



WORKFORCE DEVELOPMENT CHALLENGES & OPPORTUNITIES

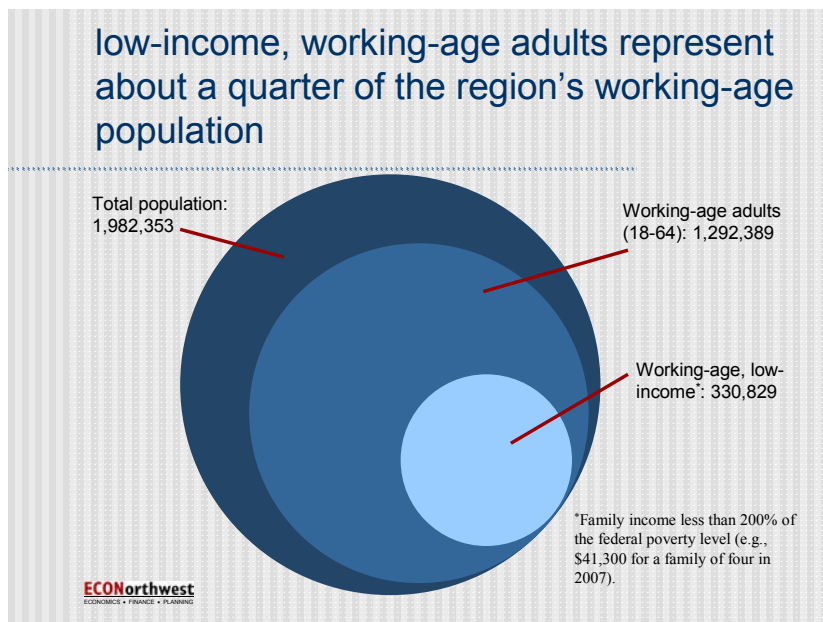
Since launching our Strategic Plan in 2007, we have learned a great deal about the regional workforce, the regional economy, and the role of the workforce system to help improve the economic well-being of our community. There are a number of complex workforce challenges facing the region including the loss of middle wage jobs; structural economic change; globalization; baby boom retirements; education funding and achievement shortfalls; growing skills gaps and shrinking public resources.

The following takes a more in depth look at some of these issues and provides an overview of the broader strategies we are undertaking and promoting to improve the region's workforce development efforts.

The Working Poor

One in every five full time workers in the Portland Metro region lives in a low-income household. And about one in ten lives in poverty. Poverty is often passed on from generation to generation, with communities of color being especially vulnerable. The workforce system often favors placement over skill development, so low income/low skill workers move from one low wage job to another and the cycle continues.

The region's working-age adult workforce (ages 18-64) represents nearly 1.3 million people. Of these, 330,829 (approximately one quarter) are low income.

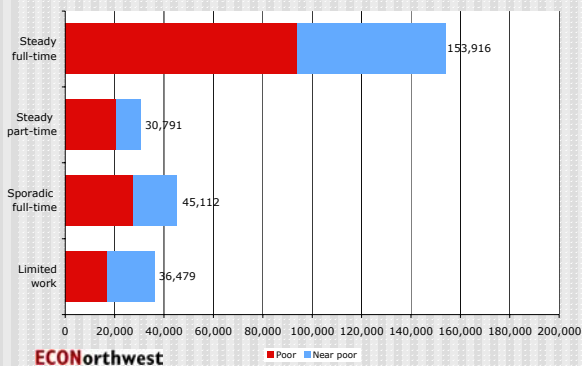


Full time work reduces, but does not necessarily eliminate poverty. Nearly 155,000 people in the region between the ages of 25-64 work full-time, but have a family income less than 200% of the federal poverty level (\$41,300 for a family of four in 2007). These “working poor” make up 21% of our workforce (compared to only 9% in Seattle).

Full time work reduces, but does not eliminate, the risk of poverty

- Individuals with steady, full-time work account for 58% of the 266,298 adults aged 25-64 who were poor or near-poor (income less than 200% FPL)

Poor and near-poor by work status of adults 25-64



Total adults 25-64 by work status

- Steady full-time: 807,572
- Sporadic full-time: 142,676
- Steady part-time: 92,735
- Limited or no work: 87,851

Many of the working poor face multiple barriers that make entering the workforce, retaining employment, and advancing through increased skill development challenging. A focus on preparing the working poor for living wage jobs in high growth, high demand industries while providing wrap around support services necessary to achieve success is critical. Central to the efforts to attain self-sufficiency and individual prosperity are access to training, education and jobs that enhance skills and adaptability.

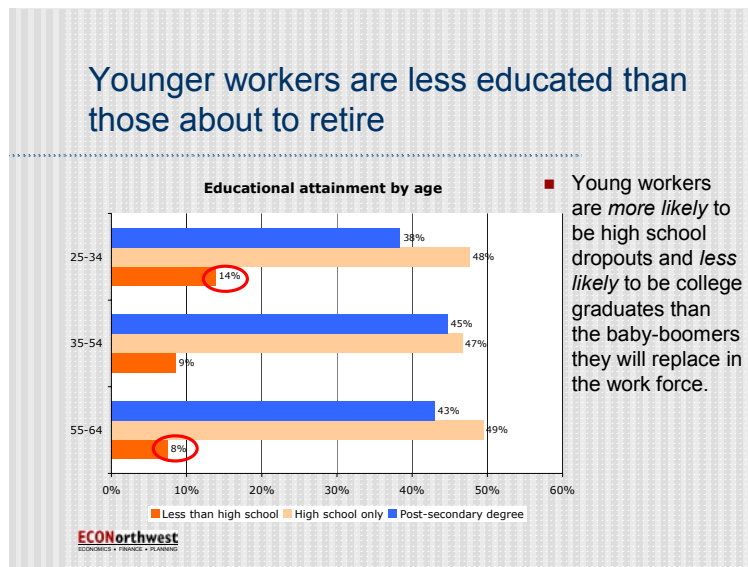
Labor Market Trends

There is a growing gap between job seeker skills and business needs. More than a third of regional employers report significant difficulty in finding qualified workers and many complain that candidates for jobs do not have essential basic academic and soft workplace skills. Businesses in every high growth industry in the region are sending a clear message that the regional talent pool is not meeting their immediate or long-term talent needs. Failure to close the gap between job seeker skills and business needs threatens to slow economic growth, impede long-term competitiveness and increase inequality between skilled and unskilled workers.

There are currently 19,000 job vacancies in the Portland Metro region and nearly 5,000 of these jobs pay over \$20/hour. In addition, there will be an estimated 105,800 new job

openings in the region through economic growth by 2014. Regional employers are already feeling the labor market crunch, and concerns about the quality and availability of the “workforce pipeline” are at an all time high. A focus on skill development for the working poor needs to be one of our top priorities as a community to help connect them to these living wage opportunities.

Despite the recent economic downturn, employers remain concerned about the demographic shifts due to the retiring baby boomers. By 2014, an estimated 165,000 replacement jobs will be open in the region due to these retirements. Currently, 1 in 6 workers (151,000) in the region are over the age of 55 and data tells us that workers entering the labor market are much less educated than those who are leaving.



90% of jobs in the region today require some level of post HS/GED education or vocational training. In addition, 28% of today’s jobs paying a living wage require a BA/BS degree. This number is projected to grow to 63% within the next 10 years.

Uncoordinated Services

An independent study recently identified over 80 organizations within the region providing some form of workforce development or related services. As a result, job seekers and workers too often find themselves lost in a confusing, uncoordinated maze of resources and services that are hard to find, harder to piece together, and sometimes operate at cross purposes. Similarly, employers rarely have the knowledge, time or patience to knit together the resources and services available to train and promote their workers—especially those with the lowest-skills and lowest pay.

The current workforce development system, while it works well for some, is not doing enough for our population as a whole. Too much focus is placed on providing short term job placement – rather than the skill development needed to access a pathway out of poverty. Our current system is not adequately preparing people with the skills required for self sufficiency jobs in our local economy. We need to increase the correlation

between training and the list of the fastest growing, living wage jobs in high growth/high demand industries in the region.

While we are still trying to fully understand all of the data and associated implications, it is clear there is duplication and/or overlap within the region's broader workforce development environment. Without a coordinated system we continue to fund a hodge-podge of efforts and overspend on duplicative investments while leaving other populations underserved.

Dwindling Resources

There has been an alarming pattern of disinvestment in the public workforce system:

- Federal funds continue to dwindle (11% of 1970s)
- State funding has been eliminated since 2005
- Local funding is almost non-existent with the exception of a few special projects

The system's revenue portfolio will not match the demand for services during the next decade

Revenue Projection			Demand Projection
	10-Year Growth Projection	Share of System's Revenue	
Revenue Source			Annual workforce growth: 1.1%
Federal	1.8%	48.7%	Annual change in cost of services: 3.3%
State	5.5%	22.8%	Predicted annual growth in need:
Local	4.6%	25.7%	4.4%
Nonprofit/ Private	3.0%	2.8%	
Predicted Annual Revenue Growth:			
3.4%			

ECONorthwest
ECONOMICS • FINANCE • PLANNING

In addition to reductions to the Workforce Investment Act (the nation's primary workforce development program), other public workforce and related education, human service and housing funds have also experienced steep declines.

The reality is that today's workforce development system simply does not have the resources to provide training and support services to everyone who needs it. Until the pattern of disinvestment is reversed, this problem will only continue to worsen.

Principles of a 21st Century Workforce System

To achieve the level of service delivery and coordination necessary to address these challenges, the regional WorkSource system must change. Collectively, we must:

- Commit to moving people into “living-wage” jobs through skill development
- Coordinate support services and training – at all levels (i.e. from program to system) in order to increase capacity, impact and results
- Concentrate resources on programs that offer measurable results.

Commitment to Skill Development and Living Wage Jobs

In general, we know that a combined focus on skill development in high-wage/high-demand occupations is a proven way to close skill gaps, build talent, increase earnings and is a necessary component to move people towards self sufficiency. It is also critical to ensuring that business have the workers they need to grow and prosper in the 21st century economy.

Working with employers in high growth/high demand industries to ensure that the training provided to job seekers is aligned with the performance criteria of the jobs is vitally important. According to the Casey Foundation, Workforce Intermediaries -- bodies that link employers with labor market stakeholders and resources are crucial in this process: “Research had shown that strong employer connections were key to helping emerging and incumbent workers find jobs with a future.”

Focusing on skill development, however, does not mean that training is the only service offered. Support services and especially those that promote retention and success in training and skill development are essential and include such things as child care, health insurance, rent assistance, financial literacy and other kinds of support. Research has shown that addressing other life issues in the process of job training and placement is the best way to affect permanent change and increase progress towards self sufficiency

Support and Training Coordination

For the customer, coordination means “one-stop” centers (WorkSource) – that link career counseling and skill development easily to support services. This approach fosters the capacity development that lead to lasting solutions. WorkSource centers must create a single point of entry for anyone looking for workforce training or placement and a single point of contact for employers looking for workers. A coordinated, streamlined, non-duplicated approach in co-located centers is key.

System Coordination and Oversight

From a system-wide perspective, coordination between workforce development agencies, employers and service providers means the ability to leverage and layer funding streams, coordinate strategies, resources and programs, link supply and demand , and enable life long learning and advancement. It requires focused leadership from a “go to” organization that independently guides and evaluates regional workforce efforts. The organization serves to bridge the traditionally separate policy domains of education, labor and economic development and links regional skill development efforts with the short and long term needs of the economy. Creating and sustaining these links requires on-going dialogue about skill and competitiveness issues among employers, local elected officials, unions, trade associations, educators, economic developers, human service agencies, formal and informal providers of knowledge and skill development, and community-based organizations.

Concentrate Resources on Programs that Offer Measurable Results

A system that creates accountability with common metrics is essential for making data-driven decisions for improving the workforce system. Regional indicators of performance must be regularly measured, demonstrate the impact of investments over a reasonable time horizon and not duplicate existing measures or add significantly to existing reporting requirements.

Data-driven decisions are critical to improving workforce outcomes:

- Help foster strategic, proactive decisions making (rather than the ad hoc process of decision making today)
- Provide system-wide accountability
- Can Re-calibrate efforts and decisions based on results:
 - Evaluate investments and results after two years of joint measurement
 - Use what works and what doesn't to re-focus funding priorities
 - In particular, look at what works and doesn't for communities of color, dislocated workers, disconnected youth, etc.

Promising Developments

In July of 2008, Worksystems released the *Self Sufficiency Standard for Oregon* and the Prosperity Planner. This Study and Planner offer the opportunity to reframe how we measure poverty and will be used in a variety of ways to help evaluate and coordinate policy and program options, including:

- Evaluating the use and impact of a variety of work supports
- Establishing standards to evaluate economic development
- Targeting job training to high wage high growth industries and occupations
- Demonstrating the “pay off” for investing in skill development and continuing education
- Creating a common benchmark for evaluation and program improvement
- Determining eligibility and need for services
- Creating a counseling tool to help individuals and programs make informed career and training choices
- Informing the public and policy makers about what's involved in making the transition to self-sufficiency
- Supporting and informing research

Service Integration and WorkSource Oregon

On October 6, 2008, a new era in state and regional workforce development was launched. Through the reinvention of the WorkSource Portland Metro system we have established the foundation to provide all citizens with a chance to acquire the skills needed to succeed in and support the regional economy. The renewed system includes the alignment of 28 federal, state and local funding streams and nearly \$30 million in annual investments. While much work remains to be done, we are confident this new model will enhance and align services and resources, attract additional partners, and improve the responsiveness of the system to job seekers, workers and employers.