



Investment Advisory

Minnesota's Workforce Investment Portfolio

- *Leadership Priorities*
- *Investment Recommendations*
- *Actions*



Prepared for Governor Tim Pawlenty
By the Governor's Workforce Development Council
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Executive Summary

Minnesota has a relatively strong and diverse economy. Our primary economic advantage in a global economy is a productive skilled workforce. We risk losing that advantage if we do not act now to address the coming skill and labor shortage. This Investment Advisory provides information on key trends among several economic, workforce, and education indicators and makes the case for a strong focus on skill development across our workforce investment portfolio. Skill development refers broadly to academic skills, job specific skills, and career exploration skills. Attention in each of these areas will build on our strengths and eliminate our weaknesses in the coming years.

The Governor's Workforce Development Council (GWDC), in fulfillment of its obligation to advise the Governor and Legislature on how to best coordinate and focus Minnesota's workforce development system,^{*} offers Governor Pawlenty two strategic objectives to focus our investments and one "tactical shift" intended to give local and regional leaders greater flexibility in delivering workforce development services through public, non-profit, and for-profit organizations in their communities. They are:

Strategic Investment Objectives for Minnesota's Workforce Investment Portfolio

1. Education, workforce, and economic development resources will be focused to meet market demand in least three key business sectors statewide: health care, manufacturing, and biosciences. Other priority sectors may also be pursued by regional leaders.
2. The wealth of Minnesota workers and businesses will grow through skills upgrades, benefiting many segments of the population, including the bottom 20% of earners in our economy.

Tactical Shift in the Operation of the Workforce Development System

Strong statewide objectives and performance expectations will be implemented by local and regional leaders who will be given substantial discretion over local operations.

The GWDC proposes the Pawlenty Administration adopt four leadership priorities that contain within them policy direction and investment recommendations. These leadership priorities can be used by the Pawlenty Administration to:

- shape state policy decisions in workforce, education, and economic development across a wide range of services and programs;
- identify specific investments for state resources in the 2006-07 biennial budget; and,
- embrace existing services already available through the public, nonprofit, and private sector and focus them toward achieving specific statewide objectives.

This Investment Advisory offers the following leadership priorities and recommendations:

A. Leadership Priority: Build on our Economic Strengths

Minnesota will identify specific economic sectors facing workforce and economic development challenges and adopt a sector-specific approach to focus resources from multiple state agencies and organizations to address specific skills gaps. Recommendations include specific investments to meet market demand in three sectors statewide: health care, manufacturing, and biosciences. These investments build on existing strengths and leave room for regional priorities that may be outside these three sectors.

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B. Leadership Priority: Accelerate the Entry of More Minnesotans with More Skills into the Workforce

Governor Pawlenty will direct key state agencies and programs to encourage, promote, and ensure that all Minnesotans have opportunity to advance their skills sufficiently to make a meaningful contribution to the economic vitality of the state. Existing efforts are underway to embrace new Americans, people with disabilities, individuals transitioning from welfare to work, and others that the GWDC sees as key to expanding our workforce. The GWDC also recommends greater investment in the development of career exploration skills for youth and adults through supplemental funding made available to school districts, education institutions and local workforce development leadership bodies as another means of achieving this leadership priority.

C. Leadership Priority: Support Strategies to Build Wealth For Minnesota Businesses and Workers

Governor Pawlenty will encourage skill attainment by Minnesotans both to meet Minnesota's labor market needs and to promote a measurable increase in wealth for Minnesota workers and businesses. In support of skill attainment and wealth-building strategies, the GWDC will focus attention in the coming year on how to make strategic use of Minnesota's Family Investment Program (MFIP) to help families moving from welfare to work gain the skills they need to competitively advance in the labor market and build their own wealth. The GWDC also recommends strategic use of the MN Job Skills Partnership program, within the scope of its current authority, to build skills of incumbent workers and bring new workers with skills into Minnesota's labor force.

D. Leadership Priority: Shift Decisionmaking to Local Leaders and Support Them

Governor Pawlenty will shift operational decisionmaking about the workforce development system from state agency leadership to local/regional leaders, allowing them to make local decisions about service priorities and service delivery methods that best suit regional and local labor market conditions while using statewide infrastructure support (data collection, marketing, etc.) to do so. The GWDC makes several recommendations in support of this leadership priority, many of which can be advanced through specific workforce development planning opportunities in the next year (e.g., federal Workforce Investment Act Unified Plan and state WorkForce Center Strategic Plan).

The GWDC is not suggesting specific investment levels nor has it identified sources of funding for the specific action items. It is anticipated that with the concurrence of the Governor and legislative leaders to make skills development a priority for Minnesota, the GWDC will work closely with all parties to ensure these priorities are reflected in the state budget and that existing federal, philanthropic, and private funds are leveraged fully alongside any new state investments.

The demographic and economic shifts taking place now require attention on both our short-term and long-term economic future. The GWDC sees skills development broadly as one path to ensure that Minnesota retains its preeminent position in the nation with a skilled, reliable, and productive workforce. This has historically been our economic advantage and can continue to be our advantage if the leadership priorities and recommendations in this report are pursued now.

★MS 268.665 (subdivision 3, §b) requires the GWDC to “Review federal, state, and local education, postsecondary, job skills training, and youth employment programs and make recommendations to the governor and the legislature for establishing an integrated, seamless system for providing education and work skills development services to learners and workers of all ages.”



Governor Pawlenty:

Fulfilling our statutory requirement to provide you with counsel and advice on Minnesota's workforce investments [Minnesota State Law §268.665, subdivision 3(b)], this "Investment Advisory" offers specific leadership priorities, investment recommendations, and action steps for incorporation into your 2006-07 state budget and for incorporation in Minnesota's next state-to-federal plan for federal Workforce Investment Act funds beginning in 2005.

The Governor's Workforce Development Council (GWDC) views Minnesota's collection of publicly-funded education, workforce, and economic development programs and services as a "portfolio of investments". The portfolio tracks individual program performance, with these programs generally responding to short-term need. However, the portfolio has not consistently had a strategic set of long-term investment goals. We propose new long-term investment goals to be pursued jointly across state agencies and institutions. Further, this current look at the environment and our specific investments yielded several key drivers that we need to address if Minnesota is going to stay competitive.

Minnesota continues to have a strong economic climate. However, we see a coming workforce shortage (mirroring national trends) that requires attention now, and we find evidence that Minnesota risks losing the competitive edge we currently have in a well-educated and prosperous workforce. The GWDC offers two strategic investment objectives and one tactical shift to begin addressing these issues in 2005:

Strategic Investment Objectives for Minnesota's Workforce Investment Portfolio

1. Education, workforce, and economic development resources will be focused to meet market demand in at least three key business sectors statewide: health care, manufacturing, and biosciences. Other priority sectors may also be pursued by regional leaders.
2. The wealth of Minnesota workers and businesses will grow through skills upgrades benefiting many segments of the population, including the bottom 20% of earners in our economy.

Tactical Shift in the Operation of the Workforce Development System

- Strong statewide objectives and performance expectations will be implemented by local and regional leaders who will be given substantial discretion over local operations.

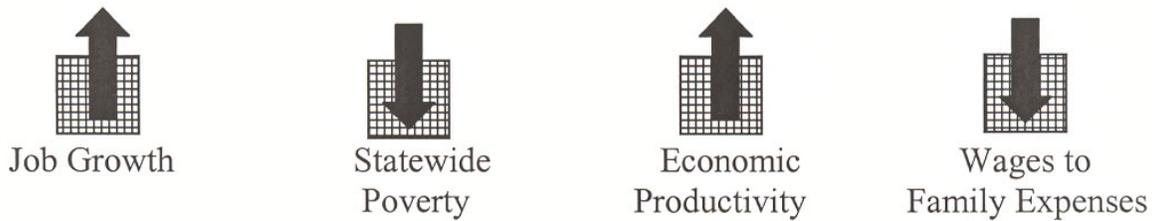
The GWDC believes that a focus on targeted skill development for Minnesotans – the major theme of this Investment Advisory – will help you reach goals specific to workforce and economic development. We also encourage you to think broadly about using these goals to drive efforts of other state agencies and service delivery systems as they support local innovation and regional responses to regional needs. This document also makes recommendations regarding *how* we reach those goals – the tactical shift outlined above. Previous work by the GWDC as well as recent work by the MN Department of Employment and Economic Development (DEED), the MN Workforce Council Association, and others has identified structural and/or service delivery changes for which you have a window of opportunity in the next state-to-federal Workforce Investment Act (WIA) unified plan. Implementation of these changes could produce stronger results in services funded through our investments. The tactical shift also underscores that our "workforce development portfolio" is bigger than the publicly-funded system through which many services are delivered and that we can do more to embrace non-profit and for-profit partners as contributors to the "portfolio".

We look forward to working closely with you, your Commissioners, state and local leaders, and the Minnesota State Legislature to bring these recommendations to reality during the 2006-07 budget development process and the WIA unified planning process.

I. ASSESSING THE MARKET AND THE PORTFOLIO

The Governor's Workforce Development Council (GWDC) has reviewed the environment in which our workforce investment portfolio operates and the performance of Minnesota's workforce development investments. Beginning with the individual programs and services in which we have invested, the GWDC finds that Minnesota's programs and services have generally done well in meeting their short-term expectations.¹ At the request of the 2003 Minnesota State Legislature, the GWDC has also reviewed the function and boundaries of Minnesota's sixteen Local Workforce Councils and the geographic areas in which they operate.² Although the GWDC finds opportunity to improve the efficiency and effectiveness of individual programs and service delivery systems³, it has been the absence of a long-term strategic view of our workforce needs that the GWDC sees as most critical to our future economic vitality. The key trendlines and facts requiring attention are highlighted in the following three trendlines.

TRENDLINES: Economic Growth, Wages, and Productivity



FACT: At 23% growth, Minnesota’s economy grew faster than the nation’s throughout the 1990s⁴ and is poised to continue to grow significantly in the next ten years (by 13%). The most significant job growth will be in both high wage and entry-level jobs. More job openings will require moderate on-the-job training and higher levels of training than those requiring little or no short-term training.⁵ Further, Minnesota’s economy is diverse with 85% of the Gross State Product (GSP) produced by five key industry sectors, and more than five other sectors producing the remaining 15%.⁶

FACT: Nationally, our population is aging, and the United States as a whole faces a worker shortage.⁷ Minnesota projects a worker shortage by 2010⁸. Minnesota’s projected worker shortage in the next decade is likely if employment growth is weak because the shortage results from significant replacement openings (currently projected at 678,000) as well as actual employment growth (openings currently projected at 379,000).⁹

The GWDC and others have identified specific needs in health care, manufacturing, and biosciences. These three industry clusters build on major strengths in Minnesota’s economy. As home to the Mayo Clinic and four other nationally ranked hospitals and health systems, Minnesota is recognized as a leader in health care services.¹⁰ Since 2001, health care workers have remained in the top segment of high vacancy, high demand industry sectors.¹¹ Manufacturing, although declining in its overall share of Minnesota employment, provides 60% of Minnesota’s exports and contributes over 15% of Minnesota’s overall payrolls. The industry faces key skills shortages as it shifts to future technologies and processes.¹² Governor Pawlenty has already identified biosciences (with its links to existing strengths in agriculture and medical technology) as an industry cluster for which specific skill development must take place now for the industry to enjoy future growth in Minnesota.¹³ Minnesota’s leadership position in the medical device industry is supported and strengthened through both the manufacturing and bioscience clusters. Many bioscience investments also build on Minnesota’s foundations in agriculture and food processing.¹⁴

FACT: Minnesota’s poverty rate fell from just under 13% in 1990 to about 8% in 2002,¹⁵ which significantly outpaced national trends.

FACT: Research on the cost of living in Minnesota reveals that, in spite of a drop in the overall poverty rate, more than one-fifth of Minnesota workers earn less than \$9.36 per hour, the wage both parents must earn to meet the costs for a two-parent family of three; and, more than one-third of Minnesota workers earn less than \$11.41 per hour, the wage both parents must earn to meet the costs for a two-parent family of four.¹⁶

FACT: Minnesota’s GSP, a measure of total economic activity and output, has increased steadily during the last two decades, moving to over \$188 billion in current dollars.¹⁷ For context, Minnesota’s economy ranks about 46th in the world – larger than Austria’s, Saudi Arabia’s, and Norway’s economies.¹⁸

TRENDLINES: Education, Training,



Education Preparation



Education Investment

FACT: Minnesota's overall high school completion rates are high¹⁹ in comparison to other states, and Minnesota ranks 7th in the nation in the number of college graduates in the state. At the same time, nearly 60% of an average graduating high school class will enter the workforce without a college degree.²⁰

FACT: Minnesota invests federal and state funds to produce labor market and career information for Minnesotans to make informed career choices. A print publication, *Minnesota Careers*, is distributed to all Minnesota public education students in either grade 9 or 10. The Minnesota Career Information System, an electronic system of career information and career planning tools supported entirely by product sales, is used in most Minnesota secondary schools and WorkForce Centers. Minnesota maintains the Internet System for Education and Employment Knowledge (ISEEK) web site combining labor market and career information from multiple state agencies and higher education systems.

FACT: Minnesota is investing less in higher education, and related skill development for current and future workers. For the 2004-2005 biennium, higher education received a 12 percent, or \$351 million, reduction from the base funding level; this reduction was preceded by reductions imposed by the 2002 Legislature for the previous biennium, and unallotments by the Governor. Minnesota ranks 21st at \$7.56 in state tax funded appropriations per \$1,000 of personal income in Fiscal Year 2004, down from a peak of \$15.08 in 1978.²¹

FACT: Dedicated secondary career and technical education categorical funding went from a peak of \$22 million in 1980 to permissive dedicated levy authority of \$12 million in 2002.²² Beginning in 1987, the MN Legislature rolled previously separate, dedicated funding streams into a baseline funding formula, allowing local districts to make their own determinations about service priorities. Currently, districts spend some general fund (formula) funds on vocational education and may also raise funds through optional local levies. MN Department of Education leaders report that "while the secondary vocational aid/levy has remained constant over the past ten years, total school district general fund expenditures, which include vocational education, increased from \$68 million in 1987-88 to \$118 million in 2002-03" (unadjusted figures).²³

and Labor Force Development



Strategic Skills
Training



Opportunity to
Expand Labor Force

FACT: The 2001 “Gunther Inventory” identified approximately \$148 million focused on “job training services”, with less than one-quarter of that funding dedicated to actual “skill upgrades” for Minnesotans. As an example, of the more than three thousand people who received services in program year 2002 through the federal WIA Title I adult program, under 600 received any training services through those funds.²⁴ While there are programmatic constraints to spending federal WIA funds for training, state investments could support more “skill upgrades”. Further, our federal and state investments are not always strategically aligned with our statewide labor market needs nor do we consistently adjust performance expectations to account for regional labor market differences.

FACT: Minnesota’s labor force growth will depend largely on migration to the state²⁵ and Minnesota has welcomed a high percentage of immigrants – particularly refugees – into its workforce in recent years. At least ten communities in Minnesota have school districts in which more than one-quarter of students are non-native English speakers²⁶, reflecting the increasing diversity of our future workforce. Minnesota’s immigrant and refugee workforce tend to have high labor force attachment in lower-wage jobs. Limited English proficiency is a key barrier to their advancement in the workforce. In 2003, Minnesota’s Adult Basic Education program served over 37,000 clients last year with English Language Learner (ELL) services, most of whom were seeking English and workforce-related services.²⁷

FACT: Minnesota businesses can find additional workers from among Minnesotans with disabilities. While Minnesota enjoys a high labor force participation rate overall relative to other states, 65% of Minnesotans with a disability, age 21-64, are in the workforce as compared with 84% of Minnesotans with no disability from that same age group. There is substantial room to increase the labor force participation rate of Minnesotans with disabilities.²⁸

TRENDLINES: Customer Satisfaction, Return on Investment, Service Demand



FACT: Minnesota's WorkForce Center System customer satisfaction rates were relatively constant during 2003. Averages for both jobseeker and business customers were above national averages and perceptions of WorkForce Center satisfaction were generally positive.²⁹

FACT: Minnesota has built a widely accessible WorkForce Center system that has gained public awareness in recent years.³⁰ Several efforts by local and state leaders in recent years have also assessed and made appropriate changes to the locations and accessibility of individual WorkForce Centers.³¹ Further, the numbers of people served by publicly-funded programs has increased in recent years.³²

FACT: DEED program staff calculate for the Workforce Investment Act (WIA) Adult Program, a return on investment of \$1.35 for every \$1.00 expended during the 2002 program year. During the same reporting period, average annual wage gains for program participants were more than \$4500 per individual.³³ Returns for vocational rehabilitation programs and services for the blind have been calculated at \$11 for every \$1 spent.³⁴ These calculations are based solely on the one federal funding stream and services provided through that individual program. Individual Local Workforce Councils calculate return on investment that exceeds 548%.³⁵ Further, independent analysis of several of Minnesota's nonprofit job training providers indicate significant returns for services provided (particularly to lower-income, lower-skilled individuals).³⁶

FACT: In 2003, Minnesota exceeded its performance measures for WIA services, earning a \$750,000 incentive grant award which will be used to enhance skill training and English language services for incumbent workers.

FACT: Federal public resources to support workforce services continue to decrease. The Workforce Alliance reports that the US Department of Labor has decreased its inflation-adjusted investments in worker training by 29 percent between 1985 and 2003. Further, since 2000, WIA Dislocated Worker funding has declined by 15 percent (in inflation-adjusted terms) – during the very period when demand for services increased significantly. Finally, in 2002, only two percent of federal TANF dollars supported education and training. Private funding of training for incumbent workers within their place of employment increased from 2001 to 2002³⁷, and there is opportunity to better leverage investments businesses make in support of creating a more skilled workforce.

FACT: Demand for service has increased in recent years as evidenced by consistent increases in requests for vocational rehabilitation services (currently a waiting list of over 4000 exists), significant increases in demand for Dislocated Worker services, and increased usage of Minnesota's WorkForce Center and electronic workforce resources.

II. WHY SKILL DEVELOPMENT?

There is widespread agreement that Minnesota's single strongest competitive advantage in a global marketplace is our skilled workforce.³⁸ The preceding facts yield mostly positive trendlines – Minnesota has a growing and diverse economic environment from which both businesses and workers prosper. However, some trendlines indicate that our investments in education and our workforce system may need strengthening if Minnesota is to keep **its competitive edge by ensuring we have the skilled workforce we will need in the near future.**

While the GWDC recognizes that skill development is only a part of the equation that yields prosperous workers and businesses, it is a tangible service element that can be strengthened (or introduced) into several areas of Minnesota's education, workforce, and economic development systems that can yield a significant return for Minnesota workers and businesses. The GWDC's recent experiences with the Families Forward initiative in partnership with the McKnight Foundation have taught us much about how to effectively deliver skills training. Many of the lessons from Families Forward (see summary box on page nine) can be advanced through the investment and action recommendations offered by the GWDC. The intentional focus on skills development in Families Forward is mirrored in this advisory's advancement of skills development as a valuable focal point for the upcoming state budget and federal planning cycles.

Evidence is abundant that skill development is valuable – particularly if targeted for high-demand, high-growth business sectors and focused on segments of the population which can benefit most from a specific investment.

- There continues to be a significant "education dividend" in which individuals with more education and training earn more over their lifetimes. This is generally evident in analyses of census and other data sources that can track education attainment and earnings longitudinally. One commonly cited analysis suggests that individuals completing high school will earn between 20% and 40% more than those who do not. College graduates earn 8% to 16% more than high school graduates. Minnesota gains significantly through income tax, strengthened economic activity and numerous "social" returns by having a well-educated workforce.³⁹
- Business leaders value training and education for their employees (as evidenced by national increases in training levels⁴⁰) and are beginning to quantify the value of employee training and skill development in bottom line company profitability. The nationally recognized consulting firm Accenture has recently developed a methodology for capturing not only the immediate ROI for a specific learning solution, but the "higher-level analysis of the business benefits of human performance spending". In a specific internal analysis, Accenture found that the employees in whom the company had invested through learning programs were likely to stay with the company 14% longer, were 17% more productive, and performed at 20% higher levels than their peer group.⁴¹
- We have ample evidence that publicly-funded training is of value to the individuals who receive it, the employers who hire those individuals, and the other public systems whose resources are conserved by having a working population able to earn enough to support their families. National studies of job training programs have reported positive outcomes and positive returns relative to federal investments.
- Further, there is evidence that for particular populations – welfare recipients as an example – flexible combinations of training and work experience lead to better outcomes than either approach by itself.⁴²

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In the development of this Investment Advisory, there was discussion of the important role that Minnesota’s Family Investment Program (MFIP) can play as part of the workforce development portfolio. The GWDC did not dedicate significant focus on this topic, but has agreed to make it a focal point of study during the coming year. Minnesota has historically had very successful and notable experience in moving individuals successfully from welfare to work and that legacy should be brought forward into Minnesota’s workforce development strategies and investments.

In its discussions about a focus on skill development, the GWDC Executive Committee found it useful to identify three general groupings of skill sets, by three identifiable customer segments that need to be addressed. The following table identifies these segments:

MINNESOTA SKILL DEVELOPMENT SEGMENTATION	Youth – People between the ages of 14 -21	Emerging – People over the age of 21 who are not currently employed	Incumbent - People who are currently employed in Minnesota
Basic Academic Skills (core academic skills and work-based skills)	<ul style="list-style-type: none"> •Meet Minnesota standards for core academics. •Have work-based skills (problem solving, critical thinking, technology, etc.). 	<ul style="list-style-type: none"> •Receive necessary remediation. •Access to Adult Basic Education (ABE) •Access to English as a Second Language (ESL) 	<ul style="list-style-type: none"> •Receive necessary remediation •Access to Adult Basic Education (ABE) •Access to English as a Second Language (ESL)
Job Specific Skills (preparing for a specific occupation)	<ul style="list-style-type: none"> •Begin to hone a specific skill set for future employment through work-based learning and/or further education. 	<ul style="list-style-type: none"> •Develop occupation specific skills through further education / training or through work experience. 	<ul style="list-style-type: none"> •Expand job specific skills to increase mobility within the workforce and increase productivity.
Career Exploration and Mobility Skills (decide on a career and understand how to be mobile in the working world)	<ul style="list-style-type: none"> •Access career exploration materials and labor market information to explore possible career paths. •Learn about career ladders and how to use them to one’s advantage. 	<ul style="list-style-type: none"> •Determine how to navigate the working world, including deciding a career path, understanding labor market information, how to maintain mobility and identify career ladders 	<ul style="list-style-type: none"> •Understand how to be mobile within the workforce. •Be aware of labor market information and economic trends. •Reassess career laddering opportunities

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While each of the cells in the table above is critical to our economic vitality as a state, the focal point of the GWDC's work is on job-specific skills and career mobility skills. Foundational academic skills have been addressed most recently by the 2003 and 2004 Legislatures through the development of new state standards for K-12 education.

To address job-specific skills, the GWDC has identified specific sectors with current and future skill shortages requiring attention. In addition, the Minnesota State Colleges and Universities and Minnesota Department of Employment and Economic Development have recently created a new analytic tool to identify specific skills gaps in key industries and how state colleges and universities can align educational offerings to meet these skills gaps. When implemented, the recommendations in this document would require continual use of such a tool by those two state organizations as well as other state and local partners to best assess strategic gaps and implement meaningful solutions. The GWDC Executive Committee has previously discussed the value of a "workforce coordinator" position which could also be established at the state level to help guide sectoral work and ensure cross-agency collaboration to focus on skills development as discussed here. Although no specific recommendation is being advanced at this time, there has been previous work on this topic (see 1999 Citizens League report) that could be developed as a gubernatorial recommendation in the coming years.

Using the table above as a guide, we can then identify specific solutions for specific labor market segments while at the same time, defining skills as the "common currency" with which both jobseekers and businesses will bridge the supply and demand sides of the labor market. A review of literature on skills development in the context of workforce and economic development yields several tangible suggestions for meeting business and jobseeker needs through program and service changes. (An informal review of literature is available on the GWDC web site at www.gwdc.org.)

The public workforce development system has evolved during the past three decades away from an historical emphasis on education and skills development to an increasing focus on immediate placement. Recognizing this trend, and also seeing that there was no cohesive body of knowledge about how to best advance the skills and careers of lower-income, lower-skilled workers, the McKnight Foundation has supported the Families Forward initiative with a more than \$5 million investment over the past four years. This initiative draws on the talents and skills of eighteen partnerships around the state, all working to advance the skills of low-income incumbent workers to learn what works best.

The GWDC's involvement in Families Forward has yielded specific insights into strengthening the publicly-funded workforce system. More about our learning from Families Forward will be available through the GWDC web site: www.gwdc.org.

The GWDC has served as the “convener” of Families Forward since 2001. Our experience has yielded five specific learnings that we believe can be advanced through the leadership priorities, budget recommendations, and action steps recommended here to significantly strengthen Minnesota’s publicly-funded workforce investments. A summary of these programmatic “innovations” is presented here, with more detail found under Families Forward at www.gwdc.org. While each of these programmatic innovations is not directly embedded in the recommendations in this Investment Advisory, the GWDC will work closely with state agencies and other partners to help advance the recommendations presented later in this report and, in doing so, bring out the Families Forward learnings presented here.

I: Amplify Workers’ Potential

It is commonly accepted that some measure of self-awareness and understanding of one’s own potential is a prerequisite for establishing high-level, yet attainable goals, and making advancements towards those goals. Successful workforce services create opportunity to help workers visualize their potential, maximize their own power to capitalize on their abilities, interests, and skills and make a greater contribution to economic growth. This, in turn, helps meet employers needs providing employers with the highly-skilled workforce they need to compete globally and maximize business productivity.

II. Focus Broadly on Skill Development

The Families Forward partnerships all focus on skill attainment – but in a multitude of ways which yields rich information about the many foundational elements needed to successfully help workers advance their skills. Skill development can be about job-specific tasks; and, can also include development of language skills, cross-cultural communication skills, personal skills to navigate support networks, and career mobility skills. These foundational elements can be woven into existing public workforce services in Minnesota’s portfolio through policy and program changes.

III. Establish Flexible Organizational Structures

A key to the effectiveness of the Families Forward partnerships has been their own organizational flexibility and the flexibility afforded to them by a private, philanthropic funding source. There are specific elements to be drawn from this experience that could be embedded in public program and service delivery structures that would significantly increase the effectiveness of our public workforce services.

IV. Businesses Create Opportunities for Skill Development

It is obvious that successful skill development for workers depends upon opportunities created by businesses. Perhaps less clear is that there are opportunities (and responsibilities) for both businesses and individuals to advance skills and grow both business productivity and individual careers. Led by DEED, efforts are now underway to better serve businesses as a primary customer of the workforce development system. There are additional opportunities to bring tools and services from the workforce portfolio to businesses and engage them further as a partner in the skill development of Minnesota workers.

V. Convergence

The concept of convergence is simply that several of these programmatic elements often need to be in place at the same time for successful outcomes to be achieved. In the Families Forward partnerships, the flexibility of philanthropic funding allowed programs to tailor their approaches and services to ensure that all of these elements are present for program participants. Publicly-funded programs sometimes incorporate these themes into their own program guidance and structure; but could do more to ensure that program participants are exposed to all elements, as appropriate, during the course of their engagement in publicly-funded programs. This may require that “convergence” happen as participants move through more than one service or institution (e.g., from an MFIP or job training program through to post-secondary education).

The GWDC finds two compelling reasons to focus our 2006-07 state budget and our future workforce development planning on skill development:

- Broad evidence that targeted skill development is a defining characteristic of both worker and business success; and,
- Minnesota's preliminary success, through Families Forward, in raising the skills of Minnesota workers (particularly lower-income, lower-skilled individuals) and seeing the resulting wage gains and productivity gains accrue to workers and businesses, respectively. The GWDC sees an important opportunity to take the lessons learned from a philanthropic investment and strengthen the publicly-funded workforce system with those lessons.

To carry this focus on skill development forward, the GWDC offers several recommendations intended to shape the 2006-07 state biennial budget as well as the state-to-federal plan for Workforce Investment Act dollars. To have lasting impact, Minnesota must direct a wide range of resources toward skills development for Minnesota workers and businesses. As such, the following recommendations reach across several state agencies and institutions and require significant state-level leadership combined with local implementation and accountability. The GWDC sees this as a first step toward a continuous improvement process to strengthen our education, workforce, and economic development efforts and ensure our continued economic vitality.

The GWDC is not suggesting specific investment levels nor has it identified sources of funding for the specific action items. It is anticipated that with the concurrence of the Governor and legislative leaders to make skills development a priority for Minnesota, the GWDC will work closely with all parties to ensure these priorities are reflected in the state budget and that existing federal, philanthropic, and private funds are leveraged fully alongside any new state investments.

III. RECOMMENDED LEADERSHIP PRIORITIES, INVESTMENT AREAS, AND ACTION ITEMS

The GWDC recommends balancing the investments in our portfolio to address the trends identified earlier and reflect the mutual benefits that accrue to businesses and workers when Minnesotans work, gain new skills, earn more, and advance in their careers.

In addition to specific investment recommendations, the GWDC identifies leadership priorities and corresponding actions to be implemented through the WIA unified planning process and other venues. Although some recommended actions support more than one intended outcome, they are presented here by the strategic investment objective and tactical shift they support most directly.

<p>Investment Objective I: Minnesota will focus education, workforce, and economic development resources to meet market demand in least three key business sectors statewide: health care, manufacturing, and biosciences. Other priority sectors may also be pursued by regional leaders.</p>

A. Leadership Priority: Build on our Economic Strengths

Minnesota will identify specific economic sectors facing workforce and economic development challenges and adopt a sector-specific approach to focus resources from multiple state agencies and organizations to address specific skills gaps. Governor Pawlenty will provide leadership to identify statewide sector-specific needs and focus multiple state agency resources on a specific business sector. In addition, regional leaders will have the opportunity to identify regional priority sectors and focus multiple state agency resources on sectors that may be of importance to a region, but have not emerged as statewide priorities.⁴³ In each of the

following recommendations, the GWDC (either directly or through other appropriate entities) will serve as the convener and coordinator of sector-specific activity.⁴⁴

A1. Action: With the support of the Governor’s Office, the GWDC should support convening in each of the key sectors identified (health care, manufacturing, bioscience). Each industry-specific convening will disseminate successful approaches and leverage existing resources; explore how to ensure that industry standards and expectations are being met by existing or emerging education and training programs (both secondary, and post-secondary); and support cross-agency and institution work, as appropriate. The GWDC will also work closely with the MN Job Skills Partnership Board (MJSPB), Local Workforce Councils, and other key stakeholders to develop a regular mechanism for reviewing and identifying future sector priorities.

A2. Action: To assess the status of the “workforce investment portfolio” and individual program value relative to identified economic priorities, the Governor should explore options for identifying a “workforce coordinator” to direct this work on a continuing basis in conjunction with key Cabinet leaders and state boards.

Investment Recommendations:

Health Care Sector

1. Funding should be made available for the Minnesota State Colleges and Universities and University of Minnesota for nursing and other efforts designed to: (1) expand enrollment in registered nursing education programs; (2) support practical nursing programs and career ladders in regions of high need; (3) address the shortage of nursing faculty; and (4) provide accessible learning opportunities to students through distance education and simulation experiences.
2. Funding should be made available for the Minnesota Job Skills Partnership’s health care and human services program as allowed and intended.

Manufacturing Sector

3. Funding should be made available jointly to the Minnesota State Colleges and Universities, MN Department of Education, MN Department of Labor and Industry, and the MN Job Skills Partnership Board to invest in Minnesota’s current and future manufacturing sector. This investment will expand education and training capacity for streamlined (e.g., lean) manufacturing⁴⁵ in Minnesota through:
 - i. Investment in promising community/college partnerships advancing new and innovative engineering and manufacturing technologies to be identified by the Minnesota State Colleges and Universities with the consultation of stakeholders from local workforce, economic development, and education communities.⁴⁶ and,
 - ii. Articulation of manufacturing/engineering curricula with Minnesota high schools, using successful models like Project Lead The Way.⁴⁷ Appropriations will be used to support expanded apprenticeship programs that bridge high school, post-secondary, and/or work transitions; and, expansion of high school programs by 25% by 2007 to deliver manufacturing/engineering curricula.

Bioscience Sector

4. As suggested by the Governor’s Biosciences Council, the Minnesota Job Skills Partnership should target a percentage of its training grant dollars toward workforce training in the bioscience technologies industries over the next two fiscal years. The vast majority of these grants go to MN State Colleges and Universities institutions, thus helping the MN State Colleges and Universities maintain cutting edge capabilities in biosciences education.

5. Funding should be made available to the Minnesota State Colleges and Universities to develop an education-industry partnership to respond to the future workforce needs of present and emerging companies in the biosciences industry because curricular design processes need to be dynamic and flexible in response to new industry discoveries.

B. Leadership Priority: Accelerate the Entry of More Minnesotans with More Skills into the Workforce

Governor Pawlenty will direct key state agencies and programs to encourage, promote, and ultimately ensure that all Minnesotans have opportunity to advance their skills sufficiently to make a meaningful contribution to the economic vitality of the state. This will include, but is not limited to, participants in the Minnesota Family Investment Program, in-school youth, out-of-school youth, people with disabilities, and new Americans.

B1. Action: Minnesota should encourage more career exploration, awareness of career and technical education, and youth attainment of workplace skills, so youth have a skill set that will provide them with the opportunity to meet their career goals whether they are planning to receive post-secondary training or move right into the world of work.⁴⁸ The ISEEK Solutions Board should be utilized as a leader to ensure consistent, systematic availability of career information to all of Minnesota's youth, and the Local Youth Councils for implementing a local strategy for providing career exploration to meet local needs. Through the WIA Unified Planning process, each Workforce Service Area's operational Youth Council should focus on creating connections between economic development, education, and workforce development for the youth within their region.

Investment Recommendations

6. Funding should be made available to Local School Districts through the Department of Education to supplement current local levies with state funding for career and technical education programs to increase consistency and availability of career and technical education programs across the state. This funding may be made available as a supplement to, or incorporated into, the per-pupil formula.⁴⁹ In either case, the funding must be used, at local discretion, to:
 - expand secondary educational programs that are oriented to specific occupational areas, have high standards for middle and high school students, utilize regional/statewide articulation agreements among educational institutions⁵⁰ and connect businesses to education.
 - provide incentives for independent school districts to align with current industry standards (e.g., NATEF, MSSC, etc.) and increase collaboration among educational institutions and businesses.
 - provide incentives for local MN State Colleges and Universities campuses to align with current industry standards (e.g., NATEF, MSSC, etc.) and increase collaboration among educational institutions and businesses.
 - to reduce the gap between the maximum recommended ratio of students to counselors (250:1) and Minnesota's ratio (330:1)⁵¹
 - support classroom teachers and other secondary education staff to build awareness of career exploration options and opportunities to engage students on this topic.
7. Funding should be made available to the ISEEK Solutions Board to sustain, improve, and expand career exploration tools for Minnesota students, jobseekers, and incumbent workers and build greater awareness of specific statewide and/or regional economic sector priorities

Investment Objective II: The wealth of Minnesota workers and businesses will grow, through skills upgrades, benefiting many segments of the population, including the bottom 20% of earners in our economy.

C. Leadership Priority: Support Strategies to Build Wealth For Minnesota Businesses and Workers

Governor Pawlenty will encourage skill attainment by Minnesotans both to meet Minnesota's labor market needs and to promote a measurable increase in wealth for Minnesota workers and businesses. Skill attainment is a key strategy to build wealth for working Minnesotans and, in turn, add value for the businesses that employ them. Economically, supporting skills advancement for low-wage earners adds value to our state economy and conserves resources that might otherwise be spent on other services.

C1. Action: The MN Job Skills Partnership Program (MJSP) is one of Minnesota's best examples of investing in skill development to benefit workers and businesses alike. Within the scope of its current authority, The MJSP should continue to balance, the needs of low-wage, low-skilled workers and higher-wage, higher-skill workers and include in its reporting how the program serves these categories of workers. The MJSP Board should also encourage the involvement of community-based organizations (CBOs) in grants that have the potential to advance New Minnesotans, people with disabilities, and the unemployed who have had to rely on public assistance using the pre-employment granting authority it currently has.

Tactical Shift: Strong statewide objectives and performance expectations will be implemented by local and regional leaders who will be given substantial discretion over local operations.

To make this tactical shift, the GWDC asks Governor Pawlenty to endorse the following policy initiatives for inclusion in the Workforce Investment Act Unified Planning Process and allocate funds accordingly.

D. Leadership Priority: Shift Decisionmaking To Local Leaders and Support Them

Governor Pawlenty will shift operational decisionmaking about the workforce development system from state agency leadership to local/regional leaders, allowing them to make local decisions about service priorities and service delivery methods that best suit regional and local labor market conditions while using statewide infrastructure support (data collection, marketing, etc.) to do so. Governor Pawlenty will also help state leaders view local, non-profit, and for-profit organizations as allies critical to meeting statewide goals for workforce development.

D1. Action: Although Minnesota has developed a strong inclusive arrangement over the past several years bringing several local and state partners together in the operation of WorkForce Centers and the delivery of services through the established Workforce Service Areas, relationships have evolved sufficiently that local leaders should now be afforded greater discretion in making service delivery decisions for their regions.⁵²

- Local Workforce Councils will have substantial decision making authority over the physical siting and operation of local WorkForce Centers. Several recent efforts can be used to develop a protocol to clarify what the state agency contributions can be to a particular WorkForce Center operation, leaving location and 'level of service' decisions about a specific site to Local Workforce Councils.⁵³
- Local Workforce Councils will have discretion over who the "operating entity" will be for WorkForce Centers in their region.

The GWDC and DEED will advance these actions and others consistent with this leadership priority through the federal Workforce Investment Act (WIA) Unified Planning process, state WorkForce Center Strategic Plan, and other appropriate policy opportunities.⁵⁴

D2. Action: Through the WIA Unified Planning process, Minnesota should support Local Workforce Councils to have an operational Youth Council that focuses on creating connections between economic development, education, and workforce development for the youth within their region.⁵⁵

Investment Recommendation

8. Funding should be made available to the Minnesota Workforce Council Association to strengthen the Youth Councils and provide a means for those Councils to create connections between economic development, education, and workforce development in order to promote additional skill attainment for the youth within their region.

D3. Action: Through the WIA Unified Planning process, Minnesota should require joint regional plans between Local Workforce Councils or sub-regional plans within a single Workforce Service Area depending on area demographics. Many of the current issues surrounding the current Workforce Service Area boundaries can be eliminated through joint or sub-regional plans. Further recommendations about where joint regional plans / sub-regional plans should be required are included in the GWDC report on Workforce Service Area boundaries, which can be viewed at www.gwdc.org.⁵⁶ Although the current Workforce Service Area boundary structure serves Minnesota quite well and is also broadly supported at the local level, the GWDC does recommend merging the Winona County and Southeast Minnesota Workforce Service Areas and allocate resources to assist these two Workforce Service Areas with this merger. The GWDC recommends this merger largely because of Winona County's fluctuating performance outcomes due to small size and location and the lack of funding available to support a Workforce Service Area with a limited customer base.⁵⁷

Investment Recommendation

9. Funding should be made available to Local Workforce Councils to support joint or sub-regional planning initiatives and the merger of Southeast Minnesota and Winona County Workforce Service Areas.

D4. Action: DEED is developing “meaningful measures” that will be applied to all programs within the agency to create common measures of the value, impact, and investment return for workforce programs. To advance this kind of comprehensive accountability the Governor should encourage state agencies and educational institutions to work together to expand the work DEED has begun. Through the GWDC, other key state agencies and education institutions can participate in this measurement system to quantify the collective value of Minnesota's economic development, education, and workforce development services for workers and businesses.⁵⁸

IV. CONCLUSION

This Investment Advisory was the product of significant research, deliberation and engagement by members of the Governor's Workforce Development Council (GWDC), other practitioners and policymakers active in GWDC committees, and many other stakeholders throughout the state. The facts and trendlines presented clearly demonstrate the demographic and economic shifts taking place now. The facts also present a sense of urgency. Our attention is needed now – and opportunities are in front of us now – to be attentive to both our short-term and longer-term economic future. The GWDC sees skills development broadly as one path to ensure that Minnesota retains its preeminent position in the nation. The leadership priorities, investment recommendations and actions are all achievable in the upcoming budget and policy opportunities outlined. The Pawlenty Administration has an opportunity to ensure that Minnesota's historical economic advantage in a skilled, reliable, and productive workforce can continue to be our advantage. The GWDC looks forward to supporting this agenda within the Administration and embracing all components of our workforce service delivery system (public, non-profit, and for-profit) in support of the priorities identified here.

ENDNOTES AND REFERENCES

¹ Performance information for our Workforce Investment Act-funded programs and services is available at: <http://www.deed.state.mn.us/wia/WIAAnnualReportPY02.pdf>. Performance for other education, workforce and economic development programs in the portfolio is available through the state and local agencies that administer them. The GWDC also completed a thorough review of the state and federal Dislocated Worker Programs (DWP) at the request of the 2003 Legislature. This was an unusual opportunity for the Council to look deeply into a single program and review its operation and effectiveness. A finding from that programmatic review was that there were few mechanisms to ensure that the Dislocated Worker Programs (or others in the portfolio) are not just meeting individual participant needs, but also aligning with broader long-term statewide economic needs.

² The initial legislative request was fulfilled by an ad hoc committee named by the GWDC. The final report from that committee is available at www.gwdc.org. At the Council's request, a second committee was formed to use the analysis developed at the Legislature's request and develop a standing framework for regular review of Workforce Service Area boundaries and to make recommendations for the gubernatorial review of those boundaries in conjunction with the state's next WIA Unified Planning process. The recommendations from the second committee are incorporated in this document. Additional information is also available at www.gwdc.org.

³ In 2004, the GWDC also completed a thorough review of the state and federal Dislocated Worker Programs (DWP) at the request of the Legislature. This was an unusual opportunity for the Council to look deeply into a single program and review its operation and effectiveness. The GWDC has typically looked at the "system level" rather than delve into a single program or service.

⁴ Minnesota Job Outlook to 2010, DEED Labor Market Information Office

⁵ Minnesota Job Outlook to 2010, DEED Labor Market Information Office

⁶ from 2001 Regional Accounts Data, U.S. Department of Commerce, Bureau of Economic Analysis (<http://www.bea.doc.gov>). Reported in Compare Minnesota, June 2003, produced by Department of Employment and Economic Development.

⁷ The Aspen Institute reports that "in contrast to the 50% rise in the labor force from 1980 to 2000, it will rise by just 16% in the next 20 years. None of the growth will be among "prime age" (age 25-54) native-born workers." Grow Faster Together or Grow Slowly Apart, The Aspen Institute.

⁸ "Minnesota Job Market Poised for Turnaround", Mike Meyers, Star Tribune, 2/16/04. Drawing on widely available demographic and job growth projections, the GWDC cited a long-term labor shortage through 2010 (based on 2000 and 2001 data) with a 1% gap – a 13% increase in jobs as compared to a 12% growth in labor force. Updated figures can be found at <http://www.demography.state.mn.us> and <http://www.deed.state.mn.us/lmi/tools/projections/>.

⁹ See "Projected Regional Employment Growth in Minnesota, 2000-2010 in Minnesota Employment Review, December 2003.

¹⁰ The Mayo Clinic, Hennepin County Medical Center, Fairview-University Medical Center, Abbott Northwestern and Mercy Hospital were included on a list by US News and World Report of 117 best hospitals in the country. The ranking was also reported in the Minneapolis-St. Paul Business Journal, July 2, 2004.

¹¹ Data on health care vacancies is available through the Minnesota Job Vacancy Survey. For a detailed analysis of health care worker and skill shortages, see: <http://www.deed.state.mn.us/lmi/pdfs/publications/healthjuly2003.pdf>.

¹² Manufacturing's contributions to Minnesota's exports is found in Compare Minnesota, June 2003, produced by Department of Employment and Economic Development. Percentage of payroll is reported by DEED Office of Labor Market Information. Key issues facing manufacturing in Minnesota, including skill shortage information, is summarized in: <http://www.deed.state.mn.us/MfgRound/PDFs/RoundtableRpt.pdf>

¹³ For complete information on the Governor's Biosciences Initiative, see: <http://www.deed.state.mn.us/biozone/>

¹⁴ Among all states, Minnesota was 4th best location for food processing, based on a strong agricultural sector, well-known trademark names and companies, and recent corporate expansions (*Business Facilities*, April 1999). In agricultural sales, Minnesota was the 7th largest state, with \$8.2 billion in cash receipts. For more information, see: <http://www.deed.state.mn.us/facts/PDFs/food.pdf>.

¹⁵ Data from US Department of Commerce, Bureau of Economic Analysis using federal poverty line definition

¹⁶ Cost of Living in Minnesota 2002, Jobs Now Coalition, p. 6. These numbers are based on statewide averages. For information that is specific to regions in Minnesota and family sizes, see the full report: www.jobsnowcoalition.org.

¹⁷ 2002 figures from US Department of Commerce, Bureau of Economic Analysis. See <http://www.bea.doc.gov/bea/regional/gsp/> for further information.

¹⁸ 2001 data from Trends Magazine, June 2003. See: <http://www.deed.state.mn.us/lmi/publications/trends/0603/back.htm>

¹⁹ Drawn from data available from the National Center for Education Statistics: <http://nces.ed.gov/help/sitemap.asp>

²⁰ The Educational Pipeline: Big Investment, Big Returns: Educational Loss Rate found at www.highereducation.org/reports/pipeline.

²¹ Page 10, Overview of Minnesota Post-Secondary Education prepared for the Citizens League Higher Education Study. For more information see www.mheso.state.mn.us.

²² Data supplied by MN Department of Education, Division of Adult and Career Education

²³ Data from MN Department of Education/Division of Program Finance, UFARS as transmitted in 6/23/04 communication with GWDC leadership. UFARS reporting covers ten broad categories of expenditure including “vocational education instruction” and “community education and services” and “pupil support services” all of which have elements of the career exploration and vocational education components discussed by the GWDC Developing the Emerging Workforce Committee. Specific analysis of the individual reporting categories within UFARS was not readily available to the GWDC when this report was completed.

²⁴ WIA Program Year 2002 from Annual Report: <http://www.deed.state.mn.us/wia/WIAAnnualReportPY02.pdf>. Reporting on the PY02 allocation of just over \$7 million identifies individuals served in “Core II” and “Training” services. Page 13 of that report identified 578 individuals who received training services through this funding stream as compared to 3111 served in total. Federal workforce services funding to Minnesota has remained flat for several years even as need and service levels have increased, more funds are directed to serving jobseekers and employers with basic labor exchange services and fewer funds are then available for training. It should be underscored that federal program rules (tiered access to services) as well as performance measures often de-emphasize training. State prioritization and additional investment could soften the impact of federal de-emphasis on training.

²⁵ Demographics and Higher Education in Minnesota: Presentation to the Citizens League. Tom Gillaspay, State Demographer, MN Dept of Administration, May 2004, slide 19

²⁶ Demographics And Higher Education In Minnesota: Presentation to Citizens League, Tom Gillaspay, State Demographer, MN Dept of Administration, May 2004, slide 9

²⁷ Information from MN Department of Human Services, Refugee Services unit, and MN Department of Education, Division of Adult and Career Education.

²⁸ 2000 Census data reported by MN Department of Employment and Economic Development, Division of Workforce Services, Rehabilitation Services

²⁹ See <http://www.deed.state.mn.us/customersurvey/index.htm> for complete jobseeker and employer survey results

³⁰ The University of Minnesota Omnibus Survey has tracked familiarity with Minnesota’s WorkForce Center brand name for the past several years. Minnesotans are becoming more familiar with WorkForce Centers; in 2000 about 45% said they were aware of WorkForce Centers in their area, in 2003 this had risen to 55%.

³¹ The 2001 Legislature charged the GWDC with completing a WorkForce Center Strategic Plan every two years which is designed to guide local decisionmaking on WorkForce Center locations and operations. For copies of recent plans, see www.gwdc.org. In addition, state agency leaders have undertaken several efforts to assess the viability, function, and future operation of WorkForce Centers. The most recent of these efforts, referred to as the “Gang of 24” is summarized at: <http://www.deed.state.mn.us/planning/wfcSysPlan.htm>

³² As an example, the federal and state Dislocated Worker Programs have alone increased the numbers served from under 10,000 in 1999 to more than 25,000 in 2002.

³³ Page 13, WIA Program Year 2002 Annual Report: <http://www.deed.state.mn.us/wia/WIAAnnualReportPY02.pdf>.

³⁴ Calculation on average of federally funded vocational rehabilitation programs by the federal Office of Management and Budget, cited in Rubin and Roessler (1995), Foundations of the Vocational Rehabilitation Process.

³⁵ Calculation by the Southeast Minnesota Workforce Council / Workforce Development, Inc. is the consolidated ROI for all adult programs – an unduplicated count of all adult outcomes, irregardless of program (WIA, MFIP, FSET, Dislocated Worker, private and philanthropically funded, etc.) and their annually calculated new taxes paid (state & federal income tax, as well as FICA) plus welfare payments avoided for a year, all divided by the total expenditures for all adult programs for the fiscal year (including payments made on behalf of those not yet terminated or those with negative program terminations). Data from the past seven years (calculated consistently) shows a steady improvement on ROI from 444% in 1996 to 548% in 2002.

³⁶ Peter Hegaard, an investment advisor based in Minneapolis has done a series of analyses over the past few years showing return on investment for significant Twin Cities’ nonprofit employment and training providers. For a sample, see GoodwillEaster Seals: http://mnges.easterseals.com/site/DocServer/ROI_Article.pdf?docID=2721

³⁷ Summary data from the American Society for Training and Development “State of the Industry Report 2003” reports that several measures of business investment in employee training increased from 2001 to 2002. Expenditures on training as a percent of payroll grew from 1.9% to 2.2%; spending per employee increased from \$734 to \$826; and training hours per employee increased from 24 hours per year to 28 hours per year.

³⁸ University of Minnesota President Robert Bruininks affirms this in a global context with a quote from *The Economist* (2/19/04): “Adequate private and public investment in skills and lifelong education is paramount in this new world, and is where attention should be focusing.” State Demographer Tom Gillaspay also identifies skills development as key to future economic growth noting that “training of young Minnesotans, retraining of older workers and training and certifications of migrants will be key roles of education” in a presentation to the Citizens League Higher Education Study (5/04). Minneapolis Federal Reserve Economist Art Rolnick has also spoken on this issue in many public talks for the last several years.

³⁹ These figures come from analysis by Robert Allen, Professor of Economics at the University of British Columbia. A complete discussion is available in “The Education Dividend: Why Education Spending is a Good Investment for BC”, published by the Canadian Centre for Policy Alternatives at www.policyalternatives.ca.

⁴⁰ Several business members from among Local Workforce Councils note that business investments in worker training may not typically benefit entry- or intermediate-level workers. It has been suggested that the GWDC promote a Minnesota tax incentive for businesses who train their entry-level and intermediate-level workers.

⁴¹ David Smith and Ted Waddington, “Running Training Like a Business: Determining the Return on Investment of Your Learning Programs”, Accenture Outlook Point of View, March 2003.

⁴² Citation from Harry Holzer and Margy Waller, “The Workforce Investment Act: Reauthorization to Address the Skills Gap”, Brookings Institution, December 2003 and from Joel Kramer, “Workforce First”, Growth & Justice, Minneapolis, February 2004. For further research and analysis on the effectiveness and value of publicly-funded training programs, see Judith Gueron and Gayle Hamilton, “The Role of Education and Training in Welfare Reform”, Welfare Reform and Beyond, Brookings Institution, 2002; and, Whitney Smith, Jenny Wittner, Robin Spence and Andy Van Kleunen, “Skills Training Works: Examining the Evidence”, The Workforce Alliance, 2002.

⁴³ Several commenters on early drafts of this document noted that they wished for a mechanism to: a) Identify statewide priorities and focus attention on them; and, b) allow for regional priorities to replace one or more statewide sectors if industries are demonstrably critical to a given region.

⁴⁴ These recommendations were developed principally by the GWDC Sustaining and Enhancing the Workforce Committee and the Governor’s Biosciences Council.

⁴⁵ There was much discussion among GWDC members about the loss of jobs (particularly in manufacturing) to foreign competition. Implicit in this embrace of “lean” manufacturing technologies and processes is a recognition that Minnesota will be more globally competitive if we ensure that Minnesota has individuals with the education and skills to succeed in these new approaches to production.

⁴⁶ In its exploration of this topic, the GWDC Sustaining and Enhancing the Workforce Committee identified three such promising partnerships: Northwest Minnesota Foundation and Bemidji State; West Central Initiative with Minnesota State Community and Technical College and Alexandria Technical College; and, Southern Minnesota Initiative Foundation and Southeast Technical College.

⁴⁷ Project Lead the Way (PLTW) promotes pre-engineering courses for middle and high school students. PLTW forms partnerships with public schools, higher education institutions and the private sector to increase the quantity and quality of engineers and engineering technologists graduating from our educational system. Programs such as PLTW and Auto-YES are two examples of initiatives underway in Minnesota already achieving national merit for increasing the success of emerging workers. Other successful Minnesota programs include the STEP Program in Anoka and Northeast Minnesota’s regional cooperative. The GWDC’s Developing the Emerging Workforce Committee believes programs such as this should be available to learners of all abilities because these programs hone both core academic and technical skills, both of which are vital to improving the success rate of Minnesota’s emerging workers.

⁴⁸ These recommendations were developed by the GWDC Developing the Emerging Workforce Committee. For the full detail of this committee’s work, see their final report (7/04) on the GWDC website.

⁴⁹ Some GWDC members expressed concern that the per-pupil formula is losing its currency and that if supplemental funding as recommended here is rolled into the formula, then schools will still be at a disadvantage to meet the needs identified here because of inadequacies in the current per-pupil formula.

⁵⁰ Some commenters on early drafts of this document noted that giving college credit for high school and/or community education would significantly improve articulation from high school to higher education.

⁵¹ The ratio of 330 to 1 is the ratio for high school students per counselor according to a presentation done by Jim Stone, Director of the National Research Center for Career and Technical Education. The ratio of K-12 students per counselor in Minnesota is 806 to 1 according to the U.S. Department of Education, National Center for Education Statistics 2003 (2001 data year).

⁵² These recommendations are adapted from the GWDC’s 2003 WorkForce Center Strategic Plan

⁵³ DEED leadership has already initiated discussion and action is pending on several elements of the “tactical shift” including the specific bullet referenced here. It is anticipated that the “Gang of 24” work begun by DEED will be advanced through the GWDC’s 2005 WorkForce Center Strategic Plan and other policy planning vehicles.

⁵⁴ Minnesota must update its “Unified Plan” per the Workforce Investment Act (WIA) in 2005. The GWDC and DEED have statutory responsibilities to complete this plan. The GWDC is required by state statute to produce a WorkForce Center Strategic Plan in 2005. The GWDC expects to work closely with DEED in the completion of that document so it reflects current thinking and practice of DEED leadership.

⁵⁵ These recommendations were developed by the GWDC Developing the Emerging Workforce Committee

⁵⁶ These recommendations are the result of the GWDC ad hoc committee on WSA boundary recommendations

⁵⁷ These recommendations are the result of the GWDC ad hoc committee on WSA boundary recommendations.

Although the committee generally agreed that changing WSA boundaries disrupts relationships and accountability structures that have taken years to develop and may create a period of lost productivity as new relationships are constructed, the Winona/Southeast case was sufficiently compelling for the committee to recommend a merger of those two areas.

⁵⁸ As an example of this, the current implementation plan for Minnesota State Colleges and Universities budget allocation framework identifies a “Priority Funds” category to be used to “drive compelling educational interests”. The GWDC suggests that agreed-upon industry priorities could be supported using these “Priority Funds” to drive lasting academic change on state college and university campuses Discussion of this allocation framework is available in the June 2004 meeting summary of the MN State Colleges and Universities Board of Trustees meeting. In conjunction with the recommendations in Leadership Priority A, such a measurement system could help drive a regular review of progress toward meeting established strategic priorities.

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Tom Bakk, Senator, Minnesota State Senate
LaDonna Boyd, Economic Development Director, Dakota Electric Association *
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Kathy Carney, CEO, Teamworks
Karen Clark, Representative, Minnesota House of Representatives
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Roger Hale, Former Chairman, Tennant Company *
Rod Haworth, International Representative, United Auto Workers
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Matt Kramer, Commissioner, Minnesota Department of Employment and Economic Development *
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