

# Putting Oregon Back to Work: Bold Ideas for Difficult Times

A White Paper by the Oregon Workforce Partnership



August 2010



**OREGON WORKFORCE  
PARTNERSHIP**

*Better Skills • Better Jobs*

**The authors:** The Oregon Workforce Partnership (OWP) is a non-partisan, private/public, statewide association. Our mission is to build a more highly skilled workforce to support and expand the state’s economy. OWP members, Oregon’s seven Local Workforce Investment Boards, invest their resources to better match the supply with the demand for skilled workers. We do this by working to align economic, education and training systems based on the needs of our communities. We convene those with expertise about our local economies, labor markets, business needs and educational programs to identify trends and develop new strategies that guide future investments to meet the needs of tomorrow’s economy.

Last year, OWP’s members invested more than \$90 million throughout Oregon to build the skills of more than 300,000 citizens. Our focus on the needs of industry is driven by the leadership of more than 160 Oregon companies who dedicate their time and talent to serve on Oregon’s Local Workforce Investment Boards. Our policy recommendations are informed by our experience working directly with thousands of companies that serve on local advisory boards and consortia and hundreds of thousands of job seekers who visit WorkSource Oregon center every year. OWP’s members work community-by-community to align our work with the unique needs of Oregonians throughout the state.

**Endorsers**

National Skills Coalition, a broad-based coalition working toward a vision of an America that grows its economy by investing in its people so that every worker and every industry has the skills to compete and prosper.



Manufacturing 21 advocates for the manufacturing industry in Oregon and Southwest Washington. Its goal is to tackle two big 21st Century challenges – sustaining a highly skilled workforce and expanding our region’s capacity to support innovation through applied research and development

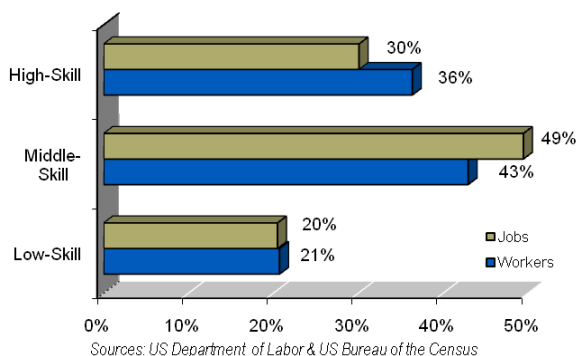


## The Problem

Since early August 2010, articles have appeared in the New York Times, Wall Street Journal and elsewhere, calling attention to our nation’s “jobless recovery.” Economists are beginning to define a “new normal” where high rates of long term unemployment are the norm, even as industries are beginning to recover. For Oregon, this situation is even more serious. According to data on the Oregon Business Plan website, Oregon’s per capita personal income slid to 90% of the U.S. average in the last 10 years reducing individual prosperity and resources for state services.

At the same time, Oregon has produced an insufficient number of skilled workers to fill the approximately 49% of jobs that require more than high-school but less than a four-year degree. Oregon workers without any education or credentials beyond a high school diploma or GED struggle to compete even for low wage jobs. As a result, job creation and economic growth are stifled. We can’t afford that - particularly now - in Oregon.

**Oregon Jobs and Workers by Skill Level, 2007**



As the Oregon Business Plan points out, the state is spending more of its limited public resources on human services and prisons and less on education and skill development. This greatly impacts our state’s ability to compete in the future. In spring 2010, Oregon community college budgets were decreased mid-biennium by 9%. Funding for Oregon’s community colleges is likely to fall in the next biennium as

well, despite double digit growth in student enrollments. The state’s primary non-general fund investment into skill development, Oregon’s federal Workforce Investment Act funding, has fallen by more than 25% since 1998.

These shortages come at a critical time for our state. Much of the joblessness in the last two recessions was caused by significant structural shifts in key industries, rather than cyclical factors. These shifts require current and new workers to constantly upgrade their skills to survive. In addition, the lack of employment opportunities for younger workers creates a permanent “lost generation” of workers. Research shows they will never be able to catch up in terms of wages and career advancement.

“If there is a new normal, it’s more about labor market than G.D.P. We have to help people face a new world.”  
*Glenn Hubbard, Dean, Columbia Graduate School of Business  
 Former economic advisor to George W. Bush*

With a growing number of “99-ers” - individuals who have exhausted 99 weeks of unemployment without finding a job – and evidence that the number of underemployed and those who have given up searching for jobs doubles our unemployment rate, we cannot continue to invest as we have in the past.

Oregon’s new governor and legislature must implement a broad, coherent and well integrated strategy to change the way we grow jobs, careers and the skills of the workforce. This will require bold action, difficult prioritization and long term vision. Investments into skill development must be at the center of Oregon’s economic development policy, now and into the future. Our assumptions about how people access education and our resulting investment strategies must change.

“...the U.S. education systems hasn’t been producing enough people with highly specialized skills that many companies, particularly manufacturing, require to keep driving productivity gains.”  
 Mark Whitehouse  
 Wall Street Journal

## The Solution

It is time for Oregon to develop a true skill development agenda, firmly grounded in the needs of business. Our recommendations fall into three areas:

1. **Grow jobs.** Align incentives and programs to maximize job growth, while targeting critical industries with high growth potential and/or large numbers of replacement jobs.
2. **Align workforce and education programs to create a comprehensive, articulated skill development system.** Build on Oregon's recent investments into career pathways, system integration, and other approaches to skill building to assure that all Oregonians are able to develop their skills while supporting their families and the businesses for which they work.
3. **Assure that investments into skill building align with the needs of industry by expanding the role of Local Workforce Investment Boards for greater efficiency and maximum return.** Local Workforce Investment Boards are already charged with developing local plans that align education and training services in their communities with the needs of business and economic development. Expand the authority of these boards by requiring that state investments into skill building are integrated into local workforce development plans creating comprehensive skill building plans. This will result in greater efficiencies, alignment and return on investment.

### 1. Grow Jobs

Private industry is the engine of job creation and retention. However, there are things that government can do to support job retention and growth. We recommend:

- Aligning/packaging job creation and workforce training incentives. Many of

Oregon's economic development incentives will sunset in 2012. In the meantime, a handful of new federal and state programs have been developed to respond to the economic downturn. Our opportunity is to rethink incentives to align and package them in a way that maximizes job creation. For example, in the last legislative session, Oregon developed the BOOST program to offer: 1.) fixed rate financing for small businesses in need of capital, and 2.) grants for small businesses to create new full time jobs. These could be packaged with federal on-the-job training funds that reduce the cost of training new employees along with federal job creation tax credits. Individually, these incentives might be insufficient to cause a company to create new jobs. However, thoughtfully packaged together, a greater impact could be achieved.

Products that carry the "Made in the USA" label just aren't as common as they used to be. With overseas quality and technology improving, cost is now the main driver in determining where companies locate. XpanD, a Beaverton creator of 3D glasses and related products, is constantly challenged to stay competitive with foreign-sourced production. XpanD turned to Worksystems Inc (WSI) for help to reduce the cost of hiring and training employees. WSI helped package employee recruitment with federally subsidized on-the-job training funds that offset the cost of lost productivity for new employees as they gained company specific skills. This custom solution allowed XpanD to affordably find and grow talent, keep payroll in Oregon, and increase employees' skills and earning power.

- Focus investments on industries that provide a solid base for our economy and those that offer future growth. Industries that bring the greatest return to the economy, those that export their products and bring new wealth into the state (traded sector), are a best bet. Even if they create relatively few new jobs, they generate large numbers of well paid replacement jobs. Developing a workforce trained in lean

manufacturing techniques will help these companies become even more competitive, keeping more jobs in Oregon. Investment should also be focused on high growth, high wage industries that create new jobs.

- Generally, focus investments toward so-called “Middle Skill Jobs” that require more than a high school diploma, but less than a four year degree. In 2009, even with the difficult economy, the state faced a six percent gap between supply and demand for these well paid jobs. Many of the jobs in future growth industries will fall into this category, further exacerbating the situation.

<b>Examples of High-Demand Middle-Skill Jobs in Oregon</b>	<b>2009 median annual earnings</b>
Truck Drivers Heavy Transportation	37,230
Police and Sheriff's Patrol Officers Protective Service	57,390
Automotive Mechanics Installation, Maintenance, Repair	37,990
Air Traffic Controllers Transportation	94,860
Licensed Practical/Vocational Nurses Healthcare	45,040
Civil Engineering Technicians Engineering	52,390
<b>Overall Median</b>	<b>33,610</b>

While individuals may prefer to complete a bachelor’s degree or higher, the public investment must focus on the greatest return at the most reasonable price. About 30% of Oregon jobs require a four year degree or more. Some of these are in shortage areas, and therefore should be prioritized. However, investment into an industry recognized credential up to a two year degree will help many more Oregonians enter into good paying jobs.

## **2. Align workforce and education programs to create a comprehensive skill development system.**

Workforce development in the 21<sup>st</sup> century is about skill development, especially post secondary training and credential attainment to

help working learners compete for the well-paid jobs that industries have difficulty filling. Oregon has seen promising results from several approaches. These efforts need to be aligned with each other and with the needs of business and brought to scale in order to fully realize the return on investment. This means rethinking or even changing some of our current investment strategies to build a comprehensive (local, state and federal) skill development agenda. We recommend:

- Starting with formal public partnerships with business (Sectoral Strategies). Investments in skill development must align with the demands of the industries that provide good paying jobs or pathways to them. Sectoral approaches are private/ public partnerships proven nationally to align workforce and economic development to bring maximum results for workers and businesses. Sectoral approaches lead to the development of career pathways to move low income adults into more highly skilled and paid jobs as current workers gain the training necessary to move up the ladder. Successful sectoral approaches rely on intermediaries to navigate among the education, workforce training, economic development, labor, social services and business partners for maximum results. Oregon’s Local Workforce Investment Boards have successfully played this role over the last 10 years.

The Community Healthcare Education Network (CHEN) is a sectoral strategy convened by Lane Workforce Partnership, the Local Workforce Investment Board, since 2001. The six major healthcare employers in the area, long term care representatives, four local colleges, K-12 health occupations programs, and Lane County Public Health participate to better address critical healthcare worker shortages together. Lane Workforce Partnership leverages training funds, coordinates job fairs, and brings awareness to the training and workforce needs of the industry. This business-led partnership has been able to leverage over \$500,000 in support. This is because grantors recognize its widespread systemic impact and innovative approach to preparing individuals for entry level jobs and then using a “grow your own strategy” to move them up the career ladder.

- Expand Oregon’s Career Pathways initiative to create a comprehensive approach to skill development for all Oregonians. More than 60% of the workforce of 2020 is already working. We must redesign how we offer skill training to meet the needs of these working learners. Career Pathways helps working learners achieve industry recognized certificates and credentials in a shortened timeline. This approach recognizes that adults need to be able to learn and earn, as do the companies for which they work. Currently, Oregon has implemented two components of a comprehensive career pathways approach: 1.) Community Colleges have redesigned technical offerings into smaller, more manageable components that lead to industry recognized credentials (see appendix A) and 2.) Local Workforce Investment Boards have worked with WorkSource Oregon to redesign services for those seeking jobs or better jobs to focus on skill development and pathways to advancement (see appendix B). These two components need to be brought together and brought to scale. In addition, our vision of career pathways needs to expand to include a variety of proven strategies (see appendix C) to create a comprehensive skill development system that reaches all Oregonians including youth and low skilled adults. The components of this strategy are described below.

- ✓ **“Earn and learn.”** We need to provide more on-the-job-training (OJT), internships, and cooperative work experiences. OJT are proven to get adults back to work. Once hired working learners develop skills and gain a competitive edge.OJT reimburses employers, once the new employees complete their training plans. This is a win-win for companies and adults who can earn a paycheck while engaged in training.

- ✓ **Youth Employment.** Youth employment is a first step in a lifetime

career journey. Yet, Oregon youth are facing a 30%+ unemployment rate, and lots of competition even for entry level jobs. The statistics are even worse for youth in poverty and minorities. Last summer Oregon addressed this issue by implementing a Summer Youth Employment Program with one-time federal funding. The program provided youth with critical work experience, helped them earn credits while working, taught them important job readiness skills, and put money in their pockets which they used to support their families. A return on investment report showed that every dollar spent by these youth brought Oregon a return of \$1.47. Without a similar program, we face a lost generation of youth who cannot find work now and will not have the experiences that will make them job ready for future careers.

- ✓ **Current worker training.** It is easier and less expensive to upgrade the skills of workers while they are still employed, than to retrain them once they’ve become unemployed. Oregon is nationally recognized for its program to support working learners, the Employer Workforce Training Fund. This fund is a very limited resource, carved out of the state’s federal Workforce Investment Act funding to help Local Workforce Investment Boards work directly with companies to identify worker training needs and find the most cost effective way to address these.

**The Iowa Works Campaign called out Oregon’s current worker training model in a call for action.** “Oregon’s current approach is to provide ‘solutions teams’ for businesses and workers organized in 15 of the state’s regional economies. Committees involving the key economic and workforce development stakeholders for those regions, work proactively with groups of workers or businesses in key industries to address workforce development and training needs.”

Companies match the funds by covering part of the training costs and/or paying employee wages while in training. Training is provided at times and places convenient to working learners to increase participation and completion. In many cases companies with similar needs are brought together to further leverage training dollars, rather than each company investing separately. This co-investment of public and private funds creates a strong sense of ownership for all parties. However, federal resources for Oregon's model are very limited. Approximately 2/3 of states provide some general fund investment for current worker training.

Lightspeed Aviation, a manufacturer of high quality aviation headsets turned to the Workforce Investment Council of Clackamas County (WICCO) for help to expand its Oregon-based production. Most past production took place overseas. Lightspeed wanted to assemble a new aviation headset in its Oregon facility, but needed help to update internal processes to meet the requirements of the Trade Agreements Act and the Buy American Act (51% US content). With WICCO's assistance and matching worker training funds, Lightspeed rebuilt its internal manufacturing and business practices, paving the way for future domestic production.

- ✓ **Connections to career and technical education.** More than 50 high schools and all of Oregon's 17 community colleges have developed 250 road maps that allow youth to see how their high school coursework matriculates with community college curriculum. This guides students in their selection of courses. In some cases youth have the opportunity to take high school courses for college credit, shortening the timeline for completion of credentials. Oregon needs enabling policy to: 1.) simplify this process and encourage more opportunities for youth to earn college credit while still in high school, 2.) focus career pathway on in-demand

and critical industries as described above and 3.) target federal Carl Perkins funding toward this effort.

Florida piloted a model where youth participate in career academies in high school and graduate with both a diploma and an industry recognized credential. That credential can then count for the first year of a technical program at a community or technical college. Initial findings showed a decrease in the dropout rate, an increase in the high school completion rate and a greater number of youth enrolling in post secondary credentials.

- ✓ **Adult Basic Skills.** Since implementing an initial skills review, WorkSource Oregon Centers have performed more than 360,000 assessments of adults seeking jobs or better jobs. Results show that 45% of those assessed have a basic skills gap in math and 34% in reading; based on their basic skills, they would only be able to qualify for up to 35% of the job openings in Oregon's economy, at best. These adults do not have the time to attend basic skills programs for months and years. Oregon has been studying Washington State's I-Best model, and Oregon's Community Colleges have begun to develop Career Pathways that integrate basic skills to address this issue. But to meet even more of the demand, we need to also build basic skill development capacity where adults receive skills assessments at WorkSource Centers.
- ✓ **Credentialing.** Why should working learners who have the skills required for a specific job or industry have to take courses to prove their skills? If a post secondary credential is the ticket for advancement, why don't we provide more ways for adults to earn them? Oregon is currently piloting the National Career Readiness Certificate as one credential that can help individuals document their reading and writing skills. This model could be expanded to provide additional ways for

adults, and our public funded educational system, to avoid paying for people to develop the skills they already have. Providing a way to credential more working learners would shorten the pathway for many.

- ✓ ***New approaches to financing.*** It is time to rethink how Oregon pays for investments into skill development for working learners. The Pell Grant and other financial aid programs do not work well for working learners. The Micro-Pell is a concept that targets Pell or Pell-like grants toward individuals who work and would achieve a credential incrementally over time. A Micro Pell Grant provides resources, without the restrictions of a traditional Pell grant. Micro Pells could provide for enrollment in programs to achieve an industry-certified credential, a not-for-credit course required by an employer or an occupational program at an accredited postsecondary institution. Another approach during periods of long term high unemployment is the continuation of the Training Unemployment Insurance (TUI) program that allows unemployed workers to collect benefits while enrolled in training programs. This should be targeted toward projected future high growth industries and those with projected needs for large numbers of replacement workers.

**Illinois's Monetary Award Program (MAP)**, the state's need-based tuition assistance grant for low-income students, is a strategy for increasing college participation by adults. MAP supports working learners who cannot access federal assistance due to the antiquated eligibility criteria for Pell grants. Under MAP, students taking as few as 3 credit hours in certificate or degree programs are eligible for awards. The Illinois Legislature increased MAP funding in the 2006 session to \$350 million. The mean Grade Point Average for MAP recipients is 3.19 (on a 4.0 scale).

*(Based on material written by Nicole Sauler, Women Employed.)*

- ✓ ***Pre-apprenticeships and apprenticeships.*** Apprenticeships are a tried and true learn and earn model for working learners. Pre-apprenticeships provide the opportunity for youth and adults to gain the skills they need to compete for apprenticeships. Oregon workforce programs are experimenting with a variety of pre-apprenticeship programs. To maximize return on this investment, policy makers should work with labor leaders to identify growth in both the skills and occupation areas within the trades to meet 21<sup>st</sup> century demand for energy conservation jobs. Apprenticeships need to be better promoted in the secondary and post secondary education systems, which should be encouraged/incented to utilize existing labor training centers.

### **Align workforce and education programs to create a comprehensive, articulated skill development system.**

The only way to deliver on a fully integrated, comprehensive skill development system is to align investments at the local level. The simplest and most effective way to do this is to utilize and expand the federally required local unified planning process managed by Oregon's Local Workforce Investment Boards. Local Workforce Investment Boards are charged with aligning the education and workforce development resources in their communities. Public policy changes and a modest investment could enable these boards to play an even more comprehensive role than federal regulations currently require. By aligning and integrating all of the programs mentioned above into a comprehensive portfolio, working learners would move up the skill development and career advancement ladders more quickly and efficiently; businesses would be able to find the skilled workforce they need. Fully utilizing this infrastructure is a smart, relatively low cost investment, reducing unnecessary duplication and creating greater synergy.

In addition to their required local planning role, Local Workforce Investment Boards are the only institutions in the state that are mandated to bring together industry, labor, education/training/workforce development, social services and economic development for the sole function of creating a workforce development system that meets the needs of the local economy. In addition to working with their own members, Local Workforce Boards currently staff sectoral strategies that engage over 1,100 Oregon companies from a variety of industries to:

1. Expand on their understanding of labor market trends and the data regarding more than 300,000 Oregon job seekers who utilize WorkSource Centers each year.
2. Help businesses skill-up their current and future workers and identify pathways to advancement.
3. Design effective skill development programs and approaches that align the skills taught with local business and worker needs.
4. Draw attention to the critical need for skill development.
5. Create strong private/public partnerships to leverage resources, create synergies, reduce costs and maximize return on investment.

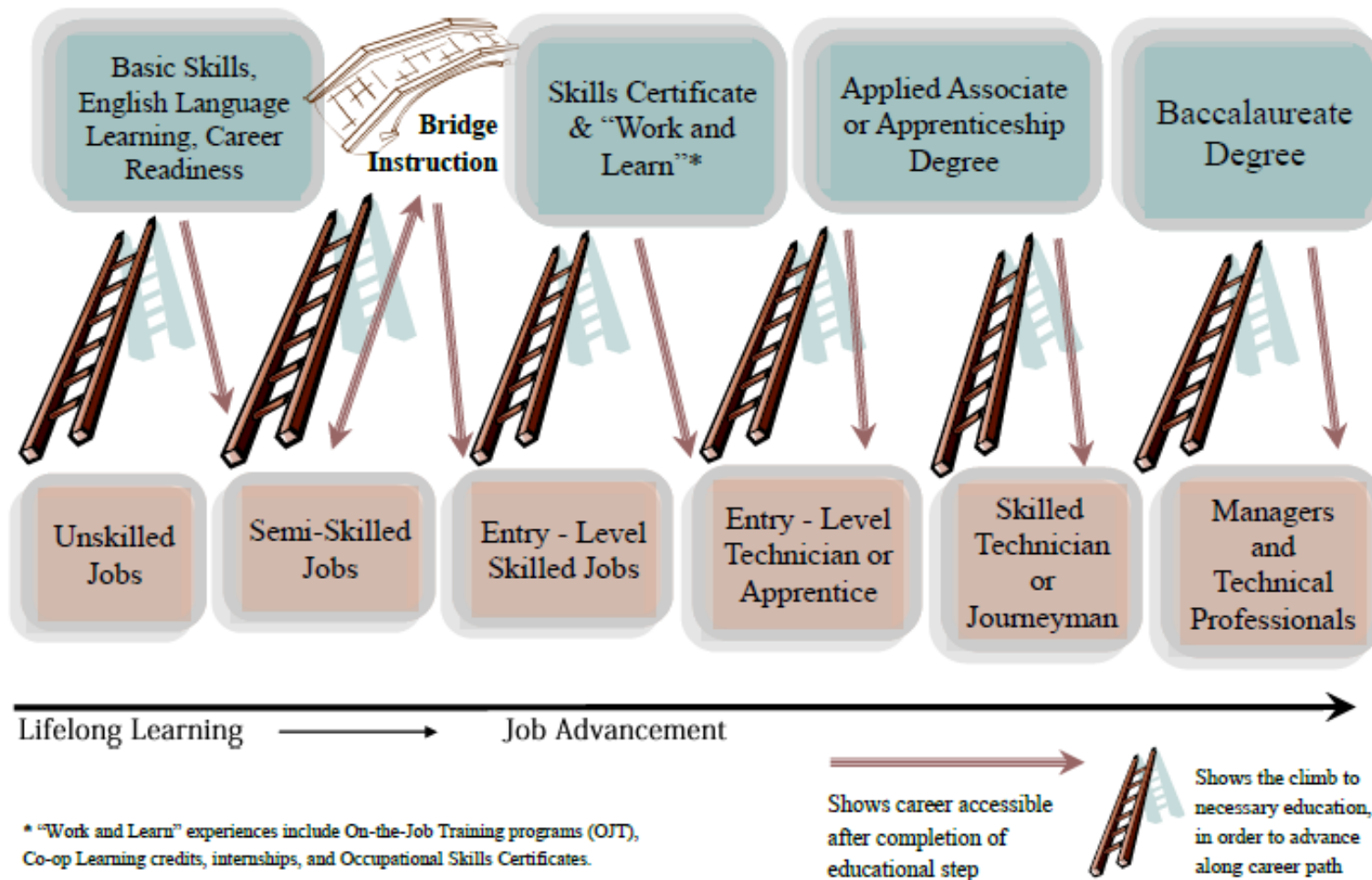
The planning role of Local Workforce Investment Boards can be expanded to include Department of Human Services, Department of Education, Department of Community Colleges and Workforce Development, and Business Oregon investments as well as federal workforce development programs at the local level. This expanded role would increase alignment based on community needs, reduce duplication and create a way for programs to work together for the same targets. Funding would not have to flow through the plan, but would have to be aligned with it.

## Conclusion

The recommendations in this white paper are intended to provide a comprehensive approach to skill development. While they do require investment, in many cases our recommendations are focused on redirecting or fine tuning current investments. The members of the Oregon Workforce Partnership recognize that tradeoffs will have to occur to realize this plan, and that it may take several biennia before it becomes a reality. We believe that we can no longer continue doing business as usual. We are committed to partnering with others and working over the long haul. You can join the conversation or offer your support at our website: [oregonwfpartnership.org](http://oregonwfpartnership.org).

Appendix A: Career Pathways at Oregon's Community Colleges

## Advancing Along Your Career Path



\* "Work and Learn" experiences include On-the-Job Training programs (OJT), Co-op Learning credits, internships, and Occupational Skills Certificates.

Draft 07/28/2010

## Appendix B: Systems Integration at WorkSource Oregon

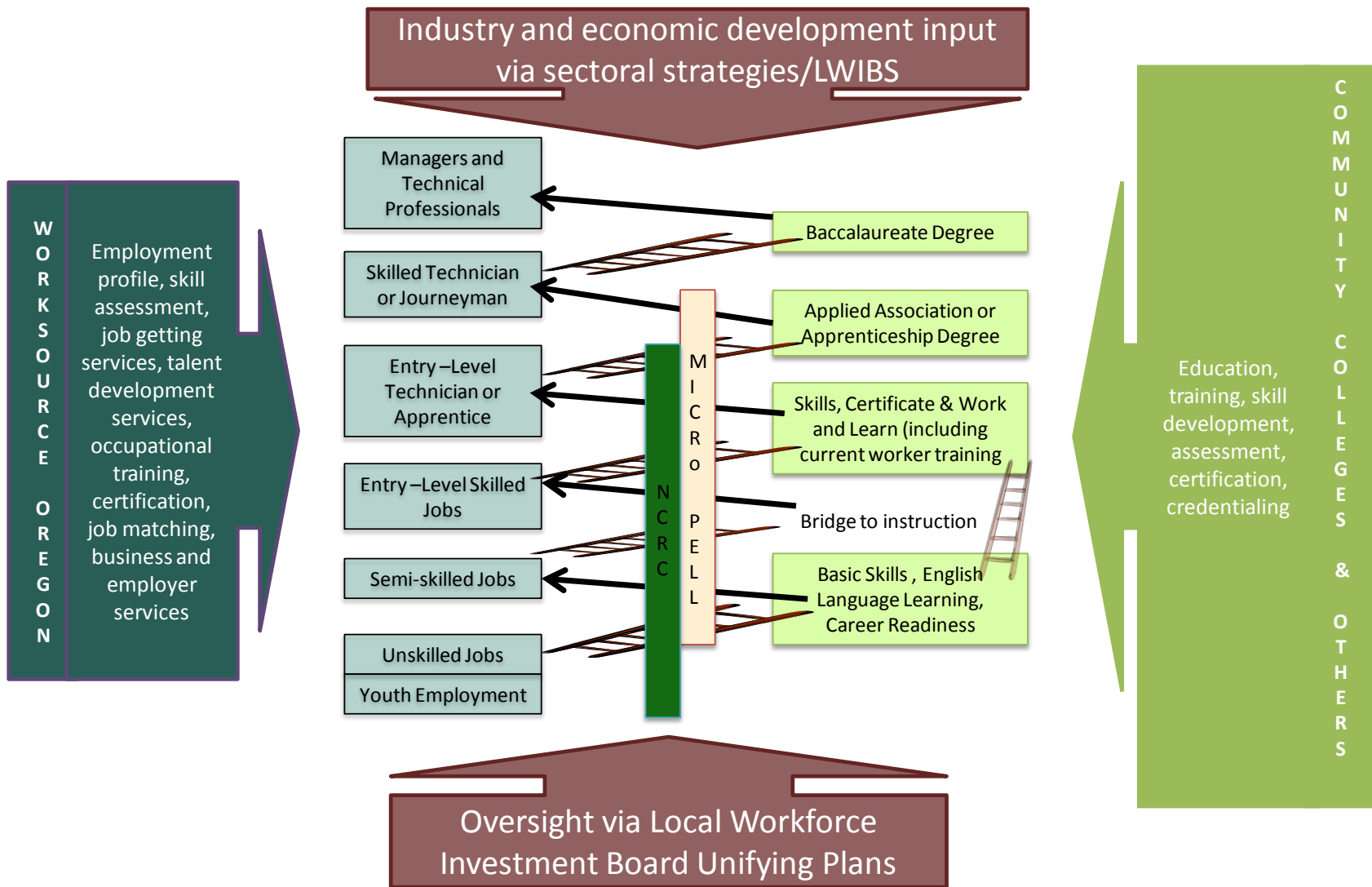


**WORKSOURCE OREGON**  
 "Oregon's Public Workforce System"

280,000 PEOPLE SERVED



## Appendix C: Aligning workforce and education programs to create a comprehensive skill development system.





Our thanks to Agnes Balassa Solutions, LLC for development of this paper  
For more information, visit our website: [oregonwfpartnership.org](http://oregonwfpartnership.org) or call 541.485.6956  
Published August, 2010