

International Economic Development Council

IEDC is the world's largest membership organization serving the economic development profession, with over 4,500 members and a network of over 25,000 economic development professionals and allies. From public to private, rural to urban, and local to international, our members represent the entire range of economic development experience. Through a range of services including conferences, training courses, webinars, publications, research and technical assistance efforts, we strive to provide cutting-edge knowledge to the economic development community and its stakeholders. For more information about IEDC, visit www.iedconline.org.

JoAnn Crary, CEcD

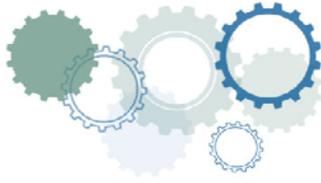
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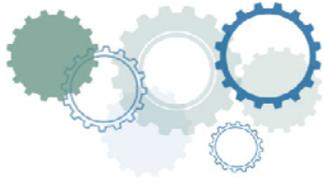


Economic Development Research Partners (EDRP)

The EDRP Program is the “think tank” component of IEDC, designed to help economic development professionals weather the challenges and grab opportunities from economic changes affecting our communities. EDRP members are leaders in the field of economic development, working through this program to improve the knowledge and practice of the profession.

IEDC would like to thank the Economic Development Research Partners program for providing the impetus and resources for this project.

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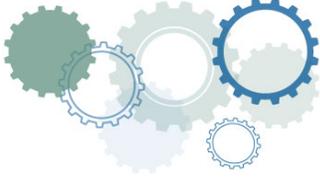
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Primary Author

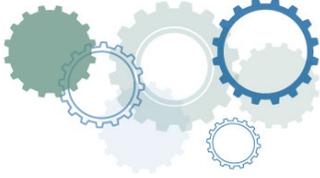
Emily J. Brown

Contributing Authors

**Joshua Morris Hurwitz
Matt Mullin
Mishka Parkins
Tatiana Puscasu**

Editors

**Louise Anderson
Lynn A. Knight, CECD**



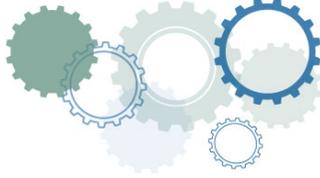
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International Economic Development Council
734 15th Street NW, Suite 900
Washington, DC 20005
202.223.7800
www.iedconline.org



INTERNATIONAL
ECONOMIC DEVELOPMENT
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The Power of Knowledge and Leadership



Acknowledgements

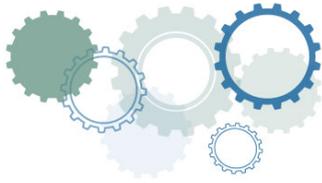
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- Dyan Brasington, CEcD FM HLM, Towson University
- Melissa Ehlinger, New Orleans Business Alliance
- Michael Henderson, Choose New Jersey
- Kurt Foreman, Greater Oklahoma City Chamber

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Overview

When factories relied on natural resources to fuel steam engines and heat steel crucibles, it would have been incomprehensible to locate anywhere water or coal was in short supply. Workers were often ancillary to production; automated processes divested production from skill. Relegating a worker to a specific task on an assembly line allowed for mass production, and decreased costs, especially compared to products created by skilled artisans.

If the presence of a large pool of cheap, unskilled workers once helped attract manufacturing companies, today it will discourage rather than attract businesses.¹ It is not enough to have the raw material of people; businesses' success is dependent on their employees' skills and abilities. Today, people are the ultimate resource. Business location decisions are increasingly based on the presence of a talented workforce.

What Does This Mean for Economic Development?

For economic developers, the nationwide mismatch between jobs and workers translates into a business attraction, retention, and expansion issue. Communities without a talented workforce cannot compete when the most important factor in company relocation or retention is human talent. This is a game-changer for economic developers; tools such as tax incentives and utility or land deals are no longer enough to entice businesses.

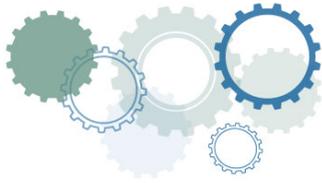
The Promise of a Demand Side Approach

To date, federal workforce development policy has focused mainly on supply-side strategies, rather than demand-side approaches. Supply-side approaches develop human capital in order to provide the labor market with a steady stream of skilled individuals, but do not take industry's demand for workers into account.² This imbalance has created a pool of workers who have been trained, yet may not possess the skills employers seek. Transitioning to a demand-side view of workforce development requires re-balancing the system to serve the needs of businesses *and* workers.

In recent years, local examples of demand-driven workforce solutions—known as sector strategies—have aligned workforce and education partners around the needs of industry and improved outcomes for employees and workers alike. Academics, practitioners and researchers at national think tanks, have brought national attention to these examples, with the result of influencing policy on local, state, and national levels.

¹ Shari Garmise, *People and the Competitive Advantage of Place: Building a Workforce for the 21st Century*, (Armonk, NY: M.E. Sharpe), 2006, p. 9.

² Elisabeth Jacobs, [*Principles for Reforming Workforce Development and Human Capital Policies in the United States*](#), (Washington, DC: Brookings), 2013.



As primary liaisons with the business community, economic development organizations (EDOs) have an essential role to play in linking business needs to workforce development efforts. Past IEDC reports have focused on the need for EDOs to partner with local WIBs to engage the education and business sectors in comprehensive local and regional strategies. The recently passed Workforce Innovation and Opportunity Act of 2014 (WIOA) institutionalizes the importance of economic development to workforce development, providing opportunities for economic developers to further influence state and local workforce activities.

Federal policy changes such as WIOA present the opportunity for EDOs to become more involved in the workforce development system. Transitioning to a demand-side view of workforce development requires re-balancing the system to serve the needs of businesses *and* workers.

Survey of Economic Developers

Economic developers' engagement with workforce development varies greatly. While some EDOs consider it to be a major issue warranting resources and staff time, others see it as the responsibility of separate groups. To take stock of how economic developers currently influence workforce development, a survey was designed to explore how economic developers engage in sector strategies.

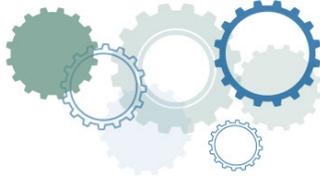
The survey consisted of 10 questions, eight of which were related to workforce development topics and two of which inquired about demographic data. The topical questions dealt with economic developers' perception of workforce development trends over the past three years and their involvement with workforce partners. One main objective of the survey was to understand what roles economic developers see for themselves and which responsibilities they leave to other groups.

Case Study Summaries

Short summaries of six case studies are included below. These case studies profile economic and workforce development organizations that are using innovative and effective practices to improve workforce development outcomes in their communities.

Workforce Development Council of Seattle-King County and the Economic Development Council of Seattle and King County

The Workforce Development Council of Seattle-King County and the Economic Development Council of Seattle and King County work closely together to provide a pipeline of workers to targeted industries and incent business attraction through targeted training programs. They



have partnered to conduct workforce needs analyses of major industries, such as manufacturing and maritime industries, as well as to implement state workforce grants in an effort to attract new companies.

Tulsa Regional Chamber

Starting in 2008, the Tulsa Regional Chamber engaged with CEOs for Cities, which afforded opportunities ranging from funding to entering the Talent Dividend Prize Competition. Through this engagement, they have initiated several successful programs and collaborations, which the Chamber continues to leverage. One successful initiative that continues to influence their work is a comprehensive analysis of workforce, education and training systems.

Switzerland County Economic Development Corporation

The Switzerland County Economic Development Corporation leveraged the investment of the Lilly Endowment, Inc.'s Economic Opportunities through Education by 2015 project to establish a new training center and run a marketing campaign to change the community's understanding of education and training. The group is pioneering new ways to upskill a population with a low educational attainment through new partnerships with educational institutions.

Mahoning and Columbiana Training Association

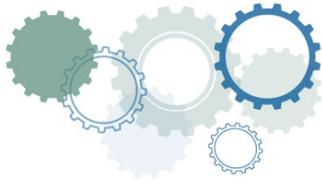
The Mahoning and Columbiana Training Association, a local WIB in Ohio, works collaboratively with regional partners across state lines, and has developed streamlined service delivery for businesses facing worker shortages. With the resurgence of advanced manufacturing in their region, one of these services is outreach to local high schools to explain the benefits of a career in the field.

CareerSource Palm Beach County

CareerSource, Palm Beach County's Workforce Investment Board, has engaged with partners (including local EDOs, colleges, and the county's school board) to increase the alignment between training, job placement, and industrial recruitment. CareerSource has also adopted a number of private-sector methods to increase efficiency and improve engagement with local employers.

The Role of Economic Developers

Survey results indicate several trends. First, to counteract demographic and economic shifts, the most effective workforce development systems are **regionally focused**, to account for an



economy no longer tied to specific geography. The roles that economic developers see for themselves are to proactively **identify** future business needs; to be **supportive** of partners and programs; and **utilize information** to connect workers with jobs.

Tactics for Developing Regional Sector Strategies

- Plan for cross-jurisdictional engagement;
- Start small, prove results, and ramp up by engaging regional and/or state partners;
- Concentrate on industry, rather than individual companies; and
- Seek a broad range of partners.

Tactics for Identifying Business Needs

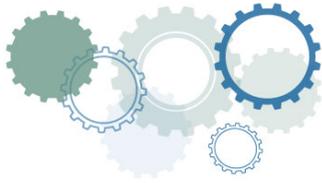
- Leverage existing business relationships to access data on future workforce needs through business retention and expansion programs and other surveys.
- EDOs should serve as a key point of contact between industry and training providers.
- Survey results should be backed up with data from national sources. If needed, big data analysis can detail the skill sets, certification requirements, and hiring key words for industry.

Tactics for Supporting Partners and Programs

- Strategic planning is at the core of a successful sector partnerships; from this plan, goals and objectives for different partners can be identified.
- EDOs are in an ideal position to convene partners and track metrics.
- Applications for federal and foundation grants are stronger when many partners, including EDOs, are involved.
- EDOs can leverage existing incentives for sector strategy support.

Tactics for Utilizing Information

- Leverage workforce development programs as an incentive to companies that are prospects for relocation;
- Use EDO marketing skills to reach out to target populations; and
- Disseminate information about programs that differ from traditional educational pathways.



The Workforce Innovation & Opportunity Act of 2014 (WIOA)

On July 22, 2014, President Barack Obama signed into law the Workforce Innovation and Opportunity Act of 2014, commonly referred to as WIOA. This is the first major overhaul of the federal workforce development system since the Workforce Investment Act of 1998 (WIA). WIOA revises and reauthorizes key provisions of WIA, but also amends other key legislation that is part of the overall federal workforce system, including the Adult Education and Family Literacy Act (AEFLA), the Wagner-Peyser Act, and the Rehabilitation Act of 1973.

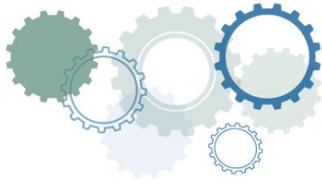
According to statements released by the Senate Committee on Health, Education, Labor and Pensions, the primary push behind WIOA was to create a system that: streamlined workforce development; created greater value for dollar spent; provided better coordination between common programmatic efforts; and improved resource opportunities available to marginalized members of the workforce. At the time of writing, regulations to implement WIOA are still under development by the departments of Labor, Education and Health & Human Services, with release planned for early 2015. However, the law itself is prescriptive enough to provide a sense of how the new system may work and how policy makers envisioned the role of economic developers within it.

Economic Development Implications for WIOA

The real impact of this new legislation cannot yet be fully anticipated. The regulations currently being written by the departments of Labor, Education, and Health and Human Services will paint a more complete picture of exactly how the law will be implemented and executed, which will further illuminate the road ahead and allow for more concise commentary and planning. Regardless, significant advancements in the areas of program administration, planning, and accountability are apparent from the statute itself.

For economic developers, the legislation is a mixed bag. There is no required inclusion of economic development professionals at all levels of board creation. Aligning the strategic plans of state and local workforce development with those of regional economic development groups is a promising step, but without a requirement for participation, economic developers may be overlooked when boards are formed. As well, without a guarantee of economic developers' participation, workforce developers' efforts to engage regional economic plans may lead to confusion and missed opportunities to fully leverage the important linkages between the two groups. To be clear, economic developers are not shut out of the governance structure of state and local boards under WIOA; rather, they are identified as optional members.

The requirement for a unified state plan that takes local and regional plans into account should work to benefit economic development, which has been heavily engaged in these areas for a long time. The requirement to include adult education, workforce labor information systems, and



programs for individuals with disabilities along with employment and training activities bodes well for a system that communicates better and more efficiently. Coupled with a common set of performance measures, economic developers can be hopeful that the new federal workforce system will address many of the issues for which the old system was maligned such as poor governance, poor collaboration, poor communication, and exclusion of existing job creation plans.

Congress still must act to fully fund the provisions of WIOA (which is authorized through 2020), and therein lies potential for failure. Inconsistent funding was a major force against WIA's effectiveness, especially after it expired in 2013.

Action Steps for Economic Developers

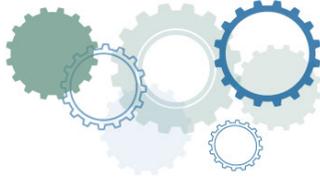
At this stage in WIOA's early existence, economic developers are best served by actively engaging fellow stakeholders in sector strategies. Beginning at the local level—with workforce investment boards, community colleges, One-Stop Centers and elected officials—up through the state-level counterparts of these entities, early engagement will be essential to the role of economic developers in the WIOA system for the next five years. While economic development is acknowledged as an important partner in workforce development, the actual role of economic developers in the planning, execution and evaluation of programs provided under WIOA is not guaranteed by the law itself.

In the end, WIOA represents a bold step into the future of workforce development, and economic developers can and should be a key player in its implementation. In order to be most effective, economic developers will need to assert their interests in the process of state and local workforce planning early and often.

Conclusion

Workforce development is the next wave of economic development. The overwhelming opinion of the private sector is that businesses grow and prosper where there is a talented, well-suited workforce. Learning to partner with WIBs and education to create this workforce is not an option for economic developers; it is a new requirement of the profession. Creating excellent workforce development systems through sector strategies leads to the retention, expansion, and attraction of jobs.

Working with key industries through sector strategies builds new opportunities for employment. Targeting leading industries provides focus, and ensures that jobs are available to those who go through the process of training. Furthermore, broadening the scope of training by opening up new avenues to gain skills—whether through community colleges, credentialing,



apprenticeships, or licensing—provides new pathways to jobs for populations that may not have been able to access training through traditional means.

Furthermore, sector strategies streamline the spending of state and federal education and workforce dollars, increasing the effectiveness of educational institutions and workforce development organizations. With sector strategies, the individually-focused metrics of these public institutions can be met, while providing for the organizational needs of the private sector.

Economic developers, leading from a societal point of view, can be the crux between the public and the private sector. In fact, when surveying the landscape of entities that influence workforce development and business growth, economic developers are in the position of greatest influence. Economic developers have the ability to convene effective partnerships around workforce development, and should recognize their responsibility as change agents in this realm.