Kansas City Fed Brings Experts Together to Address the Future of Workforce Development

More than 220 people, including educators, industry leaders, researchers and experts gathered on September 19-20 from across the nation at the conference, The Future of Workforce Development: Where Research Meets Practice, co-hosted by the Federal Reserve Banks of Kansas City and Atlanta to discuss job market issues affecting low- and moderate-income communities.

The conference examined challenges employers face in finding skilled workers and the need for job applicants and workers to keep up with changing technologies. Panelists also discussed the need to strengthen partnerships between educational institutions and industry, changes in demographics affecting the workplace, and the value of encouraging entrepreneurship.

This edition of Community Connections features highlights from the conference. To see all the presentations, and bios of the speakers and panelists, visit workforce.kcfed.org.

Keynotes Focus on Present and Future

Keynote speakers focused on the dilemma of an increasing demand for technically savvy workers and the lack of training opportunities for workers to gain those skills. They addressed the need to retool educational systems and redesign curriculums that better match graduates to the job market. And they explored multiple challenges of an aging workforce, stagnant workforce wages and concern for the long-term unemployed.

Glen Hiemstra, founder and owner of Futurist.com, pointed out how moving from a manufacturing-based economy to one more dependent on technical information is contributing to a “digital divide,” with a small number of people with high-paying jobs at the top and a larger number stranded at the bottom in low-paying positions.

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Kansas City Fed Brings Experts Together to Address the Future of Workforce Development (Continued)

He cited three major challenges to establishing a better workforce that can enhance an economic recovery.

They include creating a system with the capacity to help larger numbers of people develop technical skills, funding and providing access to higher education, and “reigniting a business passion to build the American economy versus a passion to get rich.”

Paul Osterman, a professor at the Sloan School and Department of Urban Planning at the Massachusetts Institute of Technology, said there is a need for a “national narrative” around workforce issues that improves cooperation between industry, schools and policy makers.
Demographic Changes Impacting Tomorrow’s Workers

Changing age and ethnicity demographics among U.S. workers will have a long-lasting impact on workforce development.

One of the biggest demographic changes is the increasing number of Americans over the age of 65 that are still actively participating in the workforce, said Kerry Hannon, a career transition and retirement expert with AARP.

In 2012, 70 percent of workers – up from 61 percent in 2001 – said they expected to work for pay in retirement. As life expectancy continues to increase, older adults are healthier and can remain more active than in the past, Hannon said.

Many baby boomers are now approaching work, not as an afterthought, but as a pillar of their retirement plans, she said. But at the same time, many boomers laid off in the recession are less able to find new jobs.

Of the 2.5 million workers between the ages of 55 and 64 who lost their jobs between 2009 and 2011, slightly less than half were working again in January 2012, according to one study.

One good sign, Hannon said, is that many employers are worried about losing talented older workers and are hiring them back as consultants and contractors.

A young and growing Hispanic population also is impacting the job market, said Simon Lopez, senior director of workforce and leadership development at the National Council of La Raza.

Hispanics are expected to become a larger portion of the workforce over the next 20 years. But many young Hispanics are entering the workforce with less formal education and at lower skill levels than their predecessors.

To address the needs of young Hispanics, Lopez recommended policies that promote training and work opportunities for youth, and ensure access to supportive services from community-based organizations.

Changing age and ethnicity demographics are impacting workforce development.

Evaluating Workforce Programs Ensures Success

In addition to implementing workforce programs, it is important to measure the economic impact of successful models.

Elizabeth Weigensberg, a senior researcher at Chapin Hall, University of Chicago, said it is crucial to identify outcomes, measure what is working and communicate these successes in a way that allows others to replicate them.

For example, positive rates of employment and earnings were measured for people who completed training programs created by the Workforce Investment Act. Mentoring and support services also have shown measureable success among many recipients, including ex-offenders, older participants and younger workers.

Nancy Snyder, president and CEO of Commonwealth Corporation, described ongoing challenges to evaluating the success of training programs, including time, access and a need for adequate funding.

Even so, she said there is good measurable information available on job quality, retention rates, wages and the economic well-being of employees. There needs to be, however, a more meaningful sharing of this information, she said.

Michael Thurmond, a former commissioner for the Georgia Department of Labor, said his state’s Georgia Works! Program has been successful at measuring the effectiveness of work-based training programs.

For example: effective job-skills training resulted in an 82 percent employment retention rate at an average cost of $260 per participant, which has resulted in a significant cost savings to the state, he said.
Creating New Opportunities for the Long-Term Unemployed

The severity of the recent recession is reflected in the number of people who have remained unemployed for a longer period of time than in any recession since 1948.

In these previous recessions, the number of people unemployed for six months or longer never increased above 26 percent. After the recent recession, the number of people unemployed for six months or longer reached as high as 45 percent, said Adam Looney, a senior fellow at the Brookings Institution.

The fallout is a deeper loss of lifetime earnings, Looney said. Making matters worse, the longer people remain unemployed, the harder it is for them to find new jobs, and this will continue without intervention, such as access to programs that teach new skills.

Clyde McQueen, president and CEO of the Full Employment Council in Kansas City, said the long-term unemployed face job barriers that include diminished credit, which can work against job applicants, a lack of transportation and increasing homelessness.

McQueen said his office has sought to address the need to increase the skill levels of job hunters. Successful efforts include a bilingual pre licensed practical nursing program, a work-based “learn-to-earn” program and a variety of programs that teach soft skills, which are needed for interviewing and for retaining good jobs.

One potential bright area is an increase in self-employed individuals, said Stephan Goetz, director of the Northeast Regional Center for Rural Development.

He said the rate of entrepreneurship has grown dramatically among individuals, including those with only a high school diploma. Currently one in four people are self-employed in rural areas, he said.

Still, many rural entrepreneurs struggle due to a lack of skills and access to capital. Goetz called for programs that provide business assistance, promote export opportunities and generate community support.

Structural Economic Changes Affect Workers

Shifts in consumer demand, technological advances and globalization are putting greater demands on worker skills.

Well-paying jobs, such as those in manufacturing, formerly available to relatively low-skilled workers, are no longer available. One result is a growing divide between skilled workers, who can demand high wages, and the unskilled, who take what they can get.

Panelists said another troubling sign is that while corporate profits increase as a share of the Gross Domestic Product, employee wages decline. Workers also experience more job volatility, putting future employment, health insurance and retirement security at risk.

Bart Hobijn, a senior research advisor at the Federal Reserve Bank of San Francisco, said machines and computers have replaced many skilled jobs.

Barbara Dyer, president and CEO of the Hitachi Foundation, said that business has “an essential role to play” in addressing many of the complex issues facing workers. There is a need to forge greater integration of business actions and societal well-being, she said.

She referred to “Bright Light Employers,” who grow their businesses, and at the same time, invest in training, create income growth for lower-wage workers and reduce employee turnover.

Gabi Zolla, acting CEO of the Council for Adult and Experiential Learning, described the innovative use of on-the-job career training that evaluates skills and awards higher-education credit.

Rather than traditional career ladders, she described approaches that allow workers to identify career and job options that are in line with their skills, interests, personalities and values.
Increasingly, private, educational and nonprofit organizations are conducting market research and on-the-street information gathering to determine workforce needs, talents and qualities that are in demand in communities. But often researchers rely too heavily on traditional and outdated datasets to understand the U.S. labor market, said John Dorrer, program director for the Jobs for the Future Building Economic Opportunity Group. It is “important for us as academics, practitioners and policymakers to let go of the past and think about learning more about what we don’t know,” in order to develop new and more relevant job market data, Dorrer said.

One way to do that is to improve the utilization of real-time market intelligence, including breaking through barriers that keep proprietary data from being shared, so that researchers can jointly develop state-of-the-art analytics, he said.

Susan Goldberger, director of education and career advancement services at Burning Glass Technologies, explained how a wealth of new intelligence on available jobs, and the skills necessary to get them, is being mined from social networking platforms and from millions of jobs and resumes posted online.

Tracking the growth and movement of new occupations, specifically those new to the Bureau of Labor Statistics data collection efforts, can be helpful to local economic development groups, she said.

The ability to pinpoint trends in job opportunities and to link them to a specific geography is critical to local players, such as colleges, employment assistance organizations and both large and small employers, she added.

Jeff Pinkerton, a senior researcher at the Mid-America Regional Council in Kansas City, Mo., said that for practitioners, there is great value in industry data that can provide a clearer picture of the many issues impacting labor markets.

There remains a need for greater investment in analysis that can help intermediaries and researchers understand the potential for data, he said.
Technology Changes Require New Job Market Skills

Advances in information technology are transforming entire industries and occupations. As low-tech jobs disappear, the need to ramp up training for high-tech jobs grows more urgent.

Robert D. Atkinson, founder and president of the Information Technology (IT) and Innovation Foundation, described the “unprecedented” decline in the number of traditional jobs, from manufacturing to mail delivery, that have been replaced by jobs requiring new IT skills.

Growth jobs are in software development, computer support and computer systems analysis, Atkinson said. But many IT jobs are going overseas and more investment in high-tech training is essential to save jobs, raise skill levels and retain a vibrant employment market that pays competitive wages.

“We need to create stronger ties between employers and the workforce training system,” he said.

Karen Elzey, director of Skills for America’s Future, part of the Economic Opportunities Program at The Aspen Institute, agreed.

“Employers are saying we want workers with job-ready skills.”

She also said there is a need to identify new models that incentivize IT training, such as partnerships between industry and colleges that provide paid internships.

Steven L. VanAusdle, president of Walla Walla Community College in Walla Walla, Wash., said his institution is an example of the positive results that can come from partnering with industry.

The community college redesigned its curriculum to focus on such things as energy conservation and hybrid engine technologies to prepare students for jobs that demand new technological skills.

The school is considered a leader in developing business partnerships and creating an infrastructure that encourages productivity and higher paying, higher-skilled jobs. The school coaches its students on job preparation and invites their input in designing a plan for graduation.

Creating successful high-tech training programs requires a clear understanding of emerging employment needs and developing strong public and private partnerships, VanAusdle said.

New Workforce Skills Needed for a Global Market

Employers are increasingly looking for skilled workers who can rapidly produce products for a worldwide market.

When searching for a place to expand a business, “workforce is far and away the biggest issue,” said Jay C. Moon, president and CEO of the Mississippi Manufacturers Association.

A skilled workforce drives productivity and provides a competitive edge, especially if it wants to compete globally, he said.

Even so, Moon said the nation has a national skills gap, with more than one-third of students dropping out of high school. By 2018, 63 percent of all jobs will require some form of post-secondary education.

The need for skilled labor also is changing the roles played by community colleges in preparing students for the job market, said Rolando Montoya, provost at Miami Dade College in Miami; FL.

For example, Miami Dade realized the need to work with professionals, government leaders and businesses to identify industries expected to generate the most jobs.

The school then revised its curriculum to supplement traditional degree programs with flexible certificate programs focused on such industries as aviation, design and information technology, Montoya said.

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New Workforce Skills Needed for a Global Market (Continued)

The school also developed specialized training programs, such as its work with Florida Power& Light to create a curriculum to train nuclear energy workers who can earn $60,000 a year.

Steve Hendrickson, director of government operations for the Boeing Company, said 10 years ago Boeing could attract good job applicants anywhere the company decided to locate.

Now the company increasingly takes into consideration the “talent pipeline” in a particular location.

“It’s all about the workforce,” Hendrickson said. “Is there the talent in the community that can do the jobs that need to be done?”

Putting Your Paycheck to Work

The Kansas City Fed’s financial education resource, Putting Your Paycheck to Work, can help employees understand and make the most of their paychecks.

The new resource includes fact sheets that explain, among other things, how to understand a paycheck statement, manage withholding and deductions, make decisions about direct deposit and access other benefits and services.

Additional resources for employers can be used to reinforce information provided in the fact sheets. All materials are available at http://paycheck.kcfed.org.

Podcasts Feature Workforce Development Conference Speakers


The Atlanta Fed, a co-sponsor of the conference along with the Kansas City Fed, is joining with the International Economic Development Council (IEDC) to offer the free podcast series on rethinking workforce development.

Experts from industry and academia provide their thoughts on responding to challenging workforce issues in the current and future economies.


The podcast features Stephan Goetz, director of the Northeast Regional Center for Rural Development, discussing his research on the growing impact of self-employment as an economic development strategy.

Other conference presenters will be featured in subsequent podcasts through 2012. They include: Elizabeth Weigensberg, University of Chicago Chapin Hall; Maureen Conway, The Aspen Institute; Steven Hendrickson, The Boeing Company, and Christopher King, University of Texas at Austin.

The Atlanta Fed web site features additional podcast interviews with experts on a variety of other community and economic development topics.

For more information on workforce development issues and research, visit the Federal Reserve Human Capital Compendium at: http://www.frbatlanta.org/chcs/compendium.
COMMUNITY LEADER ROUNDTABLES
The Kansas City Fed hosted community leader roundtables at the Bank's Omaha Branch on July 18 and the Oklahoma City Branch on Aug. 16. The forums focused on research and resources that address low- and moderate-income populations. The events also provided an overview of the Bank's web-based application, “Map Your Community,” which allows users to map demographic information in their local community. To learn more about “Map Your Community,” visit: http://kansascityfed.org/community/regional-profiles.cfm.

COMMUNITY REINVESTMENT ACT ROUNDTABLES
Community Reinvestment Act (CRA) Roundtables were conducted for lenders in Cheyenne, Wyo., on July 25 and in Albuquerque, N.M., on Sept. 27. Both sessions featured sessions on available lending enhancement programs and regulatory updates.

LOW- AND MODERATE-INCOME (LMI) SURVEY
The second quarter LMI Survey report released on July 27 showed that economic and financial conditions in the Tenth Federal Reserve District’s LMI community changed little in the second quarter following two quarters of substantial gains. To view the current and past surveys, visit: http://kansascityfed.org/research/indicatorsdata/lmi/index.cfm.

INVESTMENT CONNECTION
The Kansas City Fed held Investment Connection programs in Kansas City on Aug. 2 and at the Bank’s Denver Branch on Sept. 12. At each event, eight community and economic development organizations presented CRA eligible proposals to banks, government agencies and other funders. The presentations represented a range of programs in affordable housing, small business development, entrepreneurship, healthy neighborhoods and community facilities in both rural and urban markets. Investment Connection events also have been conducted in Omaha and Oklahoma City, resulting in about $3 million in funding to nonprofit organizations since the program began in 2011. The Fall edition of TEN magazine, to be published in November, will feature an article on Investment Connection.

AFFORDABLE HOUSING ROUNDTABLE
The Kansas City Fed’s Omaha Branch held a roundtable on Aug. 14 that included a regional housing update and an overview of The North Omaha Development Project, a joint community development initiative. For more information on the project, visit: http://www.omahachamber.org/pdf/ProjectNorthO/NODP_Full_Document-LOWRes.pdf.

STUDENT LOANS: OVERVIEW AND ISSUES
The Kansas City Fed released a working paper on Aug. 23 that provided an overview of student loans. The paper concludes that while student loans present problems for some borrowers, student loans do not yet impose a significant burden on society from their fiscal impact. To access the report, visit: http://kansascityfed.org/publicat/reswkpap/pdf/rwp%2012-05.pdf.

CONSUMER CREDIT REPORT
The second quarter Consumer Credit Report released on Sept. 26 showed that average consumer debt in the Tenth District, consisting of all personal debt except first mortgages, increased modestly to $15,480. To view reports, visit: https://www.kansascityfed.org/publications/community/ccr/index.cfm.
Q&A: Jan Kauk

Jan Kauk is the founding executive director of Heartland Workforce Solutions in Omaha, Neb. She brings a unique perspective to her work with experience in healthcare, social services, entrepreneurship, economic development and education. Much of her work centers around community impact projects that seek to have a positive effect on poverty and social systems.

Ms. Kauk is a native of Omaha but lived in Kansas City, Mo. for much of her career. She remains a senior fellow at the Midwest Center for Nonprofit Leadership at the University of Missouri-Kansas City. She has been an active civic leader and was honored in 2009 as Person of the Year by Kansas City's Northland Regional Chamber of Commerce.

Community Connections periodically features leaders that make a difference in community and economic development across the Tenth Federal Reserve District. An edited interview with Ms. Kauk follows:

What is the mission of Heartland Workforce Solutions?

We are a nonprofit organization, comprised of agencies from both the private and public sectors, committed to improving the condition of the underemployed and unemployed in greater Omaha. We seek to develop and connect job-ready and qualified individuals with employers.

How did your organization come together?

Representatives from area businesses and nonprofit service agencies began meeting in 2006 to address chronic poverty and to identify opportunities to create a system that would also address the unmet demand among industry employers for mid-skilled workers. These meetings resulted in the formation of Heartland Workforce Solutions two years ago.

How do you serve both employees and employers?

There are so many workers looking for jobs, so we look at the demand side to see how to train workers for the jobs that currently exist and those that will be in demand in the future. We work closely with labor data and identify trends in employment that are increasing as opposed to diminishing. We contact industries and develop intelligence around their needs, and prepare and match job seekers for those jobs.

What do you see as the biggest challenge facing the nation’s workforce?

The biggest challenge is the digital divide. Many individuals are not able at the most basic levels to work with computers, putting them at a competitive disadvantage in applying for jobs. Many employers now accept online job applications only, making the ability to use a computer essential. We also see individuals in the workforce who are increasingly challenged because they can’t keep up with the changes in technology.

What promising practices do you see addressing those challenges?

We are seeing employers who are becoming savvy about getting ahead of the curve in terms of developing a more skilled workforce. Organizations are working with employers to help prepare individuals who need remedial education to increase their job skills. Some individuals have great skill potential, but have a basic-skill gap, including a lack of reading and math skills, that keeps them from getting an entry level job. If we can help more of these people gain the skills they need, they will have a better chance of getting a job and moving up the ladder.

What kind of support would help you in your mission?

The single most important need is for K-12 schools to be in touch with workforce needs and to help prepare students to become lifelong learners. One idea is to develop “externships” for teachers to work with industry, so they can be exposed to what is needed and develop examples they can use in their teaching to help match students to the workplace.
Third Quarter Delinquency Maps

The Kansas City Fed has released its third quarter 2012 Seriously Delinquent Mortgage Rate maps. These maps graphically display the rate of mortgages that are 90 days or more past due for all seven states and 11 major metropolitan statistical areas within the Tenth Federal Reserve District.

To access the maps, visit: http://www.kansascityfed.org/research/community/delinquency-maps.cfm.

Financial Programs for Youth

The Kansas City Fed helped lead financial education programs for minority youth in Washington, D.C., and other cities, as part of a national outreach.

The Bank partnered with the Congressional Hispanic Caucus Institute (CHCI) and the Federal Reserve Banks of Cleveland and Richmond to conduct a program on Sept. 11 at the CHCI’s annual Ready to Lead Program.

The event was attended by 250 minority students from the Washington, D.C., public school system. Bank staff participated in mentoring sessions.

The Kansas City Fed also partnered, for the second year, with the Congressional Black Caucus (CBC) and the Federal Reserve Banks of Cleveland and Richmond to hold a program on Sept. 21-22 for minority high school youth in Washington, D.C. A four-student team from the Kansas City area, which won a Bank-sponsored video competition, attended the summit.

The Kansas City Fed’s Community Affairs and Public Affairs departments also conducted programs in Kansas City and in Aurora, Colo.

In total, Federal Reserve Banks conducted summits across the country, reaching nearly 2,000 students and educators.