

A Tale of Two Systems

LINKING ECONOMIC DEVELOPMENT AND WORKFORCE DEVELOPMENT



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Seedco is a national nonprofit intermediary that works with local partners to create economic opportunities for disadvantaged job seekers, low-wage workers, and neighborhood entrepreneurs. Seedco's policy research offers a practitioner's perspective on workforce and economic development policy implementation, presenting a pragmatic assessment of the opportunities and obstacles inherent in developing programs and accomplishing systemic reform.

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EXECUTIVE SUMMARY

Initiatives aimed at linking economic development and workforce development have emerged across the country, offering governments the opportunity to boost their economic competitiveness and increase their workers' skills simultaneously. These efforts have achieved varying degrees of success, and many programs have resulted in limited tangible outcomes. Using in-depth case studies of regions in three states, Pennsylvania, North Carolina, and Illinois, this report details opportunities—and cautions against pitfalls—commonly encountered by those attempting to link two complementary but very different systems.

INTRODUCTION

With crisis comes opportunity. The fundamentals of our economy are in turmoil, creating a moment in which we can move away from short-sighted growth strategies and reshape our investments in regions and workers. As governments, philanthropists, and nonprofits react to the economic crisis, we need to lay the foundation for healthy regions and productive workers; crafting smart business and human capital development strategies is key to that goal.

Even before we found ourselves in a crisis, the public sector had begun to experiment with business development practices by aligning economic and workforce development efforts. In response to the needs of businesses in new growth industries, such as green development and biotechnology, and in more traditional labor-intensive industries, such as healthcare and manufacturing, policymakers initiated efforts to coordinate investments in business with investments in the local labor force.

On paper, it all draws up very nicely. Businesses need employees, especially in industries that have trouble attracting and maintaining a skilled and reliable workforce. Workers need jobs, and need help becoming prepared for and finding good job opportunities. Customized job training and initiatives designed to work with specific economic sectors can simultaneously serve the needs of business and of workers. The two fields dedicated to helping businesses and helping workers—economic development and workforce development—should work together, the thinking goes, maybe even be merged.

Key changes in the economic and policy worlds have fueled this connection: the “end” of welfare, the decline of factory jobs and the rise of the knowledge-based economy, federal mandates for workforce to serve both workers and employers equally. At all levels of government, policymakers have been experimenting with ways to unite economic development and

workforce development—call it ED/WD. The U.S. Department of Labor (DOL) launched Workforce Innovation in Regional Economic Development (WIRED) and the Community-based Job Training Initiative to more directly link businesses and workers within regional economies. State and local agencies have drafted new plans, held statewide summits, selected priority economic sectors, and even merged their employment and business agencies. Behind all of it has been a bevy of policy reports urging legislators and administrators to link the two systems.

We are past the point of imagining this type of linkage—it is here. These efforts are a cornerstone strategy for localities, regions, and states seeking to build a strong economic foundation. Now is the time to ask hard questions about this approach: how well it currently works, how it should work, and how to ensure that it is implemented in the best way possible.

We set out to do just that in this report. Here we examine, in depth, how these ideas are playing out on the ground. We looked at key regions in three states—Pennsylvania, North Carolina and Illinois—that had a history and reputation for innovative links among job-training, employment strategies, and economic planning. Over the course of two years we interviewed more than 150 practitioners and policymakers in those states with the goal of describing how ED/WD programs do their work—and what the results of those efforts were.

OUR PROCESS

Our research revealed an absence of wholly integrated economic and workforce development systems. Without fully formed models to tout, we decided to document the practices and approaches that work in economic and workforce development, with on-the-ground examples at the state, regional, and local levels.

In-depth case studies of initiatives in Pennsylvania, Illinois, and North Carolina—three states recognized for leading the field—formed the core of our research. We focused on creative programs including sector-based initiatives, customized training, regional efforts, and partnerships with institutions of higher learning, especially community colleges. We interviewed dozens of experts and administrators in each state to ascertain the key opportunities, challenges, successes, and failures of every program.

Of course, we are examining a moving target; the research, conducted from 2006 – 2007, offers us a broad sketch rather than a precise snapshot. Programs are bound to evolve and change, but while some of the details we outline below may have changed, the lessons they offer others in the field have not.

Brief overviews of the states studied are included below, with 16 case studies included as an appendix to this report.

PENNSYLVANIA

Pennsylvania has been reeling from a series of economic setbacks for nearly a century. Controlled by the strong business interests of steel, coal, and the railroads in the 19th century, Pennsylvania was in a poor position to emerge from the era of industrialization. The Keystone State experienced an economic depression that lasted from 1928 to 1965, with an unemployment rate during these decades that was higher than any other state except West Virginia. Throughout the 1990s, the state ranked near-last in population growth and employment, and number one for absolute loss of young workers.

As a result, few states in the union have been as fixated on economic development; workforce development largely did not register until recently. While Pennsylvania's last three governors prioritized aligning workforce efforts with economic development, the state did not see tangible results until the current administration. Most notably, the state created a \$20 million initiative that funds worker training programs in high-growth

STATES FEATURED IN THIS REPORT



fields. Pennsylvania has since become a recognized innovator in ED/WD programming and attracted substantial private foundation dollars to support these efforts. Despite its progress, though, not all areas of the state have been able to benefit from the new programs, and much of the success is occurring in isolated pockets.

NORTH CAROLINA

During the first half of the 20th century, North Carolina's economy depended on agriculture and manufacturing including furniture, cigarettes, and textiles. These jobs demanded little education, and North Carolina ranked near the bottom of the states in terms of residents' educational attainment. For decades, though, the state's politicians overwhelmingly supported education and training as essential tools of economic development.

North Carolina has taken a long-range and strategic approach to its economic growth. The state made a series of deliberate investments in its workforce over the last half-century, including the creation of the nation's first community college system in 1957; the creation of Research Triangle Park, a public-private research park in the Raleigh-Durham area; and the Golden LEAF Foundation, created with tobacco settlement funds, to fund economic and workforce development projects. Parallel to these sound investments, North Carolina also has a track record of costly expenditures on business recruitment as it competes to lure business investment to the state.

ILLINOIS

The fifth-most populous state in the nation and home to Chicago, the third-largest city in the U.S., Illinois is sometimes seen as a microcosm of the United States. With Chicago as a transportation hub and financial

center, and economic sectors throughout the state ranging from agriculture to industry to natural resources, Illinois has long had both a diverse economy and a diverse workforce.

Illinois' pioneering efforts to link economic and workforce development have been innovative, but plagued by problems. Although the state was ahead of the curve, launching new ED/WD programs before most other states, the efforts have not been overwhelmingly successful. Moreover, many initiatives were launched in parallel to the state's continued investment in traditional economic development rooted in large infrastructure. Recent initiatives to support the development of local and regional efforts hold more promise.

THE VIEW FROM THE GROUND

We found connecting economic and workforce development is not as easy as it sounds. Even in these stand-out states, programs that promoted ED/WD policies were not universally successful. In some cases they have not worked at all.

Linking economic development and workforce development takes years and must take root regionally or locally in order to succeed. In states that have tried agency unification, frustration is typically the end result. Even at metro or regional levels, most attempts to unite economic development and workforce development have failed to reach a notable scale in any industry other than healthcare or manufacturing.

Economic development and workforce development need each other like never before and can work exceedingly well together. It just isn't foreordained.

Creating a successful ED/WD program requires overcoming many difficulties: under-funding, a lack of a committed constituency, clashing philosophies, and institutional inertia all pose problems. But the biggest challenge is simply that economic development and workforce development have different cultures, missions, performance measurements, and histories. Connecting them is much harder to do than it would appear in theory.

Programs linking economic and workforce development can—and do—work under the right conditions. To succeed, policymakers need to understand the barriers to success, take these barriers into account, and provide the necessary supports to overcome them. The greater misfortune in seeing other programs fail would be to abandon the entire concept. Economic development and workforce development need each other like never before and can work exceedingly well together. It just isn't foreordained.

This report reveals that if done well ED/WD can lead to an improved economic climate and more and better jobs. It is also a call to understand how to better align economic development and workforce development. We have focused on programs that provide worker training and job-placement as a tool to help specific firms or sectors, benefiting both workers and companies. Certainly there are other types of economic and workforce development programming (e.g. first-source agreements on economic development incentives), but they are not part of this report.

TWO GOALS THAT MATCH

Finding, training, and then upgrading a workforce are challenges faced by the increasing numbers of firms that cannot rely on low-skilled or mis-skilled workers for the kind of production or services they provide. A convenient, steady pipeline of prepared workers is a benefit to many companies, and regions or cities that can provide it have an advantage in attracting and retaining firms.

Training and education are currently the best hope for workers to find a well-paying, career-bound job,¹ but without local firms that are hiring, workforce development doesn't have much of a chance. With firms increasingly willing and able to change locations, a strong local or state economic development program is an essential component of programs designed to assist workers.

A number of activities can directly serve both workers and businesses. Customized training, like that done by a local college, helps businesses design training programs for open positions and helps workers access training that will lead to a job. Sector initiatives can focus on the needs of businesses in a specific industry, including labor shortages, and can help workers address issues of skill development and career mobility.

TWO SYSTEMS THAT CLASH

There are distinct differences between economic development and workforce development, historically, in their missions and in their goals. Understanding how these two fields don't fit together is as important as seeing how they do if any true ED/WD program is to succeed.

Workforce development has historically sought to help disadvantaged individuals better compete in the labor market. Job-training programs prepare people for employment and job-matching programs act as a search and referral service; both are ultimately intended to enhance an individual's economic and social prospects through employment.

Federal policy has usually driven workforce development. The first incarnations of modern employment programs trace their roots to the antipoverty programs of the New Deal, created explicitly as a social benefit intended to relieve the suffering of needy individuals. Building on these programs, the federal government's antipoverty movement of the 1960s used the Manpower Development and Training Act and other employment policies to serve the chronically unemployed.²

Economic development, on the other hand, has traditionally focused on attracting, supporting, and growing businesses to bring jobs, tax dollars, leadership, philanthropy, and all the other civic benefits that come with a thriving regional or local economy. The nation's vibrant post-World War II economy succeeded with a hands-off approach to economic development from the federal government. Typically driven by individual states, economic development has often focused on luring firms from old industrial areas to growing regions of the country with subsidized loans, tax breaks, and even direct payments to companies that might relocate.³

Since the 1980s, both economic and workforce development have reflected fundamental shifts in the economy and policy. Technological advances in the global marketplace intensified the pace of innovation—and increased the penalties for industries and regions that failed to keep up.⁴ In economic development, states launched a vast array of entrepreneurial economic development programs, including loan funds, small business assistance centers, film offices, foreign trade offices, business incubators, and early versions of empowerment zones. In many states, economic development agencies grew in importance

Two Systems with Two Perspectives		
	WORKFORCE DEVELOPMENT	ECONOMIC DEVELOPMENT
ORIGINS	War on Poverty	Local Competition for Business
FUNDING	Federal	Local/State
CULTURE	Human Services	Business
OBJECTIVES	Access and Equity	Economic Growth
ACCOUNTABILITY	Highly Regulated	Loose Regulation
PROGRAMMING	Case Management Model	Sales Model
MEASUREMENT	Job Placement	Job Creation

and their budgets and access to various pots of money increased significantly.

At the same time, funding for workforce development programs dropped dramatically. Policy overhauls at the federal level severely limited the field's ability to design flexible and responsive programming. Both Ronald Reagan and Bill Clinton, faced with allegations of mediocre outcomes from existing training programs, attempted to improve workforce development performance and accountability and to bring employers into the picture with business-controlled oversight boards. Under welfare reform in 1996 and the 1998 overhaul of federal workforce programs through the Workforce Investment Act, federal policies mandated a strict "work first" orientation. States and localities were expected to quickly place the disadvantaged in jobs; there was little time or money available for longer-term training or employment assistance.

THE CASE FOR LINKING ECONOMIC AND WORKFORCE DEVELOPMENT

Many states and localities began to look for new, creative workforce programming more closely tied to business concerns. Industry organizations such as Public/Private Ventures, Jobs for the Future, and Workforce Strategy Center have written about how to assist employers as a means to improve the economic prospects of workers. By engaging with local businesses, many workforce agencies sought to ensure that the programs they were designing culminated in real-world jobs.

At the same time, hiring and training issues were coming to the fore among those working to serve business. Companies, especially desirable technology and science-based firms, increasingly needed skilled, educated workers. The economic boom of the mid-1990s and the accompanying growth in demand for skilled jobs made this trend undeniable. Governments at all levels realized they needed to develop skilled labor to boost their competitive edge.⁵

Often, the goals of serving businesses and those of serving workers align imperfectly.

States and cities began to explore new ways to link the two fields. Today, nearly every state in the union has made changes based on this new paradigm, and organizations such as the National Governors Association have advocated the linkage.⁶ Many states and municipalities have merged their employment and business agencies, created new programs to train workers in high-growth areas, and established planning commissions to identify and address industry workforce needs.

THE CASE FOR A MEASURED APPROACH TO LINKING ECONOMIC DEVELOPMENT AND WORKFORCE DEVELOPMENT

Problems often arise when linking economic development and workforce development. The two systems operate under different cultures, and often strive for different goals. Yet, the underlying issues are more substantial than a culture clash, and aren't likely to be erased with just time and trainings. Throughout our research, we did not find a single example of a completely integrated, fully-functioning economic and workforce development system. A closer look at regions that have attempted to merge or align functions reveals that the two fields still act in many ways in independent silos. Even more telling, both fields have not changed all that much: most economic development organizations are still about deal-making with businesses, and workforce development is still primarily focused on placing people in any available job.

For example, Michigan and Minnesota are often cited as examples of states that have attempted to fully integrate their economic development and workforce

development agencies. Their experiences suggest that wholesale and top-down integration of the two areas is not as easy as it seems.

In Michigan, two successive governors attempted to address the state's substantial economic woes by merging the economic development and workforce development agencies, only to have to separate them again due to internal tensions and external pressures. Despite the merging and unmerging, there were modest successes, notably the creation of the Michigan Regional Skills Alliance, which offers seed funding to regional efforts to connect employers to workforce development efforts. The state has also won three WIRED grants from the federal DOL to encourage planning to link economic development and workforce development efforts at the regional level.

In Minnesota, Governor Tim Pawlenty merged the state's economic development and workforce development agencies, in hopes of bringing the nimble culture of the state's economic development agency to its workforce agency. Though the interaction is still at an early stage, economic development and workforce development professionals say that the two systems function separately, with little integration.

Traditional economic development does not always consider local workforce concerns. Economic development agencies are charged with wooing businesses, usually through benefits such as tax breaks, changes to zoning regulations, and new infrastructure. Economic developers may even lure companies by helping to bring in skilled workers from outside the local labor pool. Supporting and attracting businesses in these ways may eventually create jobs for local workers, but it does not do so directly. Similarly, while workforce activities such as adult basic education and job-matching for low-skilled workers may create a stronger labor force in the long run, these functions do not address businesses' immediate needs.

Furthermore, businesses and their workers sometimes find themselves at odds. Businesses are driven to maximize profitability in part by keeping expenses, including labor, low, while workers want to maximize their compensation. Economic development advocates try to help companies come, stay, and remain profitable, while workforce developers try to help workers make a good living. Although some businesses take a 'high road' approach to their labor force, offering higher wages and investing in workers' skills, they are the exception rather than the norm.⁷ Often, the goals of serving businesses and those of serving workers align imperfectly.

LESSONS FROM THE FIELD

LEARNING FROM OTHERS

After looking at more than 16 ED/WD programs at the state, regional, local, and community levels in three states over two years, certain trends became apparent. This section captures what seems to work in successful collaborations between workforce and economic development programs and what common problems tend to undermine and even end programs.

Combining economic and workforce development does not follow one clear strategy. In fact, we found a wide variety of ways to approach the goal. In our research, we encountered programs initiated by state governors, local nonprofits, foundations, and city departments. We found programs that viewed merging or aligning economic and workforce programming as a primary goal and others that did so only as a means to an end. We saw programs that were open for a few years and some that have lasted decades.

Even among such a diverse set of economic and workforce development programs, we saw remarkably consistent factors that led to success or failure. In some instances, the program's architects clearly incorporated these ideas into their planning. In many other cases, the program found the right combination more by happenstance. As current programs operating around the country are tweaked and new ones launched, we suggest that paying attention to the following factors will increase the likelihood of an ED/WD program surviving and flourishing.

STATES' ROLE

State involvement tends to work best as a support, a "heat lamp" for promising opportunistic regional and local initiatives.

OVERVIEW

All three states we put under the microscope sought to bolster economic development through state-initiated planning for regional workforce programming, using a combination of incentives and mandates to push regions to link the two together. These programs tended to flounder on the same rocks: what states do best is provide funding and a policy structure for regional and local activity. Economic development and workforce development goals only work together in on-the-

ground programming; state-mandated efforts rarely have enforcement mechanisms and are thus unable to push for deep, long-term change.

On the other hand, state government policies that encourage ED/WD programs and supply funding and direction, but leave the regional and local entities to design and implement effective programs, have succeeded in providing the resources and other supports to allow promising ground-level initiatives to flourish.

SUCCESSSES

North Carolina's New and Expanding Industry Training (NEIT) program is the state's largest customized training program. NEIT provides training grants to companies in growth industries for which training will lead to new jobs. The program is implemented through the community college system, ensuring that most of the program's investment is retained within the state's colleges as increased capacity. Tri County Community College in a remote corner of the state used NEIT to revive its formerly defunct machinist training program, filled a demand for skilled workers from existing manufacturers, and ensured that the area's handful of industrial companies could stay and remain competitive.

In Illinois, the state's Critical Skills Shortage Initiative (CSSI), created in 2003, funded the implementation of Chicago's Regional Healthcare Initiative. The effort had already completed an action plan by the time CSSI funds were made available, but without additional dollars it had remained largely unimplemented. The CSSI funding allowed for the creation of 12 separate healthcare training efforts under the regional initiative aimed at improving the capacity and quality of the area workforce.

Pennsylvania's Industry Partnership (IP) program had supported nearly 80 initiatives across the state by January 2009. For example, IP grants have allowed Lancaster County's food manufacturers to offer their

workers advanced training. The initiative brought together firms from eight different counties to discuss common needs and exchange best practices. Through this clustering, the IP funded trainings that cut across the industry, bringing the cost to train an individual employee down significantly and strengthening the industry, a cornerstone of the area's economy.

Programs that have flourished with encouragement and support from the state, have typically been in smaller communities. While our sample size was not large enough to truly weigh in on geographic differences, our findings suggest it may be easier for a smaller market to take advantage of state resources. Lancaster County's food manufacturing initiative or the training of machinists in North Carolina's Western Region may have been easier, for example, in areas where there is a narrower range of activities competing for attention and dollars.

CHALLENGES

Pennsylvania's IP programs were created in 2005 as a central part of the new gubernatorial administration's strategy to develop a skilled workforce and attract and retain business. The effort awards competitive grants to workforce projects whose applications show broad-based planning and participation of stakeholders such as industry associations, workforce agencies, and training providers. Importantly, the IP program eschews mandated collaboration among agencies. While IP favors projects in high-growth and high-wage industries, applicants define the parameters of their efforts and the geographic regions in which they operate. But because grant funding for ED/WD initiatives is competitive, not all regions have been able to take advantage of the funding.

North Carolina's state-level ED/WD initiative, on the other hand, carved the state into seven regional economic development partnerships. In 2003, the legislature asked each region to conduct a strategic planning process that involved representatives from economic development and workforce entities: higher education institutions, chambers of commerce, and more. The regions were asked to identify limitations in their economies, their labor forces, and their education and training resources—and to create a plan to bridge those gaps. North Carolina did not offer the regions additional funding to implement those plans, and many of the local entities such as community colleges, economic development agencies, and municipal governments have yet to follow the plan.

Illinois' CSSI similarly divided the state into ten regions, requiring each to engage community colleges, workforce agencies, and businesses in a planning process. The state made grant funding available for sector initiatives, but total funding was relatively small, and was made up of WIA discretionary dollars diverted from other workforce efforts. Furthermore, in areas where sector efforts arose primarily to take advantage of the new CSSI funds, few projects appear to be sustainable.

FUNDING

New and dedicated financial support can make the difference between intention and outcome.

OVERVIEW

In blending workforce development with economic development, the temptation is to simply reallocate funds already dedicated to each field into a merged program. Yet building a new system requires more than that, and our research has shown that extra funding provides the support to overcome the initial bumps of creating something truly new.

SUCCESSSES

North Carolina's Golden LEAF Foundation, created with half of the dollars from the state's settlement with cigarette manufacturers, is an example of the impact that dedicated funds can have. The Foundation focuses its support on ED/WD projects, and has been integral to the success of many of the state's initiatives. For example, the North Carolina Biotechnology Center is a unique economic development organization created to support the growth of the life sciences industry beyond its existing concentration in the Raleigh-Durham Research Triangle region. With offices spread throughout community colleges and universities, the effort has supported the development of niche biotechnology clusters and the creation of specialized workforce training programs across the state.

Pennsylvania's IP programs' allotment of \$20 million a year, part of the state's \$100 million Job Ready PA initiative, goes to support cluster programs throughout the state. A crucial use of those funds has been the dedication of \$5 million a year for intensive economic research and long-term planning to ensure that investments go toward high-wage and high-growth industries.

CHALLENGES

Meanwhile, in Illinois, the state has funded its CSSI program solely with diverted WIA funds, leaving it with a limited impact and few creative local initiatives in its portfolio. At its highest funding level, in 2005, there was about \$9 million available to the state's 10 workforce areas. In an attempt to push the regions to directly fund their locally-grown programs, the state reduced that amount by half in the second year and dropped it to zero in the third.

BUSINESS INVOLVEMENT

The businesses being served must have a real need for workforce assistance.

OVERVIEW

Unless companies already need help with their workforce, and see it as something that makes them more competitive or profitable, economic development representatives are unlikely to prioritize workforce development issues. Successful ED/WD programs targeted industries that listed workforce issues as a primary issue for their continued operations. Importantly, employers can be valuable resources for guidance, but they rarely have the time or inclination to tackle the minutiae of operational challenges.

SUCSESSES

Healthcare programs were the number one example of an ED/WD effort that found traction in our research; every region we looked at had an ED/WD healthcare initiative. For example, Lancaster, PA's healthcare IP program had little trouble recruiting area healthcare employers. Many operated long-term care facilities with severe staffing shortages, and improved recruitment and management training were among their key concerns. The Pathways to Successful Healthcare Careers training program in Peoria, IL, was the only successful ED/WD initiative to emerge from the region's extensive TalentForce 21 planning efforts. Indeed, both Chicago's regional healthcare initiative and Philadelphia's 1199C training fund preceded any encouragement from government. In Philadelphia, area employers agreed to pool their resources and contribute a percentage of their payroll expenses toward training and education programs for their incumbent workers; in Chicago, area employers gathered to create

a plan for attracting and training workers even before the state decided to support their programs with CSSI funds.

Manufacturing also has significant workforce needs—due largely to computerization and other technological improvements that make the work more complex as well as the assumption among potential workers that it is a dying sector. Chicago has focused on the area's industrial sector, establishing ManufacturingWorks, a One-Stop service center designed to serve manufacturing employers. The effort has moved beyond helping firms with hiring, and now helps businesses improve their practices and support long-term skill development for workers. A collaboration among economic development, workforce development, and community colleges in North Carolina's Piedmont Triad helped to enhance the region's training capacity when it created a customized training curriculum for Dell's new computer manufacturing plant. The college went on to develop an advanced manufacturing training program to serve the area's broad range of high-tech industrial employers in need of a skilled manufacturing workforce.

Successful initiatives often institutionalize the process of business oversight and feedback, recognizing that programs designed from afar by academics and workforce agencies may not be a good enough match to hire graduates. Lancaster, Pennsylvania's food manu-

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facturing initiative brought business representatives together relatively infrequently, but just enough, to share high-level knowledge and air concerns. The work of the sector coordinator was directly informed by that information, which led to the development and implementation of well-designed and responsive trainings. A business advisory council helped pave the way for a new biotechnology degree at North Carolina's Forsyth Tech. The council guided the program's inception and helped the college understand the nature and scope of business' workforce challenges, but implementation was left to the college. Forsyth Tech cultivated its own internal knowledge of industry needs by hiring

a department head and instructors directly from local firms; part of their job was to work through the daily details of building an effective program

CHALLENGES

Efforts to serve industries with less urgent workforce needs have been far less successful. When the Philadelphia Workforce Investment Board created an initiative to serve the financial services sector, the banks had expressed a strong interest in recruiting and training a more diverse workforce to better serve their diverse clientele. Bank officials had stated they would support the program by giving incumbent staff time off to attend trainings, paying a portion of the training costs, and hiring new program graduates. But because the service was an enhancement, not a necessity, they reneged on their commitment, choosing in the end to not contribute to the training costs and hiring very few of the program's graduates.

Without a natural institutional imperative to see a new program succeed, organizations are likely to lose interest in programs or divert resources to core activities.

LEADERSHIP

Program leadership that is strong, consistent, and committed makes a difference.

OVERVIEW

Every good program can use an effective leader, of course. But because economic development and workforce development are different systems with different goals, successful programs were often helped tremendously by an individual who had a true ED/WD vision, the savvy to find a way to make it happen, and the dedication to keep going when problems arose. Most important of all, successful leaders are able to speak the language of business while maintaining a commitment to workforce development goals.

SUCCESSSES

In Pennsylvania, Sandi Vito, Governor Rendell's top workforce administrator, brought energy and vision to her position and quickly achieved significant agency reforms. An administrator with little background in workforce, Vito drove the state's bold and innovative strategy that both allocated significant new funds toward ED/WD initiatives and spurred local areas to develop creative initiatives to draw down those funds.

Bob Bowman's leadership of the Collegiate Consortium in Philadelphia brought together college presidents—usually territorial and defensive of their own campuses' resources—from across state lines in New Jersey and Delaware to create a unique collaboration that built new, industry-responsive educational programming. Bowman helped to transform a limited effort to retrain shipyard workers displaced by the closing of a naval yard into an ongoing collaboration among higher education institutions to respond to industry education and training needs.

In Chicago, Mayor Richard Daley's steadfast support of ED/WD fostered an environment in which agency heads and other stakeholders were encouraged to design and implement creative new ideas. With the cultivation of a skilled workforce a cornerstone of the mayor's economic agenda, Daley's workforce agency created ManufacturingWorks, a unique effort to utilize the infrastructure of One-Stop workforce centers to support the city's industrial sector. The mayor has more recently pushed city workforce agencies and schools, under the guidance of a business advisory council, to work together to holistically address the needs of four targeted economic sectors.

SHARED INCENTIVES

Ensure that the stakeholders have “skin in the game”—that agencies involved are truly invested in a program's success.

OVERVIEW

Partnering agencies' missions and goals must closely track the mission and goals of an ED/WD initiative. Without a natural institutional imperative to see a new program succeed, organizations are likely to lose interest in programs or divert resources to core activities. Given organizations' need to protect their self-interests, shared performance measurements and payoffs for workers

served, job placement figures, businesses helped, and jobs created can help to push them to meet the needs of both the workers and the businesses. And if workforce agencies, economic development partners, and community colleges are given the institutional responsibility to work in concert, they will be far more likely to do so.

SUCCESSSES

The various stakeholders participating in Chicago's Regional Healthcare Initiative may have had an institutional responsibility to respond to the community's needs, but those most actively involved also stood to profit from the venture. Businesses were desperate for skilled workers, and convened the effort themselves in order to find a solution to their constant challenges finding qualified candidates. Education providers would see a financial payoff from the increased enrollment of students in the new programs.

Similarly, the entities behind the construction of downtown Winston-Salem's new research park needed to innovate or risk suffering financially in the future. Wake Forest University sought to grow the research arm of its medical center as a strategy to boost the region's growth and prosperity because, as a medical provider, its long-term financial viability depends on a robust population that is able to purchase and pay for medical services.

CHALLENGES

In many cases without institutionalized incentives, local workforce boards or planning entities had difficulty mobilizing stakeholders to execute the region's plan for ED/WD activities. Many of the entities in North Carolina's Piedmont Triad only implemented the pieces of the region's strategic plan that were most relevant and useful to their existing mission and operations. The initial plan called for a total of 120 action steps to be taken in seven target industry sectors, but the only projects that moved were the ones that participating entities knew would benefit themselves. Guilford Technical Community College, for example, signed on to the Transportation and Logistics cluster and built an aviation center—but it had already been planning such a project, based on its existing relationship with area aviation employers.

INCUBATION

Do not judge a program too hastily; even successful programs take a while to mature.

OVERVIEW

Because they do require changes in culture, mission and programming, ED/WD programs should not be expected to blossom immediately. The programs with the most impressive results in our research are either long-standing initiatives or are operating in an environment that values ED/WD programming. Provided reasonable benchmarks are being met, policymakers should be willing to invest in creating a true ED/WD culture.

SUCCESSSES

Chicago's ManufacturingWorks One-Stop center was built on longstanding and wide-ranging efforts to revive and restore the city's industrial sector. A wide range of actors had already prioritized the reinvigoration of the city's industrial economy, including the new Chicago Manufacturing Renaissance Council and the mayor himself, who charged the city's workforce development agency and others with supporting the effort. The workforce agency set out to put those ideas into practice, creating a center that serves the industry's hiring needs as well as pushes for improved business practices and long-term skill development.

North Carolina has a long and successful tradition of using workforce programs to support economic development, making it perhaps the strongest case for long-range ED/WD planning. The state's ED/WD model works well in large part because of the relationships built over time and longstanding policies with which everyone is familiar. Forsyth Tech's new life sciences degree program is a prime example of this, benefiting from a history and culture in the state's community college system that emphasizes industry relevance and worker preparedness. The college, already closely connected to the business community because of longstanding expectations for individual campuses set by the system office, knew that the small but growing cluster of biopharmaceutical companies in the area was struggling to find skilled laboratory technicians. It secured funding to develop the new academic program from the state's Golden LEAF Foundation, a funding stream dedicated to supporting long-range economic development projects. And it tapped a local entrepreneur who was a member of its business advisory council to act as the new head of the program, ensuring its relevance and responsiveness to business.

PUTTING LESSONS INTO ACTION

In the past months, the very structure of our national economy has been shaken to its core. While painful, the current crisis presents regions with the opportunity to get it right this time—the opportunity to invest in businesses and workers alike and support long-term strategic growth. The following recommendations are taken from the lessons learned through our extensive research on the topic.

FOR THE FEDERAL GOVERNMENT

- Encourage local and regional programming that links economic and workforce development through grant programs such as DOL's WIRED and Community College grant initiatives, the sector-focused initiatives included in the American Recovery and Reinvestment Act (ARRA), and the new Strengthening Employment Clusters to Organize Regional Success (SECTORS) Act recently introduced in Congress. These efforts should continue and be expanded, and the federal government can both provide guidance for structuring these initiatives as well as provide funding.
- Ensure the infrastructure for economic and human capital growth is in place by investing in programs and systems that benefit businesses and workers alike, especially higher education.
- Balance flexibility and accountability in the funding streams that support business and worker development. A variety of restrictions in federal funding streams currently make them difficult for states and regions to use when crafting programs that link economic development and workforce development; easing these difficulties would go a long way to encouraging innovative and effective programming.

FOR STATE GOVERNMENTS

- Focus on developing new sources of funding and pushing regions to prioritize only the most promising projects, and avoid agency mergers and grand planning. States have already begun to awaken to their responsibilities to set the stage for local and regional economic and workforce development programming with dedicated funding and program guidelines. As more and more states follow this path, they should heed the lessons of their pioneering peers.

FOR LOCAL GOVERNMENTS

- Be careful that ED/WD investments are wise ones and look for projects that are a true match for both businesses and workers, not a wish list. Involve business in the strategic vision and development of projects, and recruit partners with a vested interest in the project's success. Local leaders should take their responsibility to build a strong and sustainable economy very seriously; with or without the leadership and assistance of the Federal and state governments, it is localities and regions that will pay the price for disinvestment in businesses and workers.

APPENDIX: CASE STUDIES

PENNSYLVANIA: STATE REVIEW

On the surface, Pennsylvania would seem to possess significant economic development and workforce development connections. After suffering severe declines in its traditional industries of steel, coal, and railroads, the state aggressively pursued economic development and more recently workforce development. It has become a recognized innovator in both areas, and the last three governors made alignment of employment programs a top priority. Additionally, Pennsylvania has attracted a substantial share of private foundation dollars locally and nationally to support these efforts throughout the state.



Pennsylvania nonetheless reveals just how hard it is to truly link workforce and economic development. The state has taken incredible strides forward, but at considerable time and effort, and not all of the state's regions have benefited equally. Philadelphia created a number of innovative programs led by a set of dynamic workforce entrepreneurs. But without a citywide commitment to the field, many have faltered. The semi-rural region of Lancaster, on the other hand, has most effectively made the connection by maintaining a clear focus, linking with regional partners, and receiving an ongoing flow of state and federal dollars to support the work.

GOVERNORS RIDGE & SCHWEIKER

Pennsylvania has historically focused on economic development, but workforce development barely registered. That all changed with the election of Tom Ridge in 1994. In a 1999 strategy document, "A Unified Plan for Workforce Investment," the Ridge administration called for increased efficiency by coordinating the five major workforce agencies through a council of the agency chiefs. In addition, the plan recommended links for economic development to be better connected to the state's business growth programs.

The plan was considered bold and directed. "In Pennsylvania, economic development and workforce devel-

opment are synonymous," claimed a 2000 report from the National Governor's Association. But on the ground, little of Ridge's plan came to fruition. There were virtually no linkages established between economic development and workforce development, and a scathing assessment of the strategic plan by the state's Auditor General in 2004 exposed a breakdown in coordination, concluding that workforce and economic development were no closer despite the reform's stated goals.

What happened? Certainly one contributing factor was Ridge's early exit from the state in 2001 to become the Secretary of Homeland Security in the Bush administration. But many observers believed the entrenched bureaucracies at the state level resisted coordination. "You cannot just will these folks to work together," noted one state official.

At the local level, agencies were now faced with a new set of state policies. But the localities tended to wait it out rather than shift operations. The Ridge plan came with no additional funding to support change and no way to penalize agencies that didn't comply. As one state official noted, "It's fine and good to say you want more coordination, but you have to make it happen. These agencies do not naturally move in that direction."

Ridge's replacement, Mark Schweiker, was in office for two years. He maintained a focus on workforce,

including the creation of the Critical Job Training Grants, a sector-based training fund that was jointly administered by the labor, economic development, and welfare agencies.

THE CURRENT ADMINISTRATION

First elected in 2002, Pennsylvania's current governor, Ed Rendell, is the former mayor of Philadelphia. He was described in a recent Pew report as possessing, "guile, optimism, and ferocious energy," and was referred to as, "'America's mayor' long before New York's Rudolph Giuliani received that appellation."

In many respects, Rendell has achieved an incredible amount of reform around workforce development in a short time, driven in large part by a team headed and assembled by Sandi Vito, his head of workforce development at the state Department of Labor and Industry. Vito was charged with responsibility to make all workforce programs work effectively together. "We moved so fast because Sandi is so good and effective. She is very close to the governor, a real intellectual, and most importantly she is very good at operationalizing action steps," one state observer says.

As in the Ridge years, Vito's reform plan emphasized increased coordination between economic development and workforce offices. The core effort encouraged more workforce programming around ten high-priority sectors, including energy, life sciences, and communications services. But Vito's implementation strategy was different in two fundamental ways. First, significant new funds were put towards the effort under a \$100 million campaign called Job Ready Pennsylvania. Second, instead of mandating collaboration between agencies, the administration chose partners where it made sense.

The state has allocated \$20 million a year since 2006 for the new Industry Partnership program, which supports sectoral programs and training. Fully \$5 million of the annual investment is spent on developing a deep understanding of industry to ensure that the most promising sectors are targeted with the smartest investments. And rather than parsing out funding by legislative district, the program allows promising initiatives from all over the state to apply for grants. Local workforce groups submit an initial strategy and are selected based on evidence of real industry need in high-growth and high-wage sectors, and then asked to continuously submit progress reports. By 2008, 89 new partnerships were formed with more than 6,100 businesses involved.

More than 53,000 workers have been trained, with an average gain in wages of 13 percent, and businesses have reported an 85 percent retention rate.

Pennsylvania possesses one of the weakest community college systems in the nation. There are only 14 community colleges in a state of 12 million residents, and there is no governance structure. Vito crafted a series of programs around high-priority sectors, including \$44 million in economic development stipends for community colleges that taught courses in high-demand sectors. This program now reaches more than 38,000 students enrolled in 734 community college programs.

Vito was initially more hands off with the economic development agency, choosing instead to lay the groundwork for future collaboration by first enhancing the strength of workforce agency internally. "That approach has paid off, and now in concrete ways they're building some links, tangible programs where connected," says one of Vito's top administrators. The Workforce and Economic Development Network of Pennsylvania, or WEDnetPA, gives existing or incoming businesses a point of contact within the state's education and training institutions through which to apply for and connect to customized training. The program is closely coordinated with the state's workforce development activities and Industry Partnership program.

The Rendell administration's efforts are having a genuine impact, but not consistently across the state. Many localities do not even pull down the funds or use them in ways that are not strategically aligned with broader economic development and workforce development goals. But for the areas that are primed to make the workforce and economic development connection, the funds and thinking behind them are critical to moving forward.

PHILADELPHIA

Philadelphia's economic transition has been dramatic. With the exception of pharmaceutical production, the city's manufacturing has suffered dramatic cutbacks. Meanwhile, financial services, transportation, utilities, insurance, real estate, healthcare, and business support services have risen to prominence.

The city is also home to some of the country's most innovative workforce programs. Philadelphia's Tran-

sitional Work Corporation is the country's largest transitional jobs program for public assistance clients. The city's 1199C training fund is the largest union-sponsored training initiative focused on both union members and local residents. Arbor Inc., the largest proprietary workforce organization in North America, is headquartered there. And in the public sector, Philadelphia's workforce agency uses the majority of its Workforce Investment Act dollars for customized business training—unheard of in any other major city—and leading local universities have partnered with the city around a strategy to retain a high-skilled workforce.

The city government itself, however, had not exhibited a strong or consistent commitment to either economic development or workforce development until recently. Its economic development approach was primarily deal-oriented, focusing on hotel and stadium construction, and City Hall had not been motivated to produce a workforce agenda. The vacuum around workforce and economic development policy at the municipal level also meant that the entrepreneurs behind each successful workforce initiative had rarely partnered or linked to a broader citywide agenda.

More recently, a number of Philadelphia's ED/WD initiatives have grown and matured to take on a broader region-wide and strategic focus. In addition, the mayor Michael Nutter has committed to workforce development as one his top three priorities, including pursuing greater partnership and collaboration among Philadelphia's formerly isolated agencies and programs.

PHILADELPHIA WORKFORCE DEVELOPMENT CORPORATION

- Innovative customized training program
- WIA dollars available directly to employers

In a major break from other large cities, Philadelphia's workforce agency, the Philadelphia Workforce Development Corporation (PWDC), allocated 75 percent of its federally funded workforce dollars for customized business training—some of which went directly to employers. Use of federal Workforce Investment Act dollars for such purposes is virtually unheard of; only a small portion of local regions—and no other major cities—have done so on any level.

More than 3,000 workers were trained annually between 2003 and 2006 through the program. About 30

businesses, ranging from large corporations to small businesses to public authorities, received services, and training programs ranged from large trainings for new hires of a TJ Maxx retail warehouse to training of four new exterminators for Steve's Bug Off. About half of the trainings were conducted in-house by the employer, and the rest delivered by a mix of local nonprofits, colleges, and private training providers.

To help ensure the funds went for true workforce benefit, rather than subsidizing costs the business would have paid for anyway, PWDC demanded that the business contribute to the training. Unlike most customized training which is typically oriented toward those already on the job, this was dedicated solely to new positions. The program allowed PWDC to directly place its typical client—someone transitioning off of welfare or recently laid off from work—in a job. One official notes, "Look, I am a social worker, but we did this because it was born of the frustration of not finding people work. This puts someone right into a job. It works."

Despite the program's popularity, it had no real link to other citywide efforts or vision of workforce or economic development. PWDC is a quasi-public agency with a history of being isolated from the city. Founded in the 1980s by its executive director to be distanced from the politics of the city, the agency can hire people faster than traditional government agencies and pay them closer to market value, and it has the ability to design and implement new initiatives with little outside interference. But its status has also given it a reputation for secrecy, operating its job training funds without much public oversight, and it is not well connected to other agencies.

More recently, however, the program has enjoyed stronger connections. Peter Longstreth, the Chairman of PWDC for the last two years, is also the head of the city's economic development agency, and there is a reinvigorated focus on collaboration and partnership.

1199C TRAINING FUND

- Large-scale, long-standing training program for healthcare workers
- Support from employers and union
- Both incumbent and new workers are served

The 1199C Training Fund is one of the most comprehensive and long-standing sector initiatives in the country. The fund trains nearly 20,000 union

and non-union workers every year in healthcare occupations, including nearly 20 percent of the local's membership. 1199C's work in healthcare has become a national model, and its success is rooted in a single-minded focus on the industry, consistent leadership, and access to an ongoing source of funds that employers are required to provide.

The initiative was an outgrowth of a labor-management negotiation in 1974. Then, employers had a shortage of trained mid-level workers and workers had difficulty accessing traditional education and training providers. The trust is funded in part by a set-aside of 1.5 percent of gross payroll from the 55 healthcare employers spanning the Philadelphia and southern New Jersey region, managed by a board that is evenly split between the 1199C local of the National Union of Hospital and Health Care Employees and participating healthcare and human service employers.

Such a large pool is rare, but what makes it unique is that it also includes outside dollars. At the inception of the fund, its creators included a clear goal to serve a constituency beyond the union's membership. So foundation dollars and millions in government contracts have been procured to serve local residents and prepare them for jobs in healthcare. The fund has been a major beneficiary of the state's sectoral funding. It has received three separate Industry Partnership grants and recently was awarded a new contract to develop a career pathway for direct care workers.

The program can customize its offerings to meet industry demands as well as worker needs. Many workers need remediation to improve their basic education before they can enroll in college-level courses, for example, so the training fund has established a customized bridge program. 1199C also works with employers to develop industry-recognized intermediate career steps for those on the road to, but not yet ready for, formal training. All programs support workers with career coaching and supportive services.

"The model of 'Here's your course, sign up, and go,' doesn't work for our students," says 1199C Executive Director Cheryl Feldman. "They need supports: an information and resource broker and also a mentor. But you also need to hold students accountable to their responsibilities to the program. It's not an easy role. That balance is definitely an art."

PHILADELPHIA WORKFORCE INVESTMENT BOARD

- Sectoral programs in several different industries
- Entrepreneurial approach to identifying projects, with mixed results
- Promising work in life sciences and other industries

The Philadelphia Workforce Investment Board (PWIB) became active around sectoral programming before the state started funding such efforts. It has taken a uniquely entrepreneurial and experimental approach to its sectoral work, pursuing pilot projects in a wide range of industries. It then uses its initiatives to deepen its own understanding of the work and integrates those lessons into subsequent projects.

The WIB chose projects as they arose, pursuing those that made sense strategically. But it approached each industry project differently. In some cases, it dedicated only small amounts of funding and took on relatively small goals; in others, it launched ambitious and in-depth initiatives in industries with greater need and more promise.

For example, an early project targeted the restaurant industry, a sector with a number of employers who expressed a real need for assistance finding and keeping good workers. The WIB saw an opportunity to place workers with limited education in an industry that, although low-paying, allows employees to pursue continuing education outside of the workplace. Local One-Stop career centers screened candidates, and new hires were given training materials and a short orientation program. In the end, the program achieved its modest goals: It placed 100 people in jobs, and the new hires' job retention proved to be higher than those hired off the street.

The WIB did not apply for Industry Partnership funding for the project from the state because it knew that restaurant jobs would not meet the state's definition of a high-growth sector. But, as Sallie Glickman, CEO of the PWIB, explained, "This is a certain kind of sector work. Industry Partnerships are a much more mature and robust approach. This doesn't meet those requirements, but that doesn't make it any less valid." Although the WIB believed that the jobs could be ideal first steps for those with employment obstacles, the local career centers expressed concern that they were placing clients in dead-end jobs. "The restaurant field

may make sense to employers, but it is not a career-ladder type of job that helps our clients,” explained one administrator. The employers continue to meet occasionally, but the initiative has not grown in scope or scale, remaining a small project with modest goals.

The PWIB’s efforts in the financial services sector proved to be far more frustrating. A number of regional banks had indicated they were interested in hiring entry-level workers from diverse backgrounds as well as in helping incumbent employees to move up internally. PWIB and the WIB from neighboring Montgomery County collaborated to create a six-week training program for candidates recruited from local One-Stop career centers. The banks committed to offering matching funds for workers to enroll in certificate programs and then Associate’s Degree programs for those interested in moving into supervisory positions. In practice, though, the banks did not truly need a new crop of locally trained employees, and so hired very few of the trainees and did pay for additional training for incumbent workers.

A healthcare sector initiative, on the other hand, has been far more successful. In 2001, the Delaware Valley Healthcare Council and a five-county coalition of WIBs around Philadelphia began to strategize about the acute shortage of healthcare professionals in the area. Working together, the council and WIBs established the Life Science Career Alliance, and broadened the focus to include biotechnology and pharmaceuticals; the healthcare sector comprises one-third of the city’s economy and 20 percent of the workforce. The Alliance hired its first executive director in 2002 and has since been engaged in a number of successful activities. For example, a \$1 million grant from the Pennsylvania Department of Labor and Industry has supported incumbent worker training for more than 1,000 workers in small and emerging biotechnology companies in southeastern Pennsylvania since 2005.

This success may not be replicable in other sectors. The board members, some of whom are representatives from the businesses being served, collaboratively funded the entity’s core operations because their need was so great. “I think other Philly cluster initiatives have faltered, and ours has done well because we have real needs, and the workforce issues are big,” says Nadin Lomakin, executive director of the Alliance.

More recently, the PWIB has pursued new initiatives in the printing, advanced manufacturing, and hospitality industries with state Industry Partnership funding,

building on the lessons learned from its earlier projects. The Print Consortium is a partnership with the local union to offer incumbent training to approximately 400 workers and union members. The Southeast Pennsylvania Advanced Manufacturing Initiative, managed by PWDC, focuses on providing training for incumbent workers within the local metal fabrication and manufacturing industry, and is also exploring the needs of local businesses that supply manufacturing companies at the Philadelphia Navy Yard. The hospitality initiative has established a partnership with the local union to develop a career ladder program for hotel employees, creating a way for workers to move up while building a pipeline of skilled workers for the hotels.

The PWIB is careful to emphasize that its sectoral efforts are just one piece of a much larger and more complex puzzle. Faced with an overwhelming number of workers with limited education, the WIB is well aware that its Industry Partnership grants can only serve a small portion of those in need. Glickman says, “There’s a lot that someone needs before they can even go into an IP program. We have a lot of new learning around recruiting people into literacy programs. Ultimately our responsibility is to make sure the public workforce system is as good as it can be, and IPs are one way to inform that work.”

THE COLLEGIATE CONSORTIUM

- Strong leadership and compelling circumstances united higher education institutions around workforce development
- The value proposition of a regional alliance appealed to employers over a very large region

The Collegiate Consortium is a partnership of five colleges—one research university and four community colleges—from three different states that have banded together to provide corporate training for major regional employers such as UPS, Sunoco, and Boeing, which pay out of pocket to train thousands of employees a year. Having colleges work together across state lines is extremely atypical; an ongoing consortium around job training is unprecedented.

The consortium was born out of crisis. In 1994, after 199 years of operation, the Philadelphia Naval Shipyard announced it was closing the following year, putting 6,000 people from Philadelphia, Delaware, and New Jersey out of work. A core group of colleges,

the Philadelphia Community College, the Delaware County Community College, Camden County Community College, and Drexel University, formed a new partnership dubbed the Shipyard College. Drexel University taught classes in advanced engineering, and the community colleges offered more basic classes to retrain workers for new jobs.

The partnership could have ended once the 6,000 workers were retrained, but the schools saw the potential of continuing to work together, and by 1998 the nonprofit Collegiate Consortium was created. “It is critical to be seamless to the employer,” explains Bob Bowman, the former executive director. “If you’re a big company, rather than setting up training in one state and then another, with us you could just make one call.”

Nonetheless the Consortium struggled. Many people in the region were simply unaware of its existence, and it operated in isolation. This was partly due to poor marketing, but even more so due to the fact that the Consortium exists outside of official regional or even sub-regional economic and workforce development planning efforts.

Now under new leadership, the Collegiate Consortium has become engaged in the strategy and planning of the region’s training and education-based economic and workforce initiatives. The Consortium is involved in the planning of the regional life science initiative through the region’s WIRED grant initiative, and is also contributing to the strategic workforce plan for the redevelopment of the now-closed Navy Yard in south Philadelphia. The Consortium has also developed an initiative to recruit and connect veterans of Iraq and Afghanistan to a wide range of career and training opportunities in industries that value veterans’ soft skills and ability to work in groups.

“The Consortium allows us to look at big trends and see if there’s a need for workforce solutions. We are trying to find out what the problems are, not waiting for them to happen,” says Consortium Executive Director Joseph Welsh.

LANCASTER

Lancaster County is no Philadelphia. Nestled in south-central Pennsylvania, Lancaster is famous for its rural Amish population. But there are also a number of thriving industries, including craft-oriented wood production, healthcare, and the largest share of food manufacturing in North America. The region houses 60 percent of the state’s 1,500 food processing companies and accounts for 10 percent of all manufacturing in the state. Nonetheless, despite recent initiatives to revitalize Lancaster’s downtown and to redevelop large swaths of unused industrial land, the area has struggled with persistent unemployment and underemployment.

Pennsylvania as a state has received attention for its pioneering workforce programming, but to really see it in action, Lancaster is the place to look. The area has efficiently pulled together key stakeholders around a promising set of initiatives that link economic development and workforce development. The county’s WIB director created a new organization with a business-rooted focus on clustering, which has led to a fairly strong set of training and job creation outcomes.

LANCASTER WORKFORCE INVESTMENT BOARD CLUSTER INITIATIVE

- Regional program that has funneled federal workforce dollars into multiple sectors
- Intense reliance on industry, including boards comprised entirely of business representatives
- Regional programming without regard to WIB boundaries
- Training tied rigorously to business needs

The Lancaster County Workforce Investment Board has engaged hundreds of companies in a regional strategy focused on the region’s main economic sectors. There are now eight different Industry Partnership-funded initiatives up and running with thousands of workers being trained every year in Lancaster and adjoining counties. Employers speak glowingly about the immediate and long-term benefits they are receiving from the focus on workforce programming.

Scott Sheely, the founding Lancaster WIB director, hired one of the country’s premier economists to conduct a labor trend review. Sheely took the data to state

workforce officials in hopes of making training grants to entire industry clusters. “We tried selling the idea to the economic development officials, but they weren’t interested. But the workforce development officials in the new administration led by Deputy Secretary Sandi Vito were looking for a bold idea,” he says.

Sheely’s approach was distinct from most public sector initiatives. Rather than kick off the effort with a major summit, the pragmatic approach was developed and implemented quietly. While the WIB distributed the money and provided a framework for operations, businesses actually decided on the use of the funds with the help of project managers, often hired directly from the industry themselves, who typically saw their role as being responsive to the sector, not just to the WIB. Since most of the sectors were not tied to traditional county or WIB boundaries, most of the initiatives work in conjunction with the surrounding nine counties. And the convening bodies and boards were 100 percent populated by employers.

With a structure in place, work began simultaneously in healthcare, agriculture, food processing, communications, construction, biotechnology, automotive services, and metals. Sector priorities are flexible, creating different sets of deliverables. For example, healthcare initiated a broad advertising campaign to improve recruitment in the perennially under-staffed field and established a core set of supervisory trainings. Metals and metal fabricating initially focused on management training and has increasingly focused on traditional hands-on training of welding and machining.

Food manufacturing is a good case study. Launched by three WIBs representing eight different counties in 2004, the Consortium looks for commonalities among very different companies and builds trainings that cut across their different needs, including management training, product labeling, and industrial maintenance. “To be successful and self-sustaining, there’s got to be tangible benefits, otherwise there’s no reason to spend time and energy to attend meetings. And a [big attraction] is the cost of training, which has gone down from \$10,000 to \$3,000 per employee by working [in partnership],” says Glenn Wolf, technical training manager at Cadbury Schweppes near Gettysburg.

Primarily oriented to incumbent worker training, these sector activities have also connected to overall economic development efforts. The WIB is often consulted on economic planning and any major business retention

or attraction deals, for example, and workforce issues became a cornerstone of the county’s major economic development strategic planning process in 2004.

Almost all of the larger sectoral initiatives have been regional in nature, due in part to natural advantages for collaboration: The regions are similar in demographics, economic potential, population density, infrastructure, and transportation, and local industries are relatively evenly dispersed geographically. It also helps that the various workforce leaders in each area found they could easily work together: No WIB directors were political appointees, and each was the founding director of a new structure focused on creating new programs.

Perhaps most important was the availability of new state funds for regional collaboration around cluster efforts. “The money surely helped bring us together,” says Bob Garraty, former executive director of the South Central Workforce Investment Board and now director of the Pennsylvania Workforce Investment Board. “One would like to think we saw the importance of regional cooperation, and that’s a part of it, but we knew that we had a better chance of gaining state dollars if we worked together, so we did.”

NORTH CAROLINA: STATE REVIEW

North Carolina has, perhaps more than any other state in the country, taken a long-range and strategic approach to its economic transition. A series of deliberate investments in workforce development over the last half-century were spurred first by the rapid decline of the state's agricultural economy and, later, the more recent breakdown of its industrial base in the furniture, tobacco, and textile industries. The result is that North Carolina has strong and capable worker education and training systems that work hand-in-hand with economic development toward the goal of boosting the state's competitiveness in attracting and growing business. However, in North Carolina, economic development continues to be dichotomous. Even as the state has supported education and training, it has continued a strong tradition of costly expenditures on business recruitment—with diminishing returns.



The election of the state's only four-term governor, Jim Hunt, is emblematic of North Carolina's approach to economic development. Governor Hunt, who served from 1977 to 1985 and from 1993 to 2001, remains one of the nation's strongest proponents of education reform, with a tenure marked by a wide range of initiatives that linked education, workforce preparation, and economic development.

COMMUNITY COLLEGES

Founded in 1957, North Carolina's community college system was the first in the country. The system includes 58 colleges—every state resident has a community college located within 30 miles of his or her home—and the schools serve about 800,000 students a year.

Designed from the outset to support the state's long-term economic development goals, the community colleges were envisioned as a tool in North Carolina's transition from an agricultural to an industrial economy. The community college system was initially paired—and later merged—with a system of industrial education centers. This history has ensured that the community colleges remain tied to workforce preparation, economic development, and the business community. To ensure that individual campuses remain closely aligned with business needs, each college has dedicated liaisons to local businesses, offers incentives to encourage faculty to spend time in industry to refresh their skills, and requires that all degree programs are overseen by business advisory councils.

RESEARCH PARKS

Around the time North Carolina launched its community college system, the state also created Research Triangle Park, a public-private research park in the Raleigh-Durham area. Designed to be an economic development engine for the state, RTP offered research companies access to physical infrastructure and resources from the region's three top-tier research universities and eight other colleges and universities. The park now has more than 20 million square feet of research space for 157 companies and more than 39,000 full-time employees.

Based on RTP's success in attracting and nurturing both the companies and their workers, North Carolina has begun to replicate the model. The Centennial Campus at North Carolina State University has fostered additional collaborations between business and higher education, and most campuses of the University have or are giving consideration to development of their own research parks.

TRAINING FUNDS

North Carolina has created dedicated customized training funds to offer companies access to training for new or existing workers. Administered under a handful of different programs, these funds make it possible for companies to share the cost of training workers, and most of its grants are delivered through the community colleges.

The New and Expanding Industry Training (NEIT) program is the state's largest pool of business-oriented training dollars, and offers grants to companies on the condition that training must support the creation of at least 12 new jobs. The program has grown steadily since its creation, spending close to \$10 million in 2006-2007, funding a total of 208 projects that trained nearly 20,000 workers. Another program, Focused Industrial Training (FIT), offers nearly \$6 million to traditional manufacturing industries in need of improved equipment and training.

North Carolina also created the Golden LEAF Foundation as a continual source of funding for economic development and workforce preparedness projects. Setting aside half of the dollars received from the 1998 legal settlement with cigarette manufacturers, North Carolina and Virginia were the only two states to have dedicated fully 50 percent of its settlement dollars to training and workforce development. The foundation focuses on projects with long-term economic impact, preferably in counties formerly dependent on tobacco. Many of its grants go to workforce preparedness such as university and community college-based training centers in engineering, construction, machining, and allied health. For example, the foundation supported the creation of the Biomanufacturing and Training Center, housed within North Carolina State's Millennial Campus; the Biomanufacturing Research Institute and Technology Enterprise housed at North Carolina Central; and the affiliated Bionetwork centers housed at six community colleges statewide.

REGIONAL PROGRAMMING

In the early 1990s, three of the state's regions, the Research Triangle, Piedmont Triad and Charlotte, created their own regional economic development organizations. In 1994 the North Carolina General Assembly created four additional regional economic development organizations in the predominately rural areas of the state, creating a statewide regional economic development system through which each of the state's 100 counties became affiliated with one of the seven regions. In 2003, based on pioneering work done by the Research Triangle Regional Partnership, the North Carolina General Assembly gave each of the regions \$250,000 to develop their own five-year economic development vision plans. Most of the regions' plans included strategies and recommendations intended to better coordinate and align the agencies and organizations carrying out both economic development and workforce development programming.

The partnerships have successfully gathered the right stakeholders—representatives from the local economic development entities, workforce boards, community colleges, universities, school systems, and more—around the table to plan and strategize. However, the regional organizations have struggled to move the plans from concept to reality, especially in those regions brought together due to the legislative mandate. "Basically what I expect to get out of it is some action steps that make sense for what the partnerships are talking about doing. But there are way too many ideas to support all of the clusters, some are localized, some are not even clusters but a wish list," says Chris Beacham, the former assistant secretary of policy, research, and strategic planning at the North Carolina Department of Commerce.

ECONOMIC DEVELOPMENT INCENTIVES

Not every economic development project in North Carolina aims to blend with workforce development. Deal-making that originates from the state Department of Commerce and the local economic development entities is still very much rooted in the practice of "buffalo hunting." In 1996, North Carolina passed the William S. Lee Act to provide tax incentives that allowed the state to compete with other states' economic development activities. By the 2006-2007 fiscal year, direct incentives in North Carolina totaled \$1.3 billion, or 95 percent of the state's economic development spending. In comparison, in 2007-2008, the state assembly appropriated \$12.7 million to the community colleges for customized training and business assistance and \$14.4 million to the University of North Carolina for their economic development and small business support services.

William Schweke, vice president of learning and innovation at the Corporation for Enterprise Development, an economic development think tank, explained that North Carolina's progression toward big economic development incentives was driven in part by increased economic competition: "Twelve to 16 years ago, North Carolina was not a big incentive state. Initially, [then-Secretary of Commerce] Rick Carlisle came up with ways to do it that were very good, transparent. But now you have exponential competition for footloose private investment projects and it's very hard to stop that. In some ways it's never been worse in terms of incentive competition."

THE PIEDMONT TRIAD REGION

The Piedmont Triad, with its three major cities of Winston-Salem, Greensboro and High Point, was built on the tobacco, textile, and furniture industries. Formerly home to the headquarters of some of the county's largest companies, including R.J. Reynolds, Hanes, and the Thomasville and Lexington furniture companies, the region began to suffer severe job losses when manufacturing jobs began going overseas in the 1980s.

The Triad region was quicker than most to see the writing on the wall. Blessed with state infrastructure and a civically oriented business community still wealthy enough to invest in the region's future, the Triad proactively sought to redefine itself as a hub for high- and bio-tech industry. The area has lured large companies and nurtured home-grown ventures, many of which are closely linked to the area's four public universities, seven private universities, and nine community colleges. The majority of the region's economic good fortune, however, has remained clustered in the main cities, and its rural counties have struggled to keep up.

ASSOCIATES PROGRAM IN APPLIED SCIENCE, FORSYTH TECHNICAL COMMUNITY COLLEGE

- A new biotechnology associate's degree from a community college
- Launched by a college president who was focused on workforce development and empowered to pursue the program
- State funding and other support allowed the program to grow

The biotechnology sector in North Carolina's Piedmont Triad has grown as much as any newcomer to the biotechnology game. Elsewhere in the country, development initiatives are often led by local politicians or economic development professionals. The Piedmont Triad, in comparison, was helped significantly by an initiative from Forsyth Technical Community College in Winston-Salem. Forsyth now offers the largest biotechnology associate degree program in the state and one of the nation's leading degree programs in life sciences. This program complements the growth of Wake Forest University's medical school and Piedmont Triad Research Park in downtown Winston-Salem, which houses much of Wake Forest's medical research.

"Our legacy industries were furniture, textiles, and tobacco. While 10 years ago that sounded like a diverse

economy, they all went at the same time. This was a community that was searching for its economic future, and it was a prime time for the community college to step up as part of a community effort to redefine the economy," says Gary Green, president of Forsyth Tech.

The local business community rallied around biotechnology as the next big thing, and the nearby Research Triangle Park was already host to some of the largest biopharmaceutical companies in the country. Although the Triad was home to only a few start-up companies, the presence of strong research universities and, in particular, a strong medical research community centered on Wake Forest University, were seen as real assets. "Forsyth Tech has taken on this idea of training people for jobs that aren't even here yet. Ninety percent of biotech is in the Triangle, but as biotech grows in the state, there will be companies that want to be somewhere cheaper," said Justin Catanoso, editor of the Triad Business Journal.

With a significant grant from the federal Department of Labor to nurture the biotechnology industry, Forsyth Tech's Applied Science Associate Degree program officially opened in 2003. It is strongly connected to industry, hires instructors with significant business experience, requires internships, and features lab-ready skills training, including tissue culture, animal handling, chromatography, and laboratory mathematics. The program now enrolls about 120 students per semester, and graduates work primarily for companies involved in the production of pharmaceuticals. Employers participate in the center's advisory board, donate equipment, and host interns.

The state community college system's BioNetwork initiative, supported in part by the Golden LEAF Foundation, has provided funding for the effort, and the North Carolina Biotechnology Center, a unique economic development organization focused on supporting the growing life sciences industry, has provided additional support. The state's centralized community college system has also facilitated the use of articulation agreements, allowing colleges around the state to share students and revenue. For Forsyth Tech's biotechnology program, students from around the state can do their basic coursework at their home campus, and travel to Forsyth Tech for their final year of technical courses and hands-on training. This "capstone" model allows Forsyth to pull in additional enrollment to offset the cost of facilities and equipment, while serving as a statewide resource for North Carolina's overall workforce competitiveness.

PIEDMONT TRIAD PARTNERSHIP

- State-mandated sectoral ED/WD program
- Local partnership well-suited as a convener but implementation has faced challenges
- Insufficient incentives, both positive and negative, to compel the stakeholders to follow the plan

The Piedmont Triad Partnership has tried to build a region-wide sector initiative that utilizes the resources of the economic development, workforce development, and education fields. However, the partnership has had trouble achieving results, even as organizations and institutions in the Triad have successfully forged collaborative projects outside of the plan.

Established in 1991 by a group of community leaders to lay the groundwork for more effective regional economic development, the Piedmont Triad Partnership is an economic development and marketing entity. At first, its strategy was mostly limited to conventional marketing and recruitment; stakeholders were almost exclusively local and state economic development professionals.

When the General Assembly required the seven defined regions to create an economic analysis and plan, the Triad Partnership launched an elaborate planning process to determine which sectors to focus on. The Partnership convened regional leaders, gathered industry-level economic data, convened stakeholder groups, and engaged a national consulting firm to help develop the plan. The plan included 120 action steps and identified seven target industry sectors—health-care, logistics, wholesale trade, finance and insurance, food processing, arts, and tourism. The North Carolina Small Business and Technology Development Center was hired to conduct an inventory of the area's education and training resources in those areas.

The Triad completed its vision plan in June 2005, but with an estimated cost for implementation at \$3 million annually there was no appetite among the local leadership to shift resources away from existing city and county-based efforts. In early 2006, though, the Triad Partnership won a three-year \$15 million federal WIRED grant to foster regional links between workforce and economic development. "The Triad had done a strategic vision for the region a year ago, and WIRED was an opportunity to get resources to support implementation of their vision," says Roger Shackelford, executive director for workforce development at the North Carolina Department of Commerce.

Full-time project directors were hired for four target sectors, and roundtables of industry leaders were organized in each area to identify current and future workforce requirements. These industry leaders were asked to identify current and projected skill sets that would be required for the sector to grow in the region.

Many in the region credit WIRED with having pushed the region's workforce and economic development practitioners in the right direction. "Without it, we would still be going down the road in 13 different areas," says Jim Melvin, president of the Joseph Bryan Foundation of Greensboro. Gary Green, president of Forsyth Tech, felt that the region's nine community colleges improved collaboration was, "for the most part a result of the WIRED initiative. That got everyone thinking about how we can act as a single unit in ways that we hadn't before."

Implementation, however, stalled after the planning stage. Much of the first year of the WIRED initiative was spent in negotiations, as DOL and the WIRED grantees hammered out implementation plans. As a consequence, the implementation process was slow, particularly in the Piedmont Triad where a staggering number of organizations and individuals had to be integrated into the discussions. In addition, the Piedmont Triad Partnership had to transform from a seven-person organization primarily focused on marketing and recruitment to an 18-person staff with a diversified portfolio of regional economic development and workforce development initiatives, as well as the need to coordinate with a staggering array of organizations and individuals.

It was the second year of the grant before the Partnership began to see results. The Partnership has now made approximately \$1.5 million in direct grants, much of which has gone directly toward workforce development and training within target clusters.

The Partnership may be better equipped to convene and facilitate than it is to implement. "The people invited to the table are supportive, but they themselves aren't compelled to make it succeed. There's a limit to how much you will stretch yourself to accomplish that goal. A community planning effort collects a bunch of folks who want to provide the eggs, but no one willing to risk the bacon," says Richard Dean, now-retired president and CEO of Wake Forest University Health Sciences, who spearheaded the creation of the public-private Piedmont Triad Research Park in downtown Winston-Salem.

Beyond the Piedmont Triad Partnership's WIRED-funded programs, however, there are several innovative ED/WD initiatives under way in the region that are only tangentially connected to the region's sector planning. In addition to the downtown research park, for example, Guilford Technical Community College has a new Aviation Center based at the Greensboro airport that offers airframe and power mechanics training, with strong relationships to new facilities for FedEx and Honda Aircraft Company. While the regional plan supports the program, much of the groundwork was already in place before the plan was written, a common refrain by others working on ED/WD programming in the region.

"People buy into the clusters that they are already settled on," says Don Cameron, president of Guilford Tech. "I can't sit here and tell you we're ready to go with the other cluster areas." Bob Plain, business and industry services program coordinator at Guilford Tech, echoed his sentiment: "All this current fever there is about partnerships developing to help clusters grow, I don't think it's a prudent concept. I think it sounds nice, but I don't think getting a bunch of people in a room gets you jobs."

DELL COMPUTER

- Aggressive incentives used to woo computer manufacturing plant
- Representatives from higher education, workforce development, economic development, and workforce development worked in concert to create programs to attract Dell

The economic development deal with the computer manufacturer Dell carved out by North Carolina, Winston-Salem, and Forsyth County is emblematic of the split personality of a state both committed to long-term strategic investments and captivated by traditional economic development incentives. The state provided a \$242 million package that included infrastructure improvement, police services, and a customized training program in addition to hefty tax breaks. The media subsequently widely reported that the state had vastly overbid; the incentive package was \$200 million more than Virginia's, the state's only competitor for the plant.

Dell announced that it was shopping for a location for expanded production and distribution in the Eastern U.S. in October 2004. Its new plant was to employ

1,500 people within five years, and would primarily need a higher-skilled workforce.

With the backing of the North Carolina Department of Commerce, the General Assembly approved a package of tax incentives including a \$15 per unit tax credit on every item produced in 2006, which would drop to a still-generous \$6.25 from 2007 to 2019. Although these tax credits could result in Dell never having to pay corporate income taxes in North Carolina, the cost/benefit economic impact model projected a net positive tax benefit to the state of over \$700 million over 20 years.

North Carolina may not have needed to offer the incentives; there are indications that Dell had intended to locate in the state all along, because of the state's mid-Atlantic location, available manufacturing workforce, and the training resources available to the company. "The education system, commitment to businesses, and proximity to a large and growing base of Dell customers were important in our decision to expand into North Carolina," Dell's former CEO Kevin Rollins told Site Selection magazine about the deal.

As is typical in North Carolina, the Triad region had worked with local economic developers, workforce agencies, and community colleges to put together a package of employee recruitment, customized training, and degree offerings in IT for Dell. To identify the high-skilled workers necessary for the plant, for example, the JobLink career center designed an online application to prescreen for qualified candidates before referring them to the company for interviews. And Forsyth Tech designed a training course that included team-building, computer skills, communication skills, and safety for incoming employees to help the new plant reach efficient production quickly. The core money for the program came from the Golden LEAF Foundation and NEIT.

"Part of the [success of the] recruitment of Dell was the fact that the community college would immediately start a curriculum in building and design of computers, to create that workforce with people laid off from textile industries," explains Richard Dean, former Wake Forest University Health Sciences CEO. The Dell model has now been successfully utilized by North Carolina for other high-profile economic development projects, including Fidelity and Credit Suisse in the Research Triangle Region.

WESTERN REGION

North Carolina's Western Region, just east of the Tennessee border, is about the size of Maryland. Primarily rural, the area's largest city is Asheville, with a population of less than 70,000. On the one hand, the region is thriving as a destination for tourists and for urban expatriates buying vacation and retirement homes, thanks to its beautiful landscape dominated by the Great Smoky Mountains and the Blue Ridge Mountains. Local artists and entrepreneurs with businesses catering to the influx of visitors have done well.

On the other hand, the region's economy has been hit hard by the loss of manufacturing jobs, and it has not yet found a new economic stride. Long dependent on natural resource-based production such as agriculture, mining, and logging, the area's economy became dependent on industrial producers such as textiles, metals, and paper in the second half of 20th century.

Recent efforts to establish the region as a hub of innovation and technology have not yet taken root, despite some noteworthy initiatives in advanced manufacturing. Nonetheless, the initiatives underway show promise, and highlight how the strong role of the state has helped North Carolina's Western Region begin to find its economic footing.

REGIONAL HIGH TECHNOLOGY CENTER

- A well-established community-college center provided training for a wide array of industries
- State support helped create an ambitious program to lure new firms.

The Regional High Technology Center, based at Haywood Community College in the town of Clyde, houses the school's technical education programs, training for business and industry, as well as the college's Small Business Center. Since the mid-1980s, the Center has provided services to more than 50,000 people and more than 100 companies, and it has been an important tool to lure companies to the area. For example, ITT Teves Automotive, a Virginia-based company, trained 800 new employees at the center when it first expanded its production into western North Carolina. The company has since moved its headquarters to the area, in part due to the area's responsiveness to the company's education and training needs.

However, the High Tech Center has had difficulty keeping up with the times. As manufacturing firms began to leave the U.S., the Center's ability to provide businesses with up-to-date machinery and quick-response training was no longer enough. The High Tech Center went through a series of incarnations in trying to effectively serve area businesses and workers. For example, the Center provided technical assistance to employee-owned businesses and businesses exploring profit-sharing in an effort to boost entrepreneurialism.

More recently, the Center has pursued advanced machining as its new *raison d'être*, introducing training capabilities not available at the area's other community colleges. Funded by a \$1.57 million grant from the Golden LEAF Foundation, the initiative will build on the regional presence of aircraft repair facilities serving the Navy and the Coast Guard. Without this long-range and strategic investment of state funds, it would have been impossible to recreate this small training center in one of the most remote areas of the state. To date, the High Tech Center has trained more than 800 workers representing 50 businesses in pursuit of aerospace contracts.

TRI-COUNTY COMMUNITY COLLEGE ADVANCED MACHINING TRAINING

- Local manufacturing firms work with community college to create a customized training program
- State provided the dollars to create a program in a relatively small corner of the state

Tri-County Community College is located in the far southwestern corner of North Carolina, in a rural county with a population of about 25,000. Located in the Appalachian Mountains, closer to Chattanooga, Tennessee than to Asheville, Tri-County is an unlikely candidate for innovative workforce and economic development. In 2000, Tri-County discontinued its existing machinist program due to low demand and the high cost of bringing equipment up to date.

By 2005, only a handful of manufacturing firms remained in the area, but it did not take long for them to make their concerns known. The companies needed a pipeline of skilled machinists, a need that had existed before but worsened after the dismantling of the machinist program. The college decided that by pooling the companies' demands, the college could justify the reestablishment of the training program while serving

a greater number of workers, offering a cutting-edge curriculum, and having a greater impact on the area's economy. "We frankly didn't have a lot of other industry here. This is it, the rest of them left years ago. It was easy for us to focus," says Norm Oglesby, former president of Tri-County Community College.

A consortium of the manufacturing firms, county officials, and economic and workforce development practitioners was created to plan the program. The companies helped select training instructors and donated space and \$270,000 worth of equipment for incumbent worker training. Employees trained on company time, and the employers encouraged women in lower paying positions, such as assembly, to take advantage of the opportunity. "These companies are desperate for skilled machinists and see this as an operating cost," Oglesby says.

Tri-County estimates that, the three companies served by the machinists training have created more than 300 jobs since the program's start, with the capacity to hire additional employees once trained. "This is a much smaller operation," Oglesby says, "but per capita this has a big impact on this community." Tri-County's program's start-up was financially supported with grants from the Golden LEAF and Duke Energy Foundations, and the ongoing operations are funded using NEIT customized training dollars. Recently, Cherokee County bought an abandoned manufacturing building for the college to use as a machinist training facility and the college is now applying to the state's community college system to establish an associate's degree program in machining technology.

ADVANTAGE WEST REGIONAL PARTNERSHIP

- State-mandated regional planning program created a blueprint for sector development
- Without incentives to participate, local entities are choosing which parts of the plan to follow

North Carolina's Western Region has had notable successes in creating specific training programs, but its long-range sector development efforts have suffered from a lack of focus and buy-in. Strategic planning has been scattershot, hampered by a steady loss of manufacturing jobs and a lack of an entity to enforce a universal vision. Economic and workforce development entities have largely forged their own paths, choosing their own pet projects to focus on.

When the legislature required the state's regional partnerships to craft a strategic plan for economic and workforce development, Advantage West's was one of the most active and serious planning processes. "The only one that took it seriously was Advantage West. There wasn't any funding for it, but they brought everyone together for brainstorming, SWOT analysis, analyzing matches between existing clusters and workforce needs, and planning where to go. They were serious about the workforce and economic development connection," recalls Chris Beacham, former Assistant Secretary for Policy, Research and Strategic Planning at the North Carolina Department of Commerce.

With the input of the University of North Carolina Kenan-Flagler Business School, Advantage West divided the region into three sub-regions and, taking into account the varying economies and labor force characteristics of the three distinct areas, identified 10 target economic clusters: advanced manufacturing; arts, crafts, and design; communications and information technology; environment-related; food; healthcare; life sciences and agribusiness; recreation and tourism; retirement; and security.

The plan has yielded limited concrete results. Advantage West has continued to play its role in research and marketing, gathering labor market data, acting as a sounding board for business, and promoting target careers to potential workers. But without a focus on implementation, individual institutions only use bits and pieces of the comprehensive and strategic plan where relevant. For example, Asheville has launched its own sector initiative called the Hub, targeting a different set of industries: weather data and climate, multimedia, rejuvenation and alternative medicine, and design.

However, the two plans were created with almost no coordination, leading to local and regional goals that align imperfectly. "My take on the Hub project is that it is probably going to have to be modified a bit to our area. A lot of our surrounding area is very rural, and we may be biting off more than we can chew," says Rick Elingburg, manager of the western region office of the North Carolina Employment Security Commission.

Agency representatives and other stakeholders consistently report that they select projects that simply make sense for them, and that little of the momentum and energy around those projects has to do with the strategic planning efforts. "[The] vision plan came together

and it was decided which five clusters they would really try to market. But manufacturing and medical is what the Workforce Board is focused on because that's where the training is needed. What we did was pick out what was relevant to us," says Helen Beck, director of the Mountain Area Workforce Development Board, which includes Asheville.

Similarly, Western Carolina University, which is using its Millennial Campus to bring economic development and workforce skills together onto a new business-oriented campus, "is taking those clusters out of the vision plan that are most relevant for them," says Dale Carroll, former executive director of the Advantage West Partnership. The Millennial Campus is starting construction on a healthcare facility first, with plans to build an additional six "pods" that include such subjects as engineering technology, construction management, sports and rehabilitation, and homeland security/defense.

The practitioners in the region are neither resentful nor disdainful of the sector planning and the industries chosen. They are, however, self-interested. Each entity implementing new programs serves different populations, different management, different funders, and different rules and regulations. In the end, they choose the projects that make sense to them.

ILLINOIS: STATE REVIEW

There have been promising initial steps toward merging economic and workforce development in Illinois since the mid-1990s. Although a slew of troubles, from low funding to bureaucratic missteps, have hindered these efforts, the state is re-launching its ED/WD activities, building on what it has learned in the last several years. Most recently, former Governor Rod Blagojevich's economic policies promoted large infrastructure investment, creating industry-focused support for business, and trying to link economic development and workforce development at the local level. But the state's plans have also reached for more transformative change, including creating a new ED/WD department and attempting to create regional sector strategies throughout the state.



DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY (DCEO)

Illinois officially merged WIA-based workforce development with the state's economic development during Blagojevich's first term. By executive order, the governor merged workforce components from the Illinois Department of Employment Security (including WIA Title I programs); Prairie State 2000, a stand-alone agency established in the mid 1980s; and incumbent worker training funds previously distributed through the Illinois Community College Board into the state economic development agency.

The new entity was renamed the Department of Commerce and Economic Opportunity (DCEO), and its creation set the stage for on-the-ground changes in how workforce and economic development work together. So far, the results have been slight. Reporting to legislative leaders in 2006, for example, Jack Lavin, the former director of DCEO, highlighted that the merger had saved approximately \$20 million in state general revenue funds. While this is certainly good news, the reorganization seems to have had little impact on the actual agency programming.

Observers say that at the new DCEO, workforce programs don't carry as much weight as economic development, and that the two parts aren't meshing cleanly. "The idea of them working together is great, but I don't know what they're doing with it. It's like they've mashed them together and expect an outcome—I don't think there's a clear vision of what they want," says one critic.

The agency consolidations also brought about the departure of a few key staff who provided institutional memory, and many local workforce administrators note that the Blagojevich appointees are much more difficult to work with than those from previous administrations. "I used to work with the state and we were viewed as partners," says one local leader. "The state doesn't explain to us now why they do things...It's a very punitive relationship." The working style of the new administration doesn't necessarily have anything to do with ED/WD restructuring, but it does illustrate how difficult it can be to bring all parties into a new paradigm.

OPPORTUNITY RETURNS/CRITICAL SKILL SHORTAGES INITIATIVE

In 2003, DCEO launched an economic development and workforce program, bringing together regional stakeholders to create sectoral plans and funding projects around the state. Envisioned as a transformative plan, the program has been hamstrung by trouble in implementation and insufficient funding. However, it has also seeded sectoral workforce plans in some new regions of the state and has shown how the state can push and support ED/WD programming.

DCEO's planning framework, called Opportunity Returns (OR), created ten statewide regions for capital development and community development projects. The plan draws on transportation and other infrastructure improvements as part of the "regional plan." The Critical Skill Shortages Initiative (CSSI) is the workforce component of OR, a sectoral, regional planning process

established as a three-year initiative. CSSI required each participating region to have community colleges, workforce agencies, and businesses work together to identify how to build on critical economic sectors in a planning stage, and then together apply for training grants in the key sectors.

All ten of the OR regions responded to a request for application to CSSI, and about \$18 million was distributed between 2005 and 2008. To date, CSSI has funded 87 projects and just over 4,600 individuals have been trained statewide—with 62 percent of the funding going to healthcare, 22 percent to manufacturing and 16 percent going to transportation/distribution/logistics.

CSSI has had less impact than was originally envisioned. In some regions, where preexisting plans were already in effect, funding boosted specific projects. When CSSI funds were essentially first money into a sector effort, though, it's unclear if those efforts will be sustainable. CSSI was funded through redirecting WIA funds, with no other state money included. (The program totaled about 8 percent of the \$114 million available in 2005 to Illinois workforce areas in WIA Title IB funds). As such, it essentially redirected existing dollars and thus limited large-scale impact: The people trained through CSSI represent about 15 percent of the combined total of adult and dislocated workers (32,815) served through federal WIA funds in Illinois.

The funding diminished over the course of the program, on the premise that true regional ED/WD collaboration would require local investment and support. To encourage localities to leverage local resources, state funds dropped from 100 percent of program budgets in the first year of operation, to half, to zero. However, with a short timeframe of support, a draw down of funds and a relatively small funding pool, the program was under-resourced. A researcher who evaluated the program for the state notes that, “neither DCEO nor the WIBs really understood the changes that would be necessary at the regional level.”

The program also initially stumbled out of the gate, leading to mistrust on the part of many local providers. The state had mistakenly expected less than half of the regions to apply for CSSI funds and was forced to scramble to process all the applications, leading to delays and frustration. “People were really upset that they were waiting for funding for six months for a program they had put together,” says a prominent workforce advocate. Practitioners also reported that, “the program eventually became too bureaucratic [e.g.,

requiring quarterly reports] and crumbled under its own weight.” In CSSI's defense, a representative from the state notes that complaints from local workforce agencies may be tied to DCEO's push for them to put more money toward training, and that paperwork is necessary for tracking and evaluation—particularly for a new program.

DCEO is launching a new round of CSSI funding (although this plan has been on hold for more than six months), which the agency has said will only fund programs that are very well-prepared and on-target. CSSI will also look at how local groups will use the funds to leverage local resources and put more emphasis on business input and leadership. The next incarnation of CSSI is planned to be a part of a broad “subcabinet” strategy to go beyond Title I funds and will include state departments involved with K-12 education, economic development, and workforce development.

CHICAGO

The third-largest city in the country, Chicago is considered to be the “capital of the Midwest” and has used a mix of tourism, retail, financial, and media sector growth to mitigate the city's loss of manufacturing and transportation jobs. Although not all ED/WD programs in Chicago have been an unqualified success, the city can boast about a number of ongoing accomplishments.

Three key elements in Chicago have shaped its ED/WD efforts. First is that the mayor of Chicago wields enormous unilateral power, and current Mayor Richard M. Daley “gets” the economic importance of workforce development.

Chicago also has a significant infrastructure of community-based organizations that deliver services, develop property, and advocate for community engagement, as well as citywide nonprofits such as the Chicago Jobs Council. These organizations lobby for workforce development improvements and provide expertise that helps programs prosper.

Lastly, Chicago's leadership makes use of regional collaboration. Chicago city leaders are keenly aware that much of their workforce lives outside the city limits, and many of the goods and services produced and consumed come from the surrounding suburban and exurban “collar counties.” There is a strong appetite for regional work and a clear understanding that regional

growth is a tide that will lift all boats. For their part, suburban policymakers seem to generally understand that the suburb is still defined by its core city.

In the spring of 2008 Chicago launched a new city-wide ED/WD initiative, Chicago LEADS (Leading Economic Advancement, Development and Sustainability), with a business-led advisory council, a leadership team comprised of representatives from city agencies, and a policy advisory group. Focusing on four industry clusters—hospitality, healthcare, finance/insurance/IT and transportation/distribution/logistics—the initiative is designed to bridge traditional agency roles, provide flexible funding, and answer businesses needs through demand-driven goals and measurements.

Critics charge that there are still improvements to be made, with city schools still troubled, city colleges below average, and news stories about corruption regularly appearing in the city’s papers. But with expansion planned for ED/WD programming to broaden its reach even further, Chicago continues to keep its eye on how to use workforce development to improve the economic life of the city and region.

ILLINOIS’ JOB TRAINING AND ECONOMIC DEVELOPMENT (JTED)

- State funding for sector-based training by community-based organizations
- Focus on economic development has waned
- Troubled by change in priorities in a new gubernatorial administration and lack of support outside of Chicago

Illinois’ Job Training and Economic Development (JTED) program began in 1998 as an attempt to connect workforce and economic development by funding community-based organizations to conduct industry-oriented training. JTED has successfully trained disadvantaged workers for specific companies and industries, but because it is a Chicago-centric system and one that operates in parallel to WIA, the program has suffered from a lack of political clout.

The conceptual roots of JTED date back to the early 1980s, when the city called for companies receiving public subsidies for job creation to use neighborhood-based programs as the “first source” for hiring prospects. The nonprofit Chicago Jobs Council (CJC) created a network of community-based organizations that would cooperatively respond to these openings, foster-

ing a notable contingent of workforce programs among Chicago’s CBOs. Changes under the federal Workforce Investment Act imperiled the future of these programs, and CJC and partners lobbied for the creation of JTED to support the local training programs focused on low-income and incumbent workers.

JTED received 83 grants totaling \$10.7 million from the state, and has trained more than 5,600 individuals since 1998 across targeted high-growth sectors. For example, the Jane Addams Resource Corporation offered metalworking programs for unemployed and incumbent workers, and placed 200–300 graduates a year at more than two dozen small manufacturers. JTED completion rates were around 80 percent, three-month employment retention rates around 65 percent, and wages averaging just above \$9.00/hour for previously unemployed workers, according to a 2006 assessment by CJC. Incumbent workers showed wage gains of 15 percent over the 18 months after completion of on-the-job skill training.

JTED is supposed to be an explicit link between local economic development and workforce development, providing training dollars for struggling firms and job opportunities for low-income workers. However, the program became more of a traditional community-based grant program for training for low-income and/or incumbent workers. Some of the organizations that were supported through JTED continue as leaders in “cluster/sector” initiatives, e.g., Jane Addams Resource Corporation for metal-forming and Greater West Town Community Development Project in woodworking. However, in these cases, the organizations were already functioning as sector leaders. JTED grants simply gave them funds to support that work.

More troubling for the program, JTED fell victim to the state’s economic crisis in the early years of the Blagojevich administration. Despite a pledge to provide \$10 million a year to the program, the governor cut the budget in 2003; by fall of 2008, it stood at \$1.6 million. “At the line level, people in the Blagojevich administration thought it was a good program, but it wasn’t their priority. CSSI was their thing—people at the leadership level didn’t have ownership,” notes Greg Schrock, a researcher at the University of Illinois at Chicago and co-author of the CJC report on the program. Although JTED is a statewide program in name, only Chicago’s community-based organizations were positioned to draw down the funds. The resulting lack of political clout outside of the city left JTED vulnerable.

REGIONAL HEALTHCARE INITIATIVE (RHI)

- Pilot projects in healthcare throughout the Chicago region
- State support allowed the program to expand
- Program has led to continued, genuine regional collaboration through nine Workforce Investment Boards

For decades, local boosters have used the term “Chicagoland” for the city and the greater metropolitan region that surrounds it. More recently, there has been a serious attempt to make that envisioned regional collaboration a reality. In 1997, the Chicago Metropolitan Mayor’s Caucus brought together nearly 300 municipal executives to hear Chicago Mayor Richard Daley’s vision for a vibrant regional economy. The business-led Metropolis Project then created a standing organization, Metropolis 2020, that is explicitly focused on regional issues.

Another regional entity, the Workforce Boards of Metropolitan Chicago (WBMC), has launched several sectoral ED/WD initiatives, the most successful of which is a healthcare program that has linked the nine regional WIBs, as well as employers and educational facilities. Note that this is no small region. According to the WBMC, metropolitan Chicago region represents 67 percent of Illinois’ labor force, is home to 70 percent of its employers—and 63 percent of its healthcare workforce.

In 2001, healthcare industry leaders faced significant workforce shortages and weak relationships with area educational institutions, and sought help from local workforce board leaders. In response, the boards held a Healthcare Workforce Summit that brought together 175 industry representatives and put WBMC on the map as the “go to” group for workforce needs. A 2002 action plan led to a few tangible projects, including a follow-up conference on employee retention strategies and development of an online curriculum about the healthcare industry for workforce professionals.

The biggest effort was a series of 12 demonstration projects, funded with nearly \$3.3 million in state CSSI funding, intended to strengthen the capacity and quality of workforce training services for healthcare occupations. The programs were considered very successful. For example, an initiative by Elgin Community College and Chicago City Colleges improved retention of students in Licensed Practical Nurse programs by 95

percent and retention of students in Registered Nurse training by 85 percent. Harper College, a suburban campus, partnered with three nearby hospitals to establish a core curriculum that feeds into a variety of occupational healthcare training programs.

The division of labor for the Regional Healthcare Initiative (RHI) worked well. Local workforce and economic development leaders used their relationships to ignite industry/public/nonprofit partnerships. The educational community was willing to be innovative and try new program approaches. State leaders supported such efforts financially. And industry partners such as the Metropolitan Chicago Healthcare Council (MCHC) served as a liaison with business interests and represented the businesses’ needs, a role the group also plays with other state and city ED/WD programs. “The success of efforts in healthcare was due to a strong relationship with MCHC,” says Jan Etkorn, staff to WBMC. “They shared data and information in the planning phase of CSSI and encouraged employer participation in the implementation stage.”

RHI has also fostered greater regional collaboration. A new consortium of all of the deans for healthcare programs at community colleges meets regularly to consider issues relating to program capacity and quality. For example, the group is supporting implementation of a standardized approach to clinical placements for healthcare students throughout the region.

The workforce leaders in the Chicago metropolitan region have launched similar sectoral programs in manufacturing, transportation, warehousing and logistics, hospitality and tourism, and finance and insurance. Each effort has begun with a summit conference; two (manufacturing and transportation, and warehousing and logistics) were also supported with funding from CSSI to produce data collection and analysis. Still relatively young, these programs have not yet had the same impact as the healthcare initiative, and it’s worth noting that they lack a strong industry champion as in healthcare.

MANUFACTURINGWORKS AND SERVICEWORKS

- Sector-based One-Stops in Chicago focused on manufacturing and service
- Influenced by long-standing research and advocacy for workforce support to Chicago's manufacturing sector
- Sites work closely with local firms and provide services not directly tied to workforce issues

Workforce agencies across the country have begun to pay attention to two of Chicago's One-Stop service centers that are using WIA and city funds to provide both economic development and workforce development in specific industries. Dubbed ManufacturingWorks and ServiceWorks, each of these sites are performing relatively well and their successes (and the differences between them) show how time, focus, and the needs of employers affect the possibilities for ED/WD programs.

ManufacturingWorks is a project of the Mayor's Office of Workforce Development (MOWD) in conjunction with the City Colleges, Chicago Workforce Board, local economic development agencies, and business partners, building on efforts already in place to bolster the region's declining manufacturing sector. For example, more than a decade ago Dan Swinney, head of the nonprofit Center for Labor and Community Research, began thinking about ED/WD by focusing on the candy-making industry in Chicago. He hoped to save good jobs by improving business practices, moving beyond labor/management strife, and focusing on issues of long-term skill development and ownership.

Swinney's thinking paralleled ideas from city agencies such as MOWD and the Department of Planning and Development, and helped lead to the creation of the Chicago Manufacturing Renaissance Council (CMRC). With Swinney serving as executive director, CMRC has produced several reports on the continued importance of manufacturing in Chicago. For example, despite the loss of many manufacturing firms in the city—and tens of thousands of jobs—their research has shown that manufacturing still employs more than 400,000 residents in the Chicago metropolitan area, at an average wage of \$64,000 (including benefits).

Still, the more than 11,000 manufacturing companies in the Chicago metropolitan area face a number of obstacles that are familiar around the country. Foreign

competition continues to drive prices down, young workers aren't drawn to "smokestack industry," and training programs have shrunk as the number of applicants has dwindled. The answer, according to CMRC, is to help firms move to "high-value" manufacturing and to ensure that a trained workforce is available and connected to the needs of business. "We saw that manufacturing was viable. Low-wage jobs are leaving, but you can make more complex products," Swinney says. "That leads you to the issue of education. Without a world-class education system, you can't achieve that goal."

In 2005, MOWD released a solicitation for groups to run sector-based One-Stops, a process informed by Swinney's work, planning by the Chicago Workforce Board, and MOWD's own research into sectoral models elsewhere in the country. For ManufacturingWorks, MOWD chose the Instituto Del Progreso Latino (IDPL), a community-based nonprofit service provider that had been operating sector-based workforce programs for years. The site connects jobseekers to local manufacturing firms and helps provide appropriate training. In 2006, the site served 147 businesses and placed 530 job seekers at an average wage of \$11.17/hour.

ManufacturingWorks also provides services beyond traditional job-placement. Consultants advise companies on anything from succession planning to waste reduction, as well as employee-related tasks like skill assessments. "We spend a lot of time getting the confidence of the employers. We deal with small to midsized businesses. A lot of them don't have HR departments, but we have businesspeople who work with ManufacturingWorks who know the industry; they've visited hundreds of manufacturers and know the best practices," says David Hanson, the commissioner of MOWD.

MOWD sees this economic development support as a long-term workforce development strategy. By winning the confidence of employers with savvy advice, ManufacturingWorks becomes more attractive to firms seeking to fill their employment needs. And when companies are more successful, they're more likely to need workers—and to have better jobs to offer if they move to "high-road" manufacturing.

ManufacturingWorks' success also stems from IDPL, which has the difficult job of balancing employer needs with those of low-income jobseekers. In the day-to-day, the push and pull of the different cultures and immediate goals can leave one side or both

underserved or distrustful. Observers agree that ManufacturingWorks has handled both agendas well and is remedying any missteps.

ManufacturingWorks' sister program, ServiceWorks, has a broader set of employers to serve in the hotel, restaurant, retail, and customer service industries, and a different set of issues to grapple with. Employers tend to be larger and have more established human resources functions, so the type of advice provided by ManufacturingWorks isn't as necessary. The training is more geared toward entry-level skills than creating a career bridge. Operated by Pyramid Partnership, a for-profit workforce developer with experience in the field, ServiceWorks is not considered as transformational a program as ManufacturingWorks. In 2006, ServiceWorks worked with 107 businesses and placed 410 workers in employment, with an average wage of \$9.18/hour.

Thus far, ServiceWorks has functioned primarily as an extension of companies' HR departments, finding work-ready jobseekers at a savings to the firms. Training is slowly becoming a bigger part of its work. Harold Washington Community College, one of the City Colleges of Chicago, for example, has built a mock-up of a Palmer House hotel floor and a Macy's retail floor for trainees.

PEORIA

Peoria is often cited as an example of how economic development and workforce development can work together in Illinois, and how workforce issues will impact the region's economy in years to come. However, while the idea has taken root—there have been meetings, cross-board participation, reports, and planning—ED/WD programs in Peoria remain small.

Halfway between Chicago and St. Louis, Peoria is a mid-sized Midwestern city with a little more than 100,000 residents and another 250,000 in the surrounding area. With roots in manufacturing, including the headquarters of industrial machine manufacturer Caterpillar, and a broad socio-economic and racial/ethnic mix set amidst the corn and soybean farms of central Illinois, Peoria stands as a quintessentially American place.

Peoria's growth was fueled by manufacturing and transportation, thanks to rail lines and its location on the Illinois River. Over the last generation, the region's unemployment rate outpaced the national average; the

city and surrounding counties have been working to create a plan for growth. Recent news has been relatively positive, with the major expansion of two hospitals, the creation of a six-county port district to strengthen transportation infrastructure, and the launch of an incubator for new tech firms, Peoria NEXT. The strength of Caterpillar's business has helped as well, as the firm is easily the largest employer in the city.

TALENTFORCE 21

- The largest of several local plans connecting workforce development and economic development
- Limited on-the-ground accomplishments but influential to local thinking
- Smaller programs are growing in its shadow

Peoria has plans to connect economic development with workforce development. In 2002, the Central Illinois Workforce Development Board (CIWDB) released "21st Century Workforce: Central Illinois," a look at the future of the region's economy and workforce, culminating in 10 "key challenges" ranging from how to make the area an attractive place to work to improving local schools. The report led to a community summit, co-sponsored by an array of local heavy hitters, including the City of Peoria, the local congressman, and Caterpillar's CEO; the event drew nearly 200 business and community leaders.

After the summit, the CIWDB formed TalentForce 21, an initiative with 10 committees—one for each of the report's challenges—that meet quarterly to form and implement plans to improve the economic future of the region. TalentForce 21 was influential in the creation of Vision 2020, the City of Peoria's comprehensive strategic plan launched by former Mayor Dave Ransburg. Created with input from a deep set of government, nonprofit, and business partners, Vision 2020 included sections on economic revitalization, youth, education, and learning. When Ransburg lost the 2005 election to current mayor Jim Ardis, the plan was shelved and Ardis has subsequently started his own comprehensive planning process.

Also in play in Peoria is economic development planning through the Heartland Partnership, a local mega-agency. The Heartland Partnership operates many of Peoria's business support systems, including several capital funds, the chamber of commerce, and an economic development council with its own public-

private strategy group that meets regularly and focuses on ten industry clusters,

Workforce Network, the partnership of workforce organizations that operates the local One-Stop system, was able to quickly build on the existing blueprints to satisfy the requirements of CSSI in 2003. “We just had to expand out to connect to other counties required by the state’s regional planning structure,” explains Bashir Ali, Director of the city’s Workforce Development Department.

Despite all this planning and focus, there are few ED/WD programs or projects in the area. Key members of the Workforce Network and the Heartland Partnership sit on each other’s boards and advisory councils, but only two of the 10 industry clusters targeted by the Partnership’s economic development council even mention workforce issues in their stated goals. Talent-Force 21 has helped bring about some innovative programs supporting K-12 education and training in healthcare (described below), but aside from those projects its work is essentially standard workforce programming.

CSSI hasn’t been as influential in the region as hoped, either. The regional approach has created some new lines of communication between CIWDB to other Workforce Investment Boards in the region, but the state’s map of “mega-regions” connects Peoria to nearby Bloomington. A college town that houses several large insurance firms, Bloomington’s economic situation is markedly different from Peoria’s. As such, the two cities have been able to meet the basic requirements of the CSSI program, but do not work together regularly.

All the interest in connecting workforce and economic development has helped support smaller, almost ad hoc ED/WD projects in Peoria. For example, Workforce Network’s business services team is now often brought in when the city or Heartland’s economic development teams are talking to firms looking to stay in, or relocate to, the area. A collaborative package of benefits that included assistance with recruitment and a training program helped keep a small firm that fixes iPods from relocating. A computer numerical control (CNC) machinist training program run by the Workforce Network and operated by the local community college, is another good example of industry-responsive training that emerged from ED/WD efforts. Nonetheless, after only two years, and after training about 50 people, the CNC program shut down due to increased demand for other training programs at the school.

“We work to build relationships with the economic development groups and the community college—the focus of my work has to be on the businesses, how to expand or retain companies,” says Ben Brewster, Workforce Network’s business service team leader. Brewster’s approach is certainly from a ED/WD mindset, and his ability to advocate for programs is possible to a large degree because of the stated goals of plans like Talent Force 21.

PATHWAYS TO SUCCESSFUL HEALTHCARE CAREERS

- Training with case management support for incumbent healthcare workers
- Successful and spurred imitation
- Lack of funding limits reach

Like most of the country, Peoria and the surrounding counties are facing a shortage of healthcare professionals. The standard demographic reasons of an increased demand for services from aging population apply, but Peoria is also a major healthcare center for central Illinois. Its facilities attract patients from the greater region, including two hospitals that are among the largest non-manufacturing employers in the area.

Workforce Network launched a program that works closely with three local hospitals and a nursing home to help incumbent workers in entry-level positions with training and support services. The program has enrolled more than 100 workers since 2005 and approximately half have completed training. All graduates are working in the healthcare field, earning an average of more than 70 percent more than they did before enrolling.

Seeded by the Grand Victoria Foundation, an Illinois-based foundation, the initiative provides a \$5,000 scholarship for training in occupations such as registered nurse, physical therapist, and medical office assistant, as well as money for books, child care, transportation, and other expenses. Employers identify and help recruit participants; two of the hospitals provide up to \$3,000 a year for training for their students. Employers also participate on a steering committee comprised of public, nonprofit, and business representatives.

The program also provides case management services, and Workforce Network has found that the success of participants often hinges on this support. “For many of the low-wage incumbent workers, often times what

prevents them from successfully completing training are personal or life issues. When things get out of order in their life or they are having difficulty passing a class, it becomes a major hurdle. We believe case management services are an essential component of the program, and we also focus on offering mentoring and support group options,” says Jennifer Brackney, the division manager for marketing and business for the City of Peoria’s workforce development department.

The program has been successful enough to replicate elsewhere, with other financial resources. Congressional funding for minority incumbent workers allowed another 25 healthcare workers to access training, while a grant from the state CSSI initiative brought in 50 more people. The CSSI program worked with a slightly different population—participants were not required to be incumbent workers but did have to be WIA-eligible—and focused on training for registered nurses. Both of those programs were terminated due to the end of their funding streams.

“We look for ways to keep these programs operational, however they’re sustainable only based on resources. Some medical centers offer tuition reimbursement, but state, federal, or philanthropic support is essential in order to offer the case management and support to students,” Brackney says. “Employers are tapped out, and they just want to be able to hire people who are ready for work.”

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