support on both sides of what the other is attempting to accomplish. Dedicated liaisons would help this problem.

# Function: Top-Talent Attraction & Innovation

## Internal Discussions

- Several programs are seeking to develop indigenous top-talent, including:
  - Gallup Entrepreneur Acceleration System
  - Talent and Innovation Initiative
  - Economic Gardening
- Prior efforts by DED to retain and attract back to Nebraska its indigenous talent from alumni rosters is no longer being pursued programmatically – need a real focus on alumni recruitment efforts.

## External Stakeholders

- Recent graduates leave the state due to the belief there are no opportunities
- Lack of serial entrepreneurs or C-level management to help run start-up companies. Difficult to attract due to lack of deal flow.
- Difficult to attract top researchers as well as highly skilled engineers and scientists due to lack of additional opportunities if opportunity does not work out.
- Some stakeholders commented that Nebraska's higher tax rate burden is a barrier to attracting top talent
- University of Nebraska System is becoming increasingly active in this field through the University Technology Development Corp., which oversees UNeMed, NUTech Ventures, Peter Kiewit Institute Technology Development Corp., and Nebraska Innovation Campus Development Corp.

## Internal Discussions

- Major issue for rural communities is population attraction → critical issue is creating rental housing stock.
  - Focus on address housing as well as broadband as an economic development function not a social service
- More alignment around economic development districts can improve integration of economic development and workforce development for rural areas.
- Improved research and data availability for rural communities from integration of DED and DOL would be a key benefit to rural areas – again, focus around economic development districts.

## External Stakeholders

- (repeat) State role should be in setting policy to make local relationships work more seamlessly.
  - Several local efforts were cited as effective partnerships between local industry clusters and either community colleges or other training providers.
- Integration efforts of DED and DOL must recognize it is not just about jobs and workers for rural communities, but the environment in which they are connected
  - Challenge of housing, transportation and broadband critical for making rural areas economically viable
  - Plus, quality of schools impacts whether people will move to rural communities for jobs

# Function: Unemployment Insurance

## Internal Discussions

- Place greater emphasis on **re-employment efforts** by UI recipients
  - Rather than claimants need to be seen as job seekers
- Calls for stronger linkages of UI system with economic development and industry via labor exchange and connections to job training
- Plus it would be hard to separate out UI system's functions to other state agencies – benefit and tax functions share federal funding and conformity requirements.
- UI system's tax function also can provide timely insights into employers facing challenges

## External Stakeholders

- Biggest concern of economic development stakeholders is that UI will “swamp” economic development and create a more bureaucratic organization and dilute business development mission

# Appendix B: Benchmark Findings

# Minnesota – A Lasting Integration, but a Work In Progress on Collaboration

## Details

- Merger of Department of Trade and Economic Development (225 staff) & Department of Employment Security (~2,000 staff) put in place in 2003 (under Governor Pawlenty)
- Includes UI system – but separately branded, own web site and under a division director separate from job services
- In past had already separated out labor standards, construction codes, workers comp system and occupational health & safety in a Department of Labor and Industry
- At same time as merger, but unrelated, the state adopted a focus on regional competitiveness and industry clusters adopted

## What Happened – Feedback on Efforts to Date

- Enhanced IT capability was useful for UI system
- Success in advancing regional collaboration through “Framework for Regional Innovation Strategies” (FIRST) – lessons learned during WIRED grant in the southwestern region influenced the design of FIRST grant competition, although other state initiatives can demonstrate programs that can be impactful
- Still major challenges on bringing culture of agencies together – different ways of doing business, different relationships with legislature and different view on customers
- Legislative Auditor still finds workforce system diffuse, limited integration with UI, ABE and other training programs
- Major unfinished agenda – better integration with higher education

# Idaho – A Promising Integration Reversed

## Details

- Merger in place from 2004 to 2007 – Department of Commerce with ~50 staff and Department of Labor with ~700 staff
- Reversed in 2007 upon new Governor taking office
- Spur for integration due to difficulties in recruiting new Director of Commerce – long time Director of Labor had Governor’s confidence and orientation to economic development
- Full integration, including standards and regulations

## What Happened – Feedback on Efforts to Date

- Positives from merger included:
  - Strengthened IT capabilities created online systems for tourism grants and CDBG applications
  - Made strides in integrating business development function into local job service offices (25 across the state)
- Shortcomings from merger included:
  - Difficulties in aligning cultures of organizations, plus staff uncertainty about positions
  - While moving to integrate offices regionally, never accomplished integration at state level
  - Perceived loss of power and attention for private industry councils involved with eco dev and tourism
  - Prior Directors of Commerce began lobbying against merger

***“The Department of Commerce and Labor is another great example of where reorganization can help improve our ability to meet customer needs. On the surface, combining Commerce and Labor seemed to make sense. Both work in areas relating to business and jobs. But there are also significant differences in what they do.”***

Governor Otter’s 2007 State of the State Address