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INTRODUCTION

There is widespread agreement that new skills are critical to growing the economy and to expanding opportunity. And, since growing the economy increasingly requires competing in global markets, regions need skill development systems that can consistently produce world-class results. Currently, most of the skill development efforts we are familiar with fall well short of that mark.

As a result, a significant number of adults currently in the workforce lack the basic skills needed to succeed. And many of the nation’s dislocated workers are finding that their skills are too outmoded to qualify for the jobs that remain or the new jobs that are being created. Moreover, the pipeline of new workers is very “leaky.” A large proportion of young people continue to drop out of high school, and many who do finish high school are neither prepared for postsecondary education nor employment. Meanwhile, a large number of students who do make it to college never graduate with skills or a credential relevant to the labor market.

Consequently, the economic future of many individuals, and of many regions, is at risk unless something is done to bring skill development efforts up to world-class standards of performance. That will require that regional leaders come up with more comprehensive, large-scale, and systemic approaches to skill development.

But where should they focus their efforts? And what would a world-class skill development system look like? We explored those questions with our learning network of 10 regional leaders who are in the forefront of working across boundaries to promote broad-based economic growth and address regional inequities. Here is what we learned.
**IMPORTANT TRENDS**

The regional leaders in our network highlighted several trends toward improved skill development systems in their regions.

**THERE IS GROWING INTEREST IN BETTER ALIGNING LABOR SUPPLY AND DEMAND.**

Over the past 20 years, there has been growing interest in making sure that education and training programs prepare people for jobs that are actually available and equip them with the particular skills that those jobs require, prompting more in-depth analysis of labor market demand. The focus of that kind of demand-side analysis is becoming more regional in scope, drawing on numerous data sets to provide a more comprehensive picture of what’s actually happening in the labor market. And the tools for performing that analysis are getting increasingly sophisticated, allowing for more in-depth understanding of labor market patterns and trends, more real time data on job vacancies, as well as more accurate projections of labor market demand.

On the supply side, the focus is broadening beyond individual programs to assess the quantity and quality of those completing a wide range of education and training programs, as well as those in the pipeline. Increasingly, the output from the supply-side analysis is being compared to demand-side information. That allows leaders to identify where education and training investments are aligned or misaligned, and where regional efforts can make the biggest difference. That kind of information also helps individuals make better-informed choices about training and careers.

Several regions in the network are developing that kind of analytical capacity. For example, in Kansas City, the organizations involved in their WIRED initiative concluded that their efforts had fallen short of transforming the workforce system, and that the biggest gap in that system was the absence of good labor information to guide their decisions and evaluate their results. They formed the Regional Workforce Intelligence Network, which includes economic development organizations, community colleges, workforce boards, foundations and others focused on four major industry clusters. The Network collects and analyzes data from the Kansas Department of Labor, the Missouri Economic Research and Information Center, The Conference Board and Wanted Analytics, Monster.com, original employer surveys, and partnering organizations to identify labor market trends and patterns across a 15-county region straddling the Kansas and Missouri state line. That data is used to identify the fastest growing occupations in the present, and to project the highest-growth occupations for the next five years. Then that information is then shared with economic development, workforce and education institutions in the region.

In the Cleveland region, the lack of transparent information on the labor market is viewed as a limiting factor to regional effectiveness. As a result, the Regional Economic Competitiveness Strategy (RECS)
Workforce team, a comprehensive collaboration of the business and philanthropic community across an 18-county area of Northeast Ohio is developing a regional agenda and strategy for preparing a workforce for growing industries and employers. A first charge of the group is to “size the gap” facing Northeast Ohio currently and in the coming five years. Building from earlier data collected by the State of Ohio through its Ohio Skills Bank program, the team is using Integrated Postsecondary Education Data System (IPEDS) data to identify functions and occupations needed and available. It is supplementing the analysis with employer roundtables as well as a stream of work called “beyond the numbers” that addresses other critical areas such as soft-skill gaps, employment barriers, system inflexibility, and the like.

In Toronto, the Toronto Workforce Innovation Group pulls together both quantitative and qualitative data from many sources including Statistics Canada, tax returns, City of Toronto labor market information, the Conference Board of Canada, TD Economics, extensive community consultations, and interviews with representatives from the public, private, and non-profit sectors to provide real-time information on what’s happening in the region’s labor market, as well as deep dives into particular sectors. That information is compiled into an annual “Toronto Opportunities and Priorities” report that informs the work of economic and workforce development organizations, educational institutions, and government agencies.

**SKILL DEVELOPMENT EFFORTS ARE INCREASINGLY FOCUSING ON TARGETED INDUSTRIES.**

Over the past 10 years, another big development has been a shift toward organizing skill-development efforts along industry lines, through industry partnerships or sector strategies, often guided by an analysis of which industries are key to growing the regional economy. Sector strategies build on earlier efforts to be more industry or demand driven. But rather than focusing on meeting the needs of an individual employer, their focus is on meeting the needs of a whole sector of the local labor market, using that focus and the support of businesses in that sector to drive greater alignment among the various actors in the skill-development system. The assumption is that this will pave the way for skill-development programs to have a bigger impact, to get better information about job openings and skill requirements, and to get more employers engaged in skill development.

All of the regions in our network have been moving in that direction. For example, Fresno, Hartford, Philadelphia, and Milwaukee all have developed funder collaboratives as part of the National Fund for Workforce Solutions. In each of these communities, industry partnerships have been established that create new employment opportunities for low-income residents while meeting the workforce needs of participating employers, primarily from healthcare, manufacturing, construction and energy-related sectors.

CenterState CEO, a twelve-county business leadership and economic development organization based in Syracuse, NY, is in the process of scaling its pilot “Work Train” workforce development
model, which targets poor and disadvantaged populations and establishes demand-drive workforce programming in partnership with employers. Pilot programs have been implemented in health care and construction and the focus is now on expanding this work to advanced manufacturing, financial services and other clusters that were identified through their Brookings Metropolitan Business Plan effort.

In Toronto, the Toronto Financial Services Alliance, established to help grow the region’s financial services cluster, founded the Centre of Excellence in Financial Services Education. The Centre builds the metro’s talent pipeline for financial services by conducting research on Toronto’s talent and educational strengths, working with business and those in education to identify the region’s labor needs, working with educators to ensure programs and skill development align with industry needs, and facilitating information-sharing – about talent, education and opportunities – across businesses and providers.

A couple of regions have gone a step further and begun to organize their skill-development efforts through existing industry cluster organizations. In Milwaukee, the focus of several of that region’s regional business-civic organizations is organizing skill development through existing industry cluster organizations, using their Water Council as a model. They have found that it’s much easier to work with cluster organizations than with economic development organizations, and that they can get much richer information about where the jobs are and what skills they require. There are similar efforts in Kansas City. The Mid-America Regional Council has partnered with Kansas City area life sciences, healthcare, logistics, and advanced manufacturing industry associations to address skill-development needs in each of those sectors.

COMMUNITY COLLEGES ARE PLAYING AN INCREASINGLY IMPORTANT ROLE IN SKILL DEVELOPMENT EFFORTS.

Community colleges and other institutions of higher education are finding new ways to align and deliver workforce, technical, two-year, and four-year postsecondary education to meet economic development and worker needs in the region. Although many new college-industry partnerships are emerging in each of the regions represented in the learning network, three are particularly noteworthy because they represent a trend toward combining efforts across colleges to better serve the region as a whole.

The first is a collegiate consortium created out of the Philadelphia shipyard closing. The consortium is a cross-state collaborative of community colleges and Drexel University that regional leaders originally created to support retraining efforts for the workers displaced from the old Philadelphia Naval Shipyard. The consortium now focuses on customized training for private employers, utilizing the resources of multiple colleges and often delivering the training at the employer’s site.
The second is a Fresno-area consortium project created to promote systemic transformation and build capacity with the region’s 11 community colleges to meet industry needs, accelerate worker learning, and improve retention and completion rates for labor market relevant credentials. The San Joaquin Valley’s C6 Consortium, as it is called, provides hands-on instruction and workforce development to help displaced workers in 16 counties quickly move from training to degree to work in areas that are in demand, such as agriculture, manufacturing, health care, and alternative energy. Community colleges and employers are partnering to prepare job candidates for new careers in high-wage, high-skill fields.

The third is a consortium of seven community colleges in the Research Triangle region in North Carolina that works closely with economic developers and businesses to ensure that their curricula and training programs align and support the needs of companies in the region’s targeted clusters. Different colleges take the lead in different industries, based on their location. For example, Durham Technical Community College has a strong focus on health care, with leading-edge programs in clinical trials research and health informatics technology. Vance-Granville Community College focuses on courses to prepare technicians for the region’s bioprocess, pharmaceutical, and chemical manufacturing companies. In addition, these schools are part of a state-wide network of small business support centers that help entrepreneurs start new businesses and help small businesses grow.

NEW STRUCTURES ARE BEING PUT IN PLACE TO COORDINATE SKILL DEVELOPMENT EFFORTS.

Another big development over the past 10 years has been growing interest in setting up new structures to support skill development at the regional level, which many experts believe is the best place to organize job creation activities. These structures tend to be broader in scope than the workforce boards established under the Workforce Investment Act, since they have a broader geographical reach and involve a wider range of skill-development programs. They also tend to be closely linked to regional economic growth strategies and partnerships.

As mentioned earlier, the organizations that were formerly involved in the WIRED initiative in Kansas City have now formed the Regional Workforce Intelligence Network. This new structure has made it possible to keep multiple stakeholders at the table, get good data, use that data as a transformative agent, and develop more meaningful partnerships with the private sector.

Similarly, in Milwaukee, a regional collaboration among businesses, higher education, K-12 school systems, service providers, community organizations, economic and workforce development agencies, and community leaders that was started under WIRED has continued through the Talent
Dividend Initiative. This initiative provides the region with a strategy and a vehicle for increasing skills and “pipeline” talent through expanded internship and mentoring programs, dual enrollment and cooperative education programs, job shadowing and career exploration programs, and skill development initiatives in targeted industries.

In Fresno, the Regional Jobs Initiative has brought together key actors from business and economic development organizations, industry cluster groups, community colleges and universities, local school districts and the workforce board to promote job growth and skill development within targeted industry clusters for the past decade. That effort is now being folded into the California Partnership for the San Joaquin Valley, a broader eight-county effort that covers the entire San Joaquin Valley and addresses a broader range of issues.

In Philadelphia, the Economy League has launched a multi-year collaborative effort called World Class Greater Philadelphia that identifies a number of priorities to build a world-class region. The effort brought together over 1,000 leaders of business, nonprofit, government, labor, and community over two years of planning and arrived at three priorities. The first priority is education and talent development. The Economy League is partnering with the newly regionalized United Way of Greater Philadelphia and Southern New Jersey to develop strategies to achieve goals in early childhood education, K-12 education, higher education, and workforce readiness.

MORE IS BEING DONE TO HELP STUDENTS AND WORKERS MAKE BETTER CAREER CHOICES.

A final development has been the experimentation with more systematic ways of distributing reliable information about where the jobs are (or going to be) and what skills they require to help students and workers make informed choices that are both good for the economy and their earning potential. One form that has taken is the introduction of career coaches or “navigators” in community colleges and the public workforce system. But, that approach is very labor intensive and, therefore, difficult to deploy on a large scale. So, others have made that information available through websites, and organized it into career pathways to help individuals figure out how to move to higher levels of education and employment in a given industry or occupational sector on their own. In some places that information is being taken directly into the schools, since research suggests that high school is a critical period for making career decisions.
**Biggest Obstacles**

Our exploration also highlighted several obstacles that are getting in the way of moving toward more comprehensive, large-scale, and systemic approaches to skill development. Here is what we learned.

**The Public Workforce Development System is Widely Perceived as Ineffective.**

When they were created, the workforce investment boards (in the US) and workforce planning boards (in Canada) were envisioned as community-wide boards of directors that would identify the most pressing workforce needs of the community, then marshal available resources to meet those needs. However, for a variety of reasons, relatively few of them have gained the authority, credibility, or scope necessary to effectively serve as architects of regional workforce development systems. Those reasons include limited funds available for actual skill development, very little funding available for incumbent workers, limited flexibility because of funding silos, and program boundaries that often don’t conform to regional labor markets. Most regional leaders view the public workforce system as too limited a platform on which to build the kind of skill development system that is now required.

**Skill Development Efforts Are Extremely Fragmented.**

In the US, skill development efforts include 47 different federally funded employment and training programs, the biggest of which is the Workforce Investment Act. Although these programs are often referred to as the “workforce development system,” they represent only a small fraction of overall efforts to develop a skilled workforce in most regions. Those efforts also include elementary and secondary education, postsecondary education, adult basic education, and employer-provided training, union-provided training, as well as a host of programs offered by community-based organizations and for-profit education and training providers. All are critical components of any strategy to make the region’s workforce a competitive asset. But, these efforts are often organized and implemented by different jurisdictions (county, municipality, school district, and even neighborhood), different constituents (college-bound, unemployed, low-income, high-skilled), and different funding streams (WIA, Pell Grants, Perkins Act funds, and foundation-based initiatives). As a result, even though there are lots of resources available to support skill development, it is difficult to put these pieces together to make them function more like a system. And attempts to do so have often ended up working around existing systems, rather than transforming them.

**Different Segments of the Workforce Pose Different Challenges.**

Another complicating factor is that there are roughly four distinct groups of individuals in the workforce – no skilled, low skilled, reskilled, and high skilled workers. Each particular group has its own needs, and therefore requires its own particular strategies and institutions to address.
them. For example, high-skilled workers tend to be more mobile and operate within national and even international labor markets, find out about job opportunities through professional networks, headhunters and on-line sources, and are able for the most part to fund their own skill development. Low-skilled workers, on the other hand, tend to be less mobile, have less access to good information about job opportunities, and often require financial assistance and supportive services to boost their skills. The no-skilled workers present the biggest challenge. Advancing workers with very limited skills and limited work experience into a family wage job is very expensive and takes a very long time. As the skill expectations of employers are getting even higher, this group is being left further behind. The result is a very large number of low-income adults whose prospects for succeeding in the economy are very limited.

**IT IS STILL HARD TO GET ACCURATE, RELIABLE, REAL-TIME INFORMATION ABOUT WHAT IS HAPPENING IN THE LABOR MARKET.**

There are now technologies available that can aggregate multiple large data sets to develop a comprehensive picture of what’s happening in the labor market, analyze that information to gain new insights into labor market trends and patterns, develop sophisticated models of regional labor markets that can be used to forecast longer-term trends and run what-if scenarios to guide decisions about where to focus, track enrollment in skill development programs, and assess the quality of those programs by tracking what happens to participants upon completion. But the deployment of those technologies is still very limited. That’s because nobody is responsible for playing this vital role, there is no dedicated funding stream to support it, and most skill development organizations lack the capacity to effectively perform these functions. There are also legal barriers in some states that block access to critical data due to privacy concerns. As a result, regional leaders too often end up relying on outdated BLS forecasts, some of which date back to before the recession, snapshots of current conditions that can often be misleading, the latest fad, political pressures, or the availability of grant funding to determine where to focus their skill-development efforts.

**SECTOR STRATEGIES ARE TOO LIMITED IN SCOPE.**

Despite the promise of sector strategies in meeting the skill development needs of workers and employers, they have had only a limited impact on either. One reason is because most sector strategy programs have been relatively small in scale, serving only a limited number of individuals and working with only a few employers at a time. Another reason is that these efforts have tended to focus on a very narrow range of industries, particularly those that provide large numbers of entry-level jobs for low-skilled workers, or those that are projected to have a large number of vacancies in middle-skill jobs due to the retirement of the baby boom generation. Focusing on a few industries, and particularly on large employers within those industries, has made training programs more cost effective. However, job growth is occurring mainly in smaller businesses across a much wider range
of industries, and skill requirements are changing across all occupations. Consequently, although the idea of focusing only on particular sectors or clusters is becoming widely accepted as the best way to organize skill development and economic development efforts, there is a risk of missing important opportunities to meet the needs of employers and workers.

**IT IS OFTEN DIFFICULT TO GET EMPLOYERS ACTIVELY ENGAGED IN SKILL DEVELOPMENT, AND EVEN MORE DIFFICULT TO KEEP THEM ENGAGED.**

While there is evidence that employers are taking more responsibility for identifying the skills and competencies necessary for productive employment, incorporating industry-recognized credentials into their hiring standards, designing and implementing career-related programs of study, and providing work-based learning opportunities like internships and “clinical” experience, this is still happening on only a limited scale in only a few places. At the same time, many employers have been cutting back on training programs for the existing workforce. Meanwhile, public investments in incumbent worker training are also being cut back. In the absence of public funds, many regional leaders are looking to employers to become more engaged in upgrading the skills of their existing workers and the region’s pipeline.

**IT’S HARD FOR REGIONAL LEADERS TO SEE EVERYTHING THAT’S GOING ON AROUND THEM.**

In addition to the information we did get from members of the network about skill development efforts under way in their regions, there were other efforts that involved multiple stakeholders, addressed systemic issues, and were seen as significant initiatives by others in the region that didn’t make it onto the “radar” screen of network members or were not considered important enough to talk about. One simple explanation is that there are so many different things going on in the skill development arena that it’s hard for any one person to get their arms around all of them. But these omissions may also reflect how difficult it is even for regional leaders to break through the barriers that separate those focused on economic growth from those focused on economic opportunity, and those focused on local efforts from those focused on the region as a whole.
IMPLICATIONS

Most of the developments and obstacles outlined above are not new. What is new is the need to take skill development efforts to a whole new level, driven by fundamental changes in the economic landscape. Slow growth in the economy means that there are fewer jobs available, limiting opportunities for advancement. As a result, an even broader swath of the workforce is now at risk of being left out or left behind. At the same time, rapid technological change makes it possible for companies to locate jobs virtually anywhere, so job seekers now compete globally, rather than in their local labor markets. In addition, new technologies require new skills, even for entry-level jobs. And employers are demanding greater flexibility in managing their workforce, resulting in reduced job tenure and more responsibility for skill upgrading falling on the individual worker, as employers become less inclined to support the training of a more contingent workforce.

These changes call for a different kind of skill development system than we’ve relied on in the past. We can no longer rely on a patchwork collection of disconnected programs with limited scope and duration that are difficult to scale up to a level sufficient to have a major impact. We can no longer be content with research that documents the success of isolated programs, but provides no guidance on how to make a lasting impact on a meaningful scale. We can no longer be satisfied that the system is demand-driven if it is only meeting the needs of a handful of employers that have been recruited to participate in a particular program, rather than the labor market as a whole. And, we can no longer define success solely in terms of helping a few disadvantaged individuals get a foothold in the labor market, rather than equipping a broad swath of the workforce with world-class skills.

To take things to the next level, regional leaders need to set the bar much higher, expand the boundaries of their efforts to include a broader swath of the workforce, work across program boundaries to take more comprehensive approaches, work across jurisdictional boundaries to take more regional approaches, and be much more strategic in their efforts, investing available resources where they can make the biggest difference, directly supporting the creation of new jobs in ways that expand economic opportunity for all of the region’s residents.

The regional leaders in our network are moving in that direction. So far, no one region has managed to put all of the pieces together yet, but we can see the outline of a new world-class, skill-development system beginning to take shape. Here are some of the key elements of that system.

**Bigger and Better Data**

Increasingly regional leaders are using the new technologies described earlier to paint a comprehensive picture of what’s happening in the labor market, then supplementing that information with employers surveys or robust business retention and expansion programs to gather more detailed information about where the jobs are or are likely to be. They are also tracking enrollment...
in education and training programs to identify potential mismatches between supply and demand, and tracking what happens to program participants upon completion to assess the quality of those programs. They are using this more timely and reliable labor market intelligence to drive decisions about where to focus education and training investments and to track whether those investments are making a difference.

**Stronger Multi-Sector Collaboration**
Regional leaders are convening key stakeholders from the public, private, nonprofit, and philanthropic sectors to review timely, objective information about the region’s workforce, to identify which needs are the highest priorities, to develop plans to address those priorities, oversee the implementation of those plans, to track progress, and to make adjustments as conditions change. Whoever performs these functions needs sufficient scope, clout, and staying power to make lasting changes in the way services are delivered across the region, holding a wide variety of education and training providers accountable for performance. To maximize their effectiveness, these collaborative efforts need to be guided by the overall economic growth strategy for the region, and they need to forge strong links between skill development and economic development efforts.

**Greater Accountability for Results**
Regional leaders need to rigorously track progress against regional goals to determine whether their changes are making a difference and are achieving intended results, to update their analysis, to make necessary adjustments to their plan, and to sustain their efforts. An annual progress review involving key stakeholders helps them continue to think broadly and strategically while carrying out the operational plan, which often requires focusing narrowly on just one or two issues.

**Broader and Deeper Employer Engagement**
The growing collaboration between education and training providers and employers in targeted industries is making it possible to gather more detailed information about where the jobs are and what skills they require, and to tailor programs, policies, and curriculum design and content to the needs of employers in targeted industries. It is also making it easier to engage employers in expanding opportunities for internships and experiential learning for new and existing workers, providing assistance to employees to help acquire new skills, and building industry-recognized credentials into their hiring practices. These efforts need to be expanded beyond a narrow range of industries, and reach out to small employers where job growth is concentrated.

**More Integrated and Streamlined System**
This involves mapping out the whole skill development system, starting with an analysis of where the jobs are in the local economy and what skills they require, setting up partnerships with employers in key industries to provide short-term training that meets immediate industry needs, then working back through work readiness and pre-employment training programs that feed into that system, creating, in essence, a “talent supply chain” to support job growth in key industries. This more systematic
approach to skill development creates clearer pathways for students and low-skilled workers to pursue education and training that ultimately leads to employment in demand occupations.

**More Effective Remediation**
Currently, regional leaders only have the resources and capacity to serve a small fraction of workers with the least skills and experience, who face multiple barriers to employment, and at the same time make the investments necessary to support job growth. They need to find new more effective and efficient ways to help a larger segment of this group gain the credentials they require to get a foothold in the labor market, while relying on reform of the schools to reduce the size of this group going forward.

**More and Better Career Guidance**
This involves gathering and making much more widely available labor market intelligence about where the jobs are, what skills they require, what credentials are most relevant to in-demand occupations, and where the necessary education and training can be found. It also involves articulating career ladders and career matrices that allow students and workers to identify other occupations and careers that they might be able to pursue, leveraging their existing skills and experience, or by acquiring new skills. Finally, it involves making the skill development system much more transparent so that individuals can identify where to go to get the assistance they need.

Taken together, these elements define a skill development system that is capable of expanding both economic growth and individual opportunity on a scale that far exceeds the capacity of the current system. As the regions participating in our learning network continue to move in this direction, we will continue to share the lessons from their innovative efforts.
About the Regional Prosperity Project

The Regional Prosperity Project is an action-learning network of 10 regional leaders who are in the forefront of working across boundaries to promote broad-based regional prosperity. With support from the Surdna Foundation, the network has been meeting twice a year to explore new approaches to creating jobs and expanding opportunity in ways that are mutually reinforcing. Network participants are from:

- Central New York State
- Durham, NC
- Hartford, CT
- Kansas City, MO
- Milwaukee, WI
- Northeast Ohio
- Philadelphia, PA
- Portland, OR
- San Joaquin Valley, CA
- Greater Toronto, Ontario

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