



CLOSING THE SKILLS GAP TO ACHIEVE REGION'S ECONOMIC POTENTIAL

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The Region's Economic Ecosystem

As the U.S. economy has clawed back from the Great Recession, there have been multiple efforts to understand the challenges of that recovery and why some regions are doing better than others. Regional economic ecosystemsⁱ have highly localized industry clustersⁱⁱ which require a robust pipeline of talent. Within industry clusters, not all jobs are created equal. For example, Wichita has strength in Middle Skills STEM jobsⁱⁱⁱ (Science, Technology, Engineering, Mathematics jobs requiring less than a Bachelor's degree).

- 56,100 STEM jobs making up 21.3% of jobs in the total economy (ranking Wichita 22/100 MSAs nationally)
- 42.2% of Wichita's STEM jobs require Bachelor's degree or higher, and 57.8% require Associate's degree or less.

○ All jobs:	STEM \$60,249	Non-STEM \$33,827
○ Jobs requiring Bachelors or more:	STEM \$76,570	Non-STEM \$56,459
○ Jobs requiring Associates or less:	STEM \$48,353	Non-STEM \$29,752

The Wichita/South Central Kansas Economic Ecosystem has been eroding in recent decades. After each recession, the region recovers more slowly than other MSAs and doesn't quite return to pre-recession levels.^{iv} In 1980, Wichita's Median Income was 8.4% higher than the U.S. Median Income. In 2014, it was 4.3% below the national median income. Since the region includes 40 percent of all manufacturing employment in the State of Kansas, the state has a significant stake in addressing any problems of the regional economy.

Household migration patterns in 2011-2013 also show erosion:

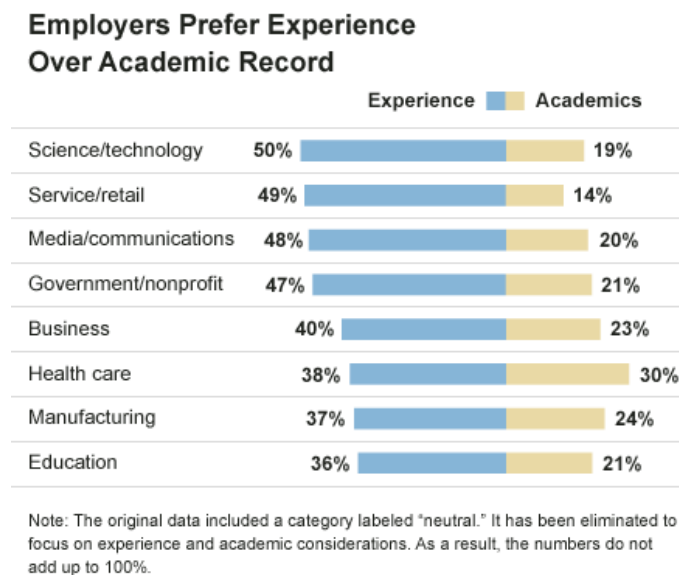
		<u>Household Income</u>	<u>Aggregate Income</u>
Number of households migrating out	5,400	\$70,800	\$382 million
Numbers of households migrating in	3,900	\$58,300	\$227 million

Each year approximately 20% of young adults (25-40 years) in the Wichita MSA are likely to move out of the region, resulting in an estimated net annual lost investment of \$595 million.^v

Though Kansas is the second most productive state in producing graduate-level students trained in STEM fields, most of those graduates leave the state. “Our second biggest export behind aircraft parts is talent.”^{vi}

Remaking Workforce Policy

As workers frequently change jobs and employers throughout their careers, on-the-job training no longer makes economic sense for many companies. Consequently, “the mantle of preparing the workforce...has been passed to higher education.”^{vii} Traditional Workforce Policy focused on delivering educational certifications (GED, diplomas, degrees), but degrees alone do not ensure that an individual has the skills employers require. Employers are looking for skills that only experience can develop.



Achieving improved performance in workforce systems “requires major reworking of complex fragmented and frequently unresponsive systems that fund and deliver education and workforce training.”^{viii} Smart Workforce Policy strategies seek to understand the skill needs of regional industry clusters and build partnerships with a dual-customer model that effectively align employers’ needs with the needs of workers seeking opportunity.^{ix} This requires a consortia of education and training institutions (secondary schools, public and private technical schools, community colleges, and universities) with strong industry ties to participate in efforts to produce a workforce with the skills needed by employers.

Delivering a robust pipeline of talent requires employers, educational institutions, and policymakers to make substantial changes in workforce development systems in order for the region to thrive.^x

Forward looking local initiatives which are making progress in addressing skills gaps in their regions, embody at least one of the following attributes:^{xi}

1. Multiple employers in region or industry sector cooperate with one another and with educational institutions to design and fund initiatives and to train and hire graduates.
2. Classroom education is integrated with opportunities to apply new concepts and skills in actual or simulated work settings, an approach proven to be the way adults learn best.
3. Training focuses on offering workers career pathways, not just skills for the initial job.

Employers are needed who will sponsor Internships and Apprenticeships (which offer necessary hands-on experience) and adopt Skills-Based Credentialing (to eliminate artificial barriers such as requiring a Bachelor's degree which has no particular connection to the job's skill requirements). Business Leaders United embraces those responsibilities, while also describing what is needed from government and educational institutions:^{xii}

Workforce Policy Principles for Closing America's Skills Gap

1. We need greater and more effective Public Investments in workforce education and training tied to market- and employer- relevant outcomes.
2. We need to increase the number of degrees and industry-recognized credentials delivered by our colleges and training programs.
3. We need to create Regional Industry Partnerships to identify common skill standards expected of area schools, trainers and colleges.
4. We need to help Employers Partner with Community Colleges and community-based service providers, and public policy to do a better job of rewarding and recognizing such partnerships.
5. We need to accelerate hiring with Publicly Funded on the job training/OJT assistance which eases the costs and risks to employers (especially small employers) who are willing to hire potentially good applicants who lack certain basic or technical skills to qualify for the open position.

Steps in the Right Direction

→ **Wichita's Talent Development Coordinator** – In a successful effort to keep a Cargill division headquarters in Wichita, the City announced they will create a “Talent Development Coordinator” position to serve all businesses^{xiii}. The position is intended to sell new talent on Wichita (e.g. connect a potential manager with information on local

school districts) as well as connect interns with local businesses, a strategy likely to keep the intern in Wichita after graduation and help businesses scope out new talent.

- **Workforce Innovation and Opportunity Act (WIOA)** – federal legislation adopted in 2014 with strong bipartisan support. WIOA seeks alignment of core Federal Workforce Development Programs, more accountability on federal-state training partnerships, and gives cities and states greater flexibility in how they use federal money for training – a potential source of support for new innovative programs.
- **New Federal Programs for Technical and Community Colleges** take a variety of approaches to build partnerships between industry and education, prepare workers for the regional economy, and make postsecondary education more affordable and attainable.^{xiv} Taking advantage of these programs can make a difference in the ability of Technical and Community Colleges to contribute to closing the skills gap.
- **Blueprint for Regional Economic Growth (BREG)** – Taking a regional approach in South Central Kansas, BREG convenes stakeholders from industry, communities, and key input providers such as education and workforce policy organizations; identifies industry clusters; focuses on career pathways.
- **Workforce Alliance** – This workforce development program utilizes a two-customer approach (industry/employers and individuals seeking training), develops industry driven programs to meet specific skill needs, and develops career pathways, not just entry jobs. It has taken the lead in BREG’s cross-cutting “Workforce” initiative which seeks to understand skill needs and develop new initiatives to align workforce preparation with industry needs.
- **Kansas Workforce AID** – This single point of contact links industry (via Dept. of Commerce) and Postsecondary Education (via Board of Regents) in order to develop industry driven training programs.
- **Wichita State University** – WSU plays an active role in doing BREG analyses, has been responsive to industry by developing Materials Engineering and Supply Chain Management programs, as well as BADGES (half credit courses leading to certifications). WSU is becoming the “Innovation University”, transforming the world through innovation (bringing university researchers, students and industry together to share the ideas that will drive change), applied learning (real world, hands on experience), entrepreneurship and economic impact.

Additional Elements Needed for Institutionalizing a Successful Regional Skills Ecosystem

The region is well positioned to engage industry, educational institutions and workforce policy programs in making changes necessary to the success of the economic ecosystem.

However, institutionalizing true systems change is not yet certain. Still needed are actions like the following which will help assure the state and region will reap benefits well into the future.

- **Aligning Programs, Money, Metrics and Data** - All these elements must be aligned and working in the same direction in order to assure best results. Government funding should make primary investments in existing industry clusters, positioning them (and the community) to compete in the marketplace, and should not be used to pick winners and losers.^{xv}
- **Network Integrator** to help build the skills ecosystem^{xvi} - One person or entity with strong credibility and a proven track record of fostering cooperation who can unite a wide range of stakeholders, including industry, local policymakers, and skills providers/educational institutions.
- **3-5 year Funding Commitment** - Building a skills ecosystem and institutionalizing change requires 3-5 years of steady funding (from both government and industry) in order to successfully establish a system integrated into Education, Industry and Governmental environments.
- **Tracking Performance of Regional Ecosystem** - Rates of Unemployment, Labor Force Participation and Educational Attainment are not sufficient to measure success in a regional skills ecosystem. Some other measures to consider are:
 - Expansion of the number and types of jobs
 - Productivity Improvements which lead to higher living standards and better wages for workers
 - Extent to which entire population is benefiting in growth and prosperity (Educational Attainment and Quality of Jobs across all socioeconomic, race and ethnic groups)
 - Credentials earned which open opportunities for higher wage occupations in demand in the region.
 - WIOA Implementation will require reporting on the following elements, but the specific measures must be carefully designed:
 - employment information (2nd and 4th quarters following training)
 - wages (as a proxy for job quality)
 - credentials earned
 - measureable skill gains
 - effectiveness of services to employers
- **Substantial Infrastructure Investments** - In order to promote competitiveness in the new economy, substantial infrastructure investments are needed in such things as Broadband, Business Incubators, and support for Business Research and Development.
- **Kansas Statewide WIOA Strategic Plan** - WIOA mandates statewide plans outlining a four-year strategy for aligning core workforce development programs so that job seekers

acquire skills and credentials that meet employers' needs. This presents a prime opportunity for the State and Region to address strategically the elements of successful Workforce Policy and Skills Ecosystems which have been outlined in this document.

ⁱ Amy Liu, *Remaking Economic Development*, The Brookings Institution, <http://www.brookings.edu/research/reports2/2016/02/29-remaking-economic-development>, 2016, 12.

ⁱⁱ The Blueprint for Regional Economic Growth (BREG) identified the industry clusters in South Central Kansas as Aerospace, Advanced Manufacturing and Advanced Materials and Composites, Oil and Gas, Agriculture, Transportation and Logistics, Data Services and Information Technology, Health Care.

ⁱⁱⁱ Jonathan Rothwell, *The Hidden STEM Economy*, The Brookings Institution, <http://www.brookings.edu/research/reports/2013/06/10-stem-economy-rothwell>, June 10, 2013. Data are from 2011.

^{iv} James Chung, Presentation to Wichita Community Foundation's *Focus Forward* Project, <https://www.youtube.com/watch?v=8iEKryWsKSw> November 2015. MSA's to which Wichita was compared: Omaha, Des Moines, Oklahoma City, Cedar Rapids, IA <https://www.youtube.com/watch?v=8iEKryWsKSw>.

^v Rebecca Ryan, *Destination ICT: Attracting and Retaining Talent to Wichita* (2010 Report) a project commissioned by the Wichita Educational Foundation and Young Professionals of Wichita

^{vi} Chung, <https://www.youtube.com/watch?v=8iEKryWsKSw>.

^{vii} "The Employment Mismatch," *Chronicle of Higher Education*, March 4, 2013 (<http://chronicle.com/article/The-Employment-Mismatch/137625/>).

^{viii} Amy Liu, *Remaking Economic Development*, <http://www.brookings.edu/research/reports2/2016/02/29-remaking-economic-development>, 26

^{ix} Amy Liu, *Remaking Economic Development*, <http://www.brookings.edu/research/reports2/2016/02/29-remaking-economic-development>, 25.

^x Karen G. Mills, *Growth & Shared Prosperity*, U.S. Competitiveness Project, Harvard Business School, September 2015) 19.

^{xi} Kochan, Finegold, Osterman, "Who Can Fix the "Middle Skills" Gap?" *Harvard Business Review* Dec. 2012

^{xii} Business Leaders United, *Policy Principles for Closing America's Skills Gap*, <http://nfwsolutions.org/initiatives/business-leaders-united>

^{xiii} Daniel McCoy, "Talent Assistance Key to Wichita's Offering to Cargill" *Wichita Business Journal*, May 26, 2016, <http://www.bizjournals.com/wichita/blog/2016/05/talent-help-key-to-wichita-s-offering-to-cargill.html>

^{xiv} These policies include America's College Promise, America's Technical Training Fund, Trade Adjustment Community College and Career Training Program, and the Center for the Analysis of Postsecondary Readiness

^{xv} John Bardo, Comments made at Wichita State University, Hugo Wall Day, September 10, 2015.

^{xvi} Kochan, Finegold and Osterman

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