

Matching Skills to Jobs in the Tri-state Region

JONAS PRISING: Thank you very much and good morning, everyone. Following Austan and a presentation of that kind is not going to be easy, so I'm not going to even try and replicate that, but I'm sure that with a collection of panelists such as the one we have assembled this morning, you will be very much enjoying our discussion and debate on the various viewpoints.

Maybe to frame the theme of matching skills to jobs in a little bit of a broader context and bringing it down to the tri-state region, I can work off some of the elements that Austan was mentioning earlier. Clearly, nations, regions, states understand that access to a work-ready and educated workforce is critical for growth and prosperity. It is one of the key components on creating wealth-attracting investment and creating a sustainable path to prosperity.

As you look at the labor markets globally as well as looking at the tri-state regions, the changes that we're seeing in the labor market at first during the recession look cyclical but underneath are the structural changes that you now see emerging when the economy slowly recovers. It isn't a V-shaped return.

The labor force came down very, very hard during the recession, yet our productivity stayed high all the way through the recession. It comes out, it gets better, and then it peters off. In particular for the tri-state region, productivity actually phased off and is in 17th place amongst 28 economic regions in the United States. We came out, unemployment came down, but now we've been standing still for quite some time.

The structural changes that are driving this are here to stay. First of all, demographics. Demographics, as you know, really is the fuel that drives economic growth in just about any region. If you look historically, nations with populations were able to generate superior growth and prosperity. We are placed extremely well in this region because we have a good demographic mix. The nation is growing and so is this region. We have a different situation in developed countries. That is a very positive aspect of the tri-state region.

There are other drivers, and technology is able to drive increased productivity without increasing the labor force to the same extent. When we heard about the decline in manufacturing employment, over the last 12 years has been about a third, it constitutes today about 11 percent or 12 percent and in some parts -- and in Wisconsin for

instance, up to 14 percent of the total workforce.

The output of that much smaller workforce is actually higher today than it was when it was smaller. So the productivity improvement has been tremendous. So we may not see as much labor and jobs growth just because we are having certain sectors do well because companies and employers will constantly strive for improved productivity. That is one of the reasons why you're seeing now the shift in pendulum in China.

I'd like to comment on that because it's a shift that's occurring and may be surprising to some of you, but it's all interconnected because we live in a global world. China's competing on a global market and it's buying equipment to manufacture those products from Germany and parts of Europe; particularly from Germany and Switzerland as well as from the U.S.

To run that equipment, you need an educated workforce and a skilled workforce. Out of 1.2 billion Chinese, 400 million are participating in the economic boom, and 800 million are still living in a work environment, an agricultural society more or less, that was prevalent here in 1910. That small workforce demands and can demand a constant increase of wages. Wage inflation in China has been running at more than 15 percent for well over 15

years.

You add that growth of wages in China with an improved productivity in the United States and six weeks on a boat and within this timeframe now very quickly in historical terms, Chinese competed with the U.S. manufacturing products for the U.S. market. China will focus on their domestic market and growing the middle class there, but it's these kinds of structural shifts that are really affecting the labor markets in new and structural ways.

That's why we live in this paradox, and that's why we are having our panel come together today to really talk about how can it be that we're talking about matching skills to jobs in an environment that has high unemployment. Although the unemployment rate, as you know, at the national level is now down to 7.3 percent and has come down significantly in this region, the average is meaningless for a number of reasons.

There is part of the workforce that is educated and has the skills that today, as of a month ago, has a lower unemployment rate than prerecession. The right skills with the right education has a lower unemployment rate today, but there's a very large part of the workforce that doesn't have the requisite skills and is unable to participate in that growth and is not participating in growing our economy

or being able to fend for themselves.

That disparity and that bifurcation of the workforce is something that we're seeing also in this region. That is why many employers are complaining about finding and having access to talent where at the same time you have actually talent available, people available, just not with the right and the requisite skills to participate in today's economy.

That is the discussion that we're going to be engaging in today. We'll start with looking at our current situation from the perspectives of the participants of the panel. We have employer perspective, we have policy-maker perspective, and we have enablers in terms of workforce development. They're all going to be able to share their experience, how they view the situation today, but then I'd like to as quickly as possible of course, move into so what can we do about this, because the end view would be that we have tremendous assets and capabilities that we can leverage if we know how to harness them.

I would from a personal perspective say that one of the most positive signs of this is this kind of collaboration across traditional borders that would normally not occur. It is a sign of understanding that addressing this in a different way is going to be really,

really important.

With that, let me introduce the panel of experts with me today. We'll start with Reggie Newson who's the Secretary of Workforce Development in Wisconsin, Governor Scott Walker of Wisconsin, Karin Norington-Reaves who is the CEO of the Chicago-Cook Workforce Partnership, and we have Tom Easterday who is the EVP of Subaru, as well as Linda Woloshansky who is the President and CEO of the Center of Workforce Innovation. Please join me in welcoming the panel.

Maybe we should start with an employer view of the situation. Skills mismatch; we have high unemployment. Do you find it difficult to track talent to expand your activities at Subaru, Tom?

TOM EASTERDAY: It's interesting you asked because we just announced last year an expansion of about \$70 million and adding 100 people. We announced this year an expansion that will add about 900 to 1,000 jobs by 2016, about \$450 million to put us from 3.4 million to about 3.9 million square feet. We are definitely looking for people.

Fortunately, for our production associates, we're pretty much at the top of the food chain with regard to pay and benefits, so that's not a problem. But where the skills gap really comes in is in things like maintenance

skills, robotics operation and technician skills, and tool and die maintenance skills, so some of the more advanced skill level jobs and in particular, those that involve not only robotic programming but also the problem solving and troubleshooting aspects of that.

That's where we really see the skills gap and where we've had to, working with other employers in the Indiana Automotive Counsel, really create some situations where we're working with community colleges and also working to create centers that can actually teach those skills because they're not currently taught. If you get a degree but you can't get that hands-on practical application and you also cannot get the really necessary problem solving and technical robotic skills that you need unless you have the experience, so job sharing programs and things like that are what we're looking at for advancing those skills. I think that's something that on a regional basis can be very helpful.

MR. PRISING: Very nice. Thank you. So that's the employer perspective.

Governor, you've been working with these questions, and you've looked at the workforce of Wisconsin quite extensively. What are your thoughts? What are you seeing as you meet with employers and job seekers all around the

state?

GOVERNOR SCOTT WALKER: Well, the experience in Wisconsin is very similar to what you mentioned with Subaru's experience in Indiana and probably throughout the Midwest and really around the country in that employers particularly in advanced manufacturing are seeing job growth. This region is seeing growth in manufacturing. We're certainly seeing it in Wisconsin.

But we also see with that growth comes a challenge from employers in terms of filling those highly skilled positions in advanced manufacturing from -- you mentioned tool and die -- we see advanced welding, CNC operators, and machinists. We certainly see engineers. It's why both our public and private institutions both in a four-year college opportunity a great new emphasis on engineering positions. I'm personally doing my part. My youngest son just became a freshman at the University of Wisconsin in engineering, so we're playing our part there as well.

Also, in our technical colleges, which are similar to community colleges elsewhere, in terms of tying into those needs that we see with a two-year degree and the opportunity that fills it, but that's a consistent need. It's not just in advanced manufacturing. We see it in IT. We see it in healthcare for sure. We even see it in some

parts of our state in areas like accounting and finance depending on the region and the opportunity out there.

It's one of those things I think having talked to other governors about, not just the three of us from this tri-state region but around the country, it is an issue that's only going to get bigger. I think it's a little bit masked by the fact that over the last few years a lot of people in the baby boom generation who are preparing to retire push that off a little bit mainly because their 401(k)s didn't perform after 2008 and 2009 as well as they liked, so they're working longer than expected.

But as the economy starts to improve or continues to improve nationally and those retirement funds get a little bit better, I think you're going to see a big wave of both challenge and opportunity. The challenge for any of the HR people here -- it's probably something that'll get you to wake up in the middle of the night and sweat about -- is how to fill those positions. The opportunity is if we've got worker training at all levels; multi-week, two-year, four-year graduate training programs in place, it's a tremendous opportunity to put people in this region back to work.

MR. PRISING: Yeah, to really try and tap into the talent that exists here and make sure that we train them.

Linda, in your experience working with employers and doing that kind of work when you're trying to match and make sure that that link works better, what do you see?

LINDA WOLOSHANSKY: Well, we see many opportunities out there from an employer standpoint as well as we have a great resource in northwest Indiana with our universities and our colleges and the articulation that's occurring between the two of them.

Often times what we see is a lack of awareness by workers, by youth about those job opportunities that are there and what skill sets are necessary in order to get to those good jobs. That awareness really keeps people from moving into a pipeline and really stalls the process.

MR. PRISING: Karin, why do you think there would be a lack of awareness? How can that be? We live in the age of technology. Every job that you'd ever want to know about is posted somewhere, so how is that a mismatch? How can that exist in this age of transparency and instant information?

KARIN NORINGTON-REAVES: I was actually sitting here smiling to myself because you named all of the same sectors that we're focused on here. I think the disconnect comes when you start to talk about advanced manufacturing. We have to make manufacturing sexy. I say this to people all

the time.

The reason I say that is because we have a generation of youth who have been discouraged from following a particular path because we have another generation ahead that said, "Go to law school," "Go become a doctor," "Go become an engineer," and everyone in this country is not going to go to college. Everyone doesn't necessarily have to go to college. Everyone shouldn't go to college. But what everyone is going to require is some post-secondary training that makes them actually employable and provides them with opportunities for career path development.

MR. EASTERDAY: Can I add just a little bit to that?

MR. PRISING: Sure. Tom?

MR. EASTERDAY: It's been interesting. The National Association of Manufacturers and the Manufacturing Institute have done a lot with the Dream It, Do It program in high schools. Also the Project Lead the Way for engineering. Engineering is another area where there is a skills gap actually.

I think making it sexy -- you've hit the nail on the head because a lot of high school students want to be that professional athlete or they want to be on one of the reality shows. Exactly. I could name 100 of them. The problem really comes down to we've got to make it exciting

for them. I think programs like a Dream It, Do It and Project Lead the Way are great, and they are a good start.

But I also think we have to make sure that they understand that we're no longer the Rust Belt. I like to refer to our region as the Green Belt. Whether it be in green manufacturing or lean manufacturing or the combination of lean and green, which I hope Subaru represents. We've got to make sure that they understand that this is advanced manufacturing. We have more robotics than they do in Silicon Valley involved in automotive manufacturing here in the Midwest.

MS. NORINGTON-REAVES: I think the challenge there -- if I can just wrap this up quickly -- we have a program here that allows youth to explore career opportunities in manufacturing. But the key component that is exciting to me as a former teacher is that in that last week or two of the program they bring the parents in because you've got to shift that paradigm so that you begin to get that encouragement at home that says manufacturing is not grit, it's not grime, it's not grease and dirt.

It's people running around with iPads programming -- when you talk about the CNC machinists -- to really give them this exposure and understanding that this is a career that is something my child can pursue, that is sustainable,

that they can have family-sustaining wages from, and that they can actually develop a passion within.

GOVERNOR WALKER: It goes in all sectors. For example, the other day I was in Oshkosh, Wisconsin just down the way from the EAA, and we were at the Fox Valley Technical College, and there was a whole section of welders. We need welders. What was particularly interesting was at the end there was -- a bunch of employers from that region that had helped donate those robots in robotic welding.

We went through and to see a couple of these young people in their early 20s I think looking at this, and they were queuing up how they were going to do a very technical welding procedure but programming it through this robot to do this. The one guy said, "If I'm going to compete with robots, I want to be the one programming." It was really -- it's one of those where the light kind of goes on to what you were saying.

We need to show people and I think particularly parents and guidance counselors -- my generation -- my kids are 18 and 19. I know talking to a lot of their friends the last couple of years as they prepared to graduate from high school, a lot of them just didn't think about that. I would say not just with their friends but a lot of others

in our state and around the country all too often we're not thinking about career choices in many cases until a month or two before they graduate.

As you mentioned, a lot of times we're told and it started even in the 80s when industrial (inaudible 0:16:49.7) went out the door in high school, and we were all told it -- it was right in a sense with STEM deficiencies that we needed not just more doctors and lawyers, but we needed more scientists, and we needed more engineers, and all of those things are still important today.

But what we missed along the way, and places like Europe do it pretty well, was the value of the craftsmanship of not just the job but a career in advanced manufacturing but a career that requires some pretty advanced studies so that you're not just operating one machine, you're probably operating four or five and you're adjusting it two or three times a week to adjust to new customer needs.

MR. PRISING: Yes, and I think it's a great point, Governor, that this starts early.

Reggie, in your work as much as you look at the workforce development of those that have left school, I know you have a clear thought around this pipeline of

talent as it moves through K-12 and then on from there. The way you look at this now with the programs that have been initiated in the states, what's your perspective on this challenge, and how can we change this mismatch from the ground up?

REGGIE NEWSON: Sure. As it relates, I agree with everything everyone has said here in terms of the disconnect. A couple of different things we can continue to do. One is to make sure that we can buy more real-time data for guidance counselors, for K-12 teachers, superintendents, principles, individuals in the technical college, in the four-year public and private university space, so they can make informed decisions about how they're going to prioritize investment resources in the high-demand, high-occupational areas.

Secondly, as the governor talked about in Wisconsin and the governor has really, really been a champion of this, is we're doing something called academic and career learning plans. As soon as the fifth grade in Wisconsin, we're going to start a process of this intervention with the teacher and the counselor and the parents and guardians to really look at what the interest areas are of the young people, do an assessment of skills and aptitude.

And based on that assessment, develop a roadmap if you

will, a plan as they matriculate through middle school and high school of courses they need to be taking in the curriculum, school-based work, learning opportunities, internships, apprenticeships, so they get that work-based experience. So when they graduate from high school, you talk about employee building skills as an employer, some of those types of things, so when they graduate from high school they can go to work but also think about that process as a continuum on off ramps.

I'll use a transportation analogy where we look at not just four-year college and university because we all know based on the data the next jobs over the next 10 years are going to be middle-skill jobs; jobs that require postsecondary training beyond high school but not necessarily a four-year college degree. Middle-skill jobs, so apprenticeships and those types of things fit right in in the technical community colleges. So starting that process early and having those interventions in developing that roadmap.

MR. PRISING: Linda?

MS. WOLOSHANSKY: We're doing the same thing in Indiana and starting at the eighth grade. We think that it's really important to influence teachers because teachers are with those students how many days a year? So

we're providing them with tools, career videos of companies in northwest Indiana so that they can actually see with the jobs are, what the opportunities are, what the skill sets are so that both the teachers and the students will be influenced in that way. The parents as well because it'll be available on YouTube and other media.

MR. PRISING: Yeah, and I think the audience will be really interested in hearing -- we know what the current state is. We know it's really important to address. What are some of the best practices that you have seen work?

And in that regard, I would very much like to talk about things that address the issues in a systemic way and not in a point to point way only, which I think is very prevalent, and it's one of the strengths of our nation really -- things aren't great. People take action, and they go and chase something down.

We are however competing with nations and regions that address this in a systemic way be it Shanghai, be it in Germany. Most people don't know that the low unemployment rate in Germany in part is due to a system where millions of people are employed at half of minimum wage.

So instead of having people on unemployment rolls, they are paid something, which is not a full wage, but they are employed and eventually they move on into the -- that

is one of the reasons why Germany's unemployment rate at five percent looks so out of whack with the rest of Europe at eight percent or nine percent or 10 percent.

It's a systemic approach to really making sure that people stay within the workforce or have an entry point and then they can move forward. So I would be interested in hearing your view on that and what can be done from a systemic perspective.

Maybe, Governor, I know that you've launched some initiatives and some strategies that look way ahead, decades ahead, in terms of how to position and think about the workforce in Wisconsin.

GOVERNOR WALKER: Two things; one on that whole spectrum and then one, if you'll indulge me in a moment as well, I would like to tie this into the regional effect of the tri-states here as well.

One, I think when we talk about worker training, all too often when you hear that or when you hear workforce development, that phrase, people immediately think of a job center. They think of somebody who's out of work looking for a job looking to get retrained to get back in the workforce, and that is a part of it. But we need to look at the whole spectrum, which is -- we do it in middle school. You guys were talking about eighth grade. I think

that's one of the exciting things is starting off early.

You mentioned Europe. That's a key part of it, and early so that we not only get to the young people, so we change the attitudes of those parents and guidance counselors and teachers because we should be just as proud of our sons or daughters who have a technical school degree and are a master craftsman as a welder as we are of our sons and daughters who are engineers and doctors and scientists and all of those other things, and that's got to be to change that mindset.

So you start there. You start doing dual enrollment type components so that as Reggie talked about when kids realized that one of their skills and talents are in something that require a technical school degree, we don't wait until they get to technical school. We start it in the high school. We bring technical school instructors into the classroom in the high school, and we start doing things where they get credit for high school graduation as well as their technical school.

We do things where we target and we require performance evaluation. We're doing that now in our technical schools to say we're not just giving money there. We want it in areas where we have our greatest need in the industries that we talked about here in the region.

Then, not only in our four-year with key areas like engineering but even in our postgraduate areas. For example in our state healthcare we still have a big void in the high poverty areas and rural areas when it comes to doctors, primary care physicians. So the full spectrum of saying every one of those things is about worker training, and every one of those things needs to be treated equally as important to plug-in.

The point I'll make in terms of tying into this larger conference, I think the opportunity for us in this tri-state region is that the focus, this very issue in worker training into some of our key clusters that we do well in the region. Certainly, advanced manufacturing is a given. That's an obvious one.

For each of our three states that is a huge part. The biggest part of our state's economy is equivalent -- in fact in the country our three states in this region have some of the biggest concentration of advanced manufacturing jobs. But agriculture as well, we talk about being America's dairy land but we're certainly like Indiana and Illinois big in soybeans and corn and others out there.

But even emerging markets you're going to hear about later today, Dean Amhaus is going to talk about The Water Council, and you're going to hear the School of Freshwater

Sciences. There're tremendous opportunities within this region for us to take on particularly from an export standpoint to help provide those resources around the world, and that's where collectively not only should we be competing as a region but we should be working together.

The Water Council is a good example. Aurora University from right here in Illinois is part of The Water Council because that ties into this region's asset. It doesn't stop at our state line. Illinois and Indiana have tremendous access because of our proximity to the Great Lakes in this region as well. Those are things we should build off of, and those are things we should try and cluster not only our business opportunities but our ability to train as well.

MR. PRISING: Tom, what have you seen that has worked as an employer? You are also involved in a much broader role as well looking at manufacturing and how you can attract. What are you seeing happening that strikes you as being a good way forward?

MR. EASTERDAY: That there are actually a number of things. Governor Walker is exactly right. I think Indiana and Wisconsin actually ranked number one and two in the country as far as percentage of state GDP attributable to manufacturing --

MR. PRISING: That's right.

MR. EASTERDAY: -- so as far as the percentage of population to workforce that is involved in manufacturing.

I think a couple of things that are going on in Indiana right now that are just coming to fruition but I think are going to have tremendous benefit, the jobs councils and works councils that Governor Pence along with the legislature has enacted. They are put in place regionally around the state, and I think that's important in recognition, exactly what you just said.

There are different parts of every state that have different types of industries that they're strong in. Recognizing those strengths and then gearing the workforce and the preparation of the workforce toward those industries I think is critical. In Indiana, we've seen over the last several years I think one thing is the fact that the economic development efforts are much more in tune with the training efforts.

I think for a while there was a big disconnect. There would be an attraction of certain types of jobs and the workforce just wasn't ready. But I think there's much more coordination. I think that's something on a regional basis we need to even further advance.

MR. PRISING: Tom, can you expand on that? What do

you mean they are more in tune with each other?

MR. EASTERDAY: Just to give you an example, coming out of the recession that the auto industry -- obviously I am familiar with the auto industry. The auto industry is about three percent of the total U.S. economy, but it's been about 25 percent of the economic growth because we went from 10.4 million vehicles sold in the U.S. in 2009 to about 14.4 million sold last year and probably around 15.3 million this year.

That growth has created a huge number of jobs and in this region in particular because of the strong automotive presence here. So what happened in Indiana and I'm sure it's going on in the other states in the region is a few years ago that was recognized. There was going to be recovery. There was a lot of pent up demand, and we created the Indiana Automotive Council along with the Indiana Economic Development Corporation. The purpose for that was primarily to make sure that we were working to prepare the workforce because we knew the jobs were going to come.

We knew with the currency fluctuations with the yen, with overseas the risks of operations, and things like that, just-in-time inventory systems for all lean manufacturing, there was going to be a need for having jobs

available when the jobs were going to be created or having the skills available when the jobs were created. So working very closely with the technical colleges, community colleges, and the automotive sector making sure that we had those skills available.

Now as I said earlier, there are a couple of areas where we're still not quite there with regards to some of the robotics skills and others, but I think that's one thing in the region, the matching of the economic development efforts with the training efforts, with the preparation efforts in the schools, with making manufacturing and other industries attractive to students so that they're not all trying to be professional athletes or on reality TV shows and things like that.

We've got to make it realistic for them and make it fun for them and make it exciting. I've seen a lot of efforts with programs like Dream It, Do It across the state of Indiana and I know that's been big in Wisconsin also and I believe in Illinois too. Programs like that that can make industries attractive I think are extremely important, and getting down into the grade schools I think it's tremendous also. Making sure that we have students coming in to see what's going on not only in manufacturing but in all industries so they can see that they're attractive,

well-paying, great jobs in those things that people can be very proud of doing.

MR. PRISING: Karen?

MS. NORINGTON-REAVES: To your point about the systemic piece, one of the things that's happening here in Chicago is we have a group of business leaders formed World Business Chicago, and they're convening different sectors and focusing on different strategies to grow the local economy and to look at overarching issues around economic growth and jobs.

We have a strategy on workforce development. So you have at the table the Chicago Public School system, the city colleges of Chicago, as well as the Public Workforce System together really looking at what are the target industries that we're going to focus on, the connection of college to careers, the connection of the programming in the early elementary school years and then straight through high school and then into college and then beyond in terms of the connection, the bridge in the gap, from college right into actual job placement.

One of the other things we've done as a region as many of you are aware we have the Public Workforce System within the federal government through the Workforce Investment Act. In this region, we had three different local

workforce investment areas all just in Cook County. So 127 different municipalities, Chicago obviously being the largest of those, but everyone having a different system that they were operating under even though they're sharing borders, different policies, different procedures.

And so we actually got rid of those borders, and we combined into one regional nonprofit. That focus through the Chicago-Cook Workforce Partnership was to number one, ensure that we had consistency all throughout the region so that no matter where you lived you could access robust services regardless of policies and procedures that we would have a uniform system. And, most importantly that we'd have a central focal point for businesses to connect with in order to access a talent pipeline.

One of the other pieces there in forming a non-profit was to diversify our funding so that we could decrease some of the reliance on federal government, actually have access to corporate contributions, philanthropic contributions. I see the gentlemen here nodding their heads. They have the same situation. In what state?

Q: In Wisconsin.

MS. NORINGTON-REAVES: In Wisconsin. So what we've done by bringing all of the workforce agencies together we've actually become a role model for a lot of other folks

in the state that are now beginning to do the same. We've seen another one happen this year. We expect that we're going to see more in the future.

I think all of those pieces are just a first step. Once we can do that on a smaller regional level, we can do it on a larger regional level and begin to share some of those best practices and influence the way that we're all doing business.

MR. PRISING: Very nice. Linda?

MS. WOLOSHANSKY: We talked about systemic change and changing the infrastructure and culture. I think another thing that we need to see more of is more of the portable, stackable credentials because people move in and out of workforce development education systems throughout their lives, and it needs to be a seamless opportunity to keep building those credentials.

We're starting to see more of that in northwest Indiana with the community colleges and post-secondary institutions all working together, but we're also seeing that -- the governor mentioned dual credit programming -- so what we're seeing is as the colleges and universities are reaching into the high schools to start with this dual credit then students are connected. Once again, once you're connected you're going to continue that process even

if you have to drop out for a while.

The earlier we can get to those students the better. I think of my oldest daughter who when she was in fifth or sixth grade went to a summer camp at Purdue University. I heard her in the fall talking to her girlfriend on the phone, and they were talking about where they were going to college. My daughter says well, "Of course I'm going to Purdue, I'm already a student there." So I think that's a good example of how we can really influence students in terms of that pipeline.

MR. PRISING: Very nice. Reggie?

MR. NEWSON: I just want to quickly piggyback on everything everyone said that you talked about all systems. I think on a national level, region, what I've seen take place is that there is a drive of a public/private partnership to really make sure that workforce development strategies are informing economic development outcomes.

I don't think that's ever happened before in the process of labor and training. I think you're seeing that. At least with my counterparts that I've talked to, labor and workforce secretaries say that there is a desire to make sure that economic development is informing our workforce development strategy as we talked about in terms of the public/private partnerships with business working

with educational providers and in the workforce development space.

That's really happening. I think that's paramount in terms of a systematic approach. So moving forward, there's a lot of room for optimism because there is the acknowledgment that it has to be that way.

MR. EASTERDAY: One other thing that I think has been important that's occurred recently that's been a major change that I think has been helpful -- I know it has been in manufacturing but I think in a lot of other areas also -- is making the education opportunities more available to existing workforce members, to give them an opportunity to advance their skills.

We have, for example, on-site at Subaru of Indiana Automotive, we have the Purdue College of Technology. You can earn a one-year certificate, two-year associate's degree, four-year bachelors, and now even a Masters. It's open to everyone in the community. Those are nontraditional students. They can't drive over to Purdue for daytime classes because they're working right now.

More and more I think those are available across the region and across the country. I think that's very important to build the skills of the existing workforce as well as to develop the workforce of the future in the high

schools.

GOVERNOR WALKER: In many ways, that's where -- as you look to other positions -- we did something similar. It's kind of exciting actually to hear about other states' involvement and these sorts of things as well.

We just started out and it was driven as Reggie talked about all tied into economic development being the driver where the need is, whether it's for short-term training course, a technical college, or we just initiated with the University of Wisconsin what we call our UW Flex Option, really driven initially by engineering, healthcare, and IT but going into other areas, we found about 20 percent to 25 percent of the adult population in our state had some college credit, but they didn't have a degree.

So whether it was in class, online, or in some cases through qualified testing -- we're not going to give away a University of Wisconsin degree because of the prestige that comes with it just for anything, so it's not for life experience but for confidence.

If someone's worked at say an engineering firm but they're not an engineer and they've picked up skills along the way instead of taking a three-credit course maybe it's a 12-module course that now they can test out of 10 of the 12 modules, that's a huge deal.

It saves them time and money. That's the two biggest barriers that non-traditional adult learners had in the past to getting those degrees was time and money. Your family; all of your time and money gets spent on your kids, and that gets out of the way of moving up. Those are the prime people we want to move in, and then open up those other jobs and opportunities for them.

MR. EASTERDAY: I think going hand in hand with that, tuition deferral programs or tuition reimbursement programs. I know the Indiana Automotive Counsel and the (inaudible 0:36:15.5) in Indiana have worked with Ivy Tech and also with Purdue University on a tuition deferral program because you're exactly right. The time and the cost are the two biggest impediments to nontraditional students being able to achieve what they want educationally.

I think the tuition deferral program basically -- that works that they don't have to pay tuition at the beginning of the semester. If the company has a tuition reimbursement program then basically there's an agreement with the university, and if they achieve a certain grade level, that's C or above typically, if they achieve that grade level then Purdue or Ivy Tech will defer that tuition.

They don't need to pay for it up front, and they get reimbursed later. The employer pays it at the beginning for them, and it's a great program. It avoids them having to have that initial outlay of cost that otherwise would have prohibited them from advancing their education.

MR. PRISING: Karen?

MS. NORINGTON-REAVES: So what we're really talking about is the investment in our existing workforce, the investment in incumbent worker training. That's not actually where the federal dollars are going.

We're actually not being able to use our dollars on incumbent worker training, and I think it's really important that we have companies take ownership for training of the workers that they do have as opposed to seeing people as expendable thinking, "Well, the next great one who can perform this function is around the corner," because the reality is that we still have a very stubborn unemployment rate.

We've got to make that investment of the folks who are currently working, but then we've also got to figure out the key to job creation so that we can reemploy the individuals that are currently out of the workforce.

One of the challenges is when we look at long-term unemployment -- currently in this country we've got about

four million people who are long-term unemployed, but all the data shows that that number will grow to nine million in the next 18 months, which means that we've got to create more jobs and/or train the individuals that are out of work right now.

Part of the challenge that they have is that when -- you were talking about Germany and you've got folks that are employed below the minimum wage but they're at least employed -- part of the challenge in this country is that we've got so many companies that discriminate against people who are unemployed because as those resumes are coming in, when it's showing that they're currently out of work, they are not getting considered because the perception is that they've done something to create the situation when most of the time, that's really not the case.

MR. PRISING: Yes, the long-term unemployment rate is at 40 percent. It used to be at 20 percent in a regular environment. It's certainly much, much higher today.

So if you think about -- we've come out and there seems to be much more collaboration and cooperation and a more strategic view of the public and private initiatives between educators, facilitators, and employers so that there's a better line of sight to what's happening -- if

you could name one thing that would really accelerate and put this region on top fast, what would that be? Where would we put in the push?

All right -- name three then.

GOVERNOR WALKER: I certainly think -- I talked about this before -- from an export standpoint, there's tremendous assets whether it's in manufacturing, agricultural, more traditional, clean water technology, clean energy technology, even in some parts, Rockford for example adjacent with some parts with Wisconsin, in aerospace development. I think it really has to be cluster driven, and that's why we're particularly excited about the clean water area.

We were just in Japan. Ambassador Maskaw (phonetic) was there with us. Governor Pence, Governor Quinn, and I were there. That's something where our proximity to Great Lakes but more importantly we know for example southeastern Wisconsin, Dean will talk about this more, we've got about 150 clean water companies including five of the top 11 in places like A.O. Smith and Badger Meter.

When we go whether it's Japan, when they think about -- being on an island and water conservation resources, but in China, when I go there and we have a -- in fact earlier in the year, we had a U.S./China Governors' summit there.

Four speakers; two from China, two from the United States. One was the chief economic officer at the embassy. The other was Dean because water is such a big deal.

Again, not just because it's based in Milwaukee, but that's true in all three states here as well as in Minnesota. There's a lot of clean water assets that we have that I just think marketwise, if we could open that market up not just to China but to India, to Indonesia, you've got places all around the world who desperately need clean water.

And as places like China become more urbanized, as mentioned before in your comments and others, as more people come in from the rural parts to the cities, the water issue is going to be even more significant. We're the region in the world, not just in the country, that can do it.

MR. PRISING: So cluster-based competitive advantage, Karin?

MS. NORINGTON-REAVES: Within those clusters though we've got to have consistency across all three of the states. If we're really going to partner together, we've got to have consistency with respect to our workforce development policies, consistency in how we define what those clusters are, and what gets encompassed within those

clusters.

At the end of the day there also has to be some consistency with respect to credentialing. We have got to make sure that we're all speaking the same language so that -- let's face it, we poach folks from each other's labor market. We've got folks in Illinois who get trained here, and they go across the border to Indiana to work and vice versa. The same thing happens with respect to Wisconsin and Illinois.

So what we have to have is a credential that has uniform appeal for businesses regardless of where they're located and that will be accepted from that cluster regardless of what school it emanates from, that there's an understanding of a common criteria and minimum foundation upon which those credentials are based.

MR. EASTERDAY: I think I agree with what's been said, and I think we also have to look at what the strengths are of this region. We're obviously the heart of the country geographically as well as with regard to manufacturing, and I think we need to look at that and anticipate what the skills are that are needed in the future and start to build upon that right away.

You can look in the auto industry and obviously in things like infotainment systems, safety systems, fuel

economy, all those three things, and there's many more to add to that, are really going to be things that are going to be continue to be important in the future.

As far as logistics, obviously the location. We're ideal for the rest of the country. If you look at all of the international automaker plants for example that are located in the United States with the exception of the BMW plant in Spartanburg, South Carolina and TMMTX in San Antonio, all of the rest of them are located within 200 miles of I-65. It's the automotive corridor, and we're right there at the top of it.

The steel industry in northwestern Indiana is driving a major part of the auto industry. We are in a perfect location for logistics, and we also need to have an emphasis on training in those areas that we know we already have an existing strength to build on the skills necessary for the future.

MR. PRISING: Very nice. Linda?

MS. WOLOSHANSKY: I would continue to stress the advanced manufacturing skills and being driven by technology because technology is so critical and actually cuts across all of the industries as well as foundational skills.

We have to have those solid foundational skills of

critical thinking, the problem solving, those basic skills because folks cannot advance into the future without those, and we don't know what 20, 30 years from now what jobs will really look like. So at least if we have those foundational skills people can then build on those portable, stackable credentials to move into those new industries.

MR. NEWSON: I would just quickly piggyback on what the governor talked about if the tri-state area -- and we also share a border with Minnesota as well -- that if we can identify whether it's manufacturing, water, ag, that the states and their workforce development entities can focus on those common credentialing practices, develop strategic framework, and align the resources that we're focused on because again ultimately you mentioned poaching. I like to think about it as opportunity and flexibility. If a Wisconsinite lives in Wisconsin and works in Illinois or Minnesota and vice versa that they can share resources.

I think the states -- we can do a better job of sharing data. We can identify a list of individuals that have skill sets that can be shared with employers across the state. Again, if a Wisconsinite lives in Wisconsin and comes across the border for a job or an opportunity, that's not a bad thing and vice versa. I think we can do a better

job as the workforce development entities in continuing to share better data.

MS. NORINGTON-REAVES: That's not a bad thing because it's bringing those dollars back home, so it's okay with me.

MR. PRISING: Linda?

MS. WOLOSHANSKY: I would just like to put a shout out to the business community that you really will drive this agenda. I think that we have seen major changes from the last couple of years because what you have said to education and workforce development and even to public figures such as Governor Pence creating the work councils and the career councils. He listened to what folks said and acted on it. So it is critical. You've got a receptive audience I think in education workforce development right now. Take advantage of it, and let's work together to make sure that we drive our economy where we want it to go.

GOVERNOR WALKER: There's one other interesting point about two sections we haven't touched on. We mentioned before about how economic development and workforce development needs to be aligned. I think we're doing it in each of the three states, but we need to do even more of that.

There're two categories we haven't mentioned. We talked about middle school, high school, technical college, university, and graduate school, but there's two other areas that I think are ripe for opportunities as we need a bigger workforce particularly with retirements and that coming.

One was referenced a little bit, but in terms of people who today are temporarily in need of public assistance. I think there's more that we can do at the state and local level to make sure we're not just giving assistance but we are ensuring along with that we're giving training. We just did a major investment in this last budget to make sure that people who are on food stamps and other forms of public assistant don't just get that assistance. We give them employability skills and we start aligning them with where their skill sets and clusters available of jobs.

Our goal is not to make that permanent, but it's also not just a good thing for the taxpayers and the beneficiary, it's ultimately good for employers who need more of those people in the game.

The other area somewhat unrelated to that, but another one we haven't talked about much, we just talked about this -- we had a small business summit -- are people with

disabilities. We can do a much more effective job, and sometimes we think of it separately as though it's just whatever your state agency might be, Department of Vocational or Rehabilitation or whatever.

There are unique opportunities. Walgreens, an Illinois-based company just down the way, actually does a great partnership with us in Wisconsin at one of the distribution centers. We had them come and talk the other day to our small business owners saying it shouldn't be done out of charity, it should be done out of opportunity.

There are unique skills and opportunities available for people who have developmental and physical disabilities. We need to stop thinking about it as a charity and more as an opportunity, but we've got to think differently. That's a whole other segment of the workforce if we do that effectively that we can put right into key positions to help us out as well.

MR. PRISING: I think that's a great point. Unemployment for people with those kinds of disabilities, there's one in five employed as opposed to one in five unemployed. The unemployment rate is tremendous. Of course, seeing ability as opposed to the disability.

GOVERNOR WALKER: A good example of that is I visited one of our hospitals that's involved in part of our focus

on this. They had a relatively young woman who is autistic that I met, Pam, a great woman and great inspiration. Her job is she is responsible for guaranteeing that all of the surgical equipment that comes in their hospital is completely sterilized.

It is a perfect job for her ability because, because of her autism she will do that every time, exactly the same way, exactly right. It is a perfect fit because it's what she wants and what she's comfortable with, but it's perfect for the employer, the hospital, because that's what they need. They need someone who will not make a mistake in a position like that. They found someone who somebody else might have discarded as not a ripe potential for an employee of their company. It's perfect for them.

MR. PRISING: With that, I think it would be very nice also if we had the opportunity to hear any questions from the audience. I see a number of hands here, so whoever gets the mic -- you're standing up there, Jerry, but you don't have a mic, so I don't know that that qualifies you. Do we have a microphone anywhere, and we can go to those that have raised their hands.

Q: (No microphone) Governor, congratulations along with the other governors who participated together. I see you as the chief marketing officer of your state as well as

the other governors. (Inaudible 0:49:46.8) that's exactly what you're doing.

I want to talk about something that Tom Guerrera (phonetic) brought up some time ago. How do we brand the region because if we're going to compete internationally -- people know Wisconsin, they know Illinois, they know Chicago, and they know Indiana -- but what does the region look like when you're in Japan to those people? How do we bring this together because as a salesperson, marketing person, I want to get out in front of all of the solutions that you've had. I'm looking for that brand. What do we call it?

GOVERNOR WALKER: The Great Lakes are a key driver of that. I think that's something that globally people identify with. They understand. It certainly keeps us together, and it's how we -- we had a good outing earlier this summer with my fellow governors not only the two others from here but others at the Council of Great Lakes Governors. We often talk about the Midwest. That's similar.

I say this as a Packers fan, but in many ways, if you're globally -- you think of Chicago -- at least for southeastern Wisconsin and northwestern Indiana, you think of the Chicago area. As much as it pains me to say that as

a Packers fan.

So for us, and sometimes we're competitive on other things, but I always say I want at least not a healthy Illinois, at least a healthy Chicago area because people -- when I'm in Tokyo, when I am in not just in Shanghai or Beijing, when I am in Harbin or Tianjin or anywhere else around the world there's about 12 or 13 megacities in the world.

New York, Los Angeles, Tokyo, London, Paris, Chicago. So proximity of Chicago is an important thing for us, and that's why sessions like this are so important because people can understand where that's at. They understand the proximity. They get the mega sense of that, so it's helpful for us. So whether it's in Kenosha or Racine, Wisconsin or Gary, Indiana obviously all of us benefit if things are going well in Chicago and vice versa.

MR. EASTERDAY: Could I add to that? If you're going to Japan -- I've been there a few times -- you're going to Japan and trying to get a business to locate here, I would say that this region is the heart of lean manufacturing in America and has the best opportunity to provide just-in-time inventory, logistics delivery, and in addition to that, probably has the best quality of life of any place in the United States in relation to ex-patriots coming over to

live in the United States.

In addition to that, I would say that we are probably one of the more focused and it's evident by what's been said today on making sure that we have the workforce of the future to address with those needs are at a cost that is very affordable for businesses.

MR. PRISING: Excellent. We had time for one more question.

Q: Good morning. Byron Zytama (phonetic). We've talked about skills and a number of different ways today and probably starting with the private sector this idea that there may or may not be some kind of skill gap somewhere now. We talked a little bit about future skills.

What's the reality of being able to actually figure that out? Presumably, had we predicted skills we needed 10, 12, 24 months ago, we wouldn't have a gap now. So when we look ahead, what's the reality in the private sector of really being able to look that far down the line and tell the workforce system and the community colleges and everyone else what it is you want to order up 12 and 24 months from now?

MR. EASTERDAY: I would say manufacturing. It might actually be a little bit easier than in other industries. How many of you think there's going to be a car that will

drive itself within the next 10 years? They already exist. Absolutely. I'm driving one right now that has an eyesight system that will stop -- it will go the same speed as the car in front of me at the exact same distance and so forth.

We know what technologies really are looking at the future. When you do a major model change you're looking five years in advance. We know what's going to go into that car five years from now. We just have to develop it.

I know it's true in other industries as well that you have to be able to forecast that. Since we know that, obviously some of it is proprietary, but some of it's not. Some of it everyone is working on. For example, alternative fuel vehicles and low emission vehicles and things like that.

We can share those with the economic development officials, make sure that supply base is aware of that, and make sure that those types of jobs are trained while we have the skills available so that when those jobs are necessary we can have the people in place for that. I'm sure it's true in other industries as well.

GOVERNOR WALKER: One other thing that would be helpful -- we just put money in for this, and it would be helpful to see what other states in this region are doing -- for any of you who watch the job numbers that come out

each month, that's always really frustrating even if they're good because the monthly numbers are a sample of anywhere from 3.5 percent to 5 percent state-by-state.

The best numbers are the quarterly numbers that come up, but they come out six months later, and that's the way historically -- that's not just this administration, it's any administration from the Department of Labor, Bureau of Labor Statistics, they come out six months after.

So we put money in for a labor management information system not to take the place of but to supplement that as Reggie talked about before, so we can get that information somewhat more timely because six months if you're trying to adapt to a critical need in a region for more high skilled welders is kind of hard to go to your technical or community colleges the six months after you get the data and say that.

We'd like it more in real time. That's something that is hard for the federal government to do, but if we can do that at the state and local level, I think that would be advantageous, and that's something that we want to work with the region on.

MS. NORINGTON-REAVES: We're actually doing that it too.

GOVERNOR WALKER: That's good.

MR. EASTERDAY: I think the regional council is. Yeah, regional works and jobs councils that look at industries on a regional basis within states more coordination in the tri-state region, with that I think can really help that focus.

MR. PRISING: And as hard as it is to guess what the jobs of the future are going to be like, if one has a good understanding of what are transferable skills in the kinds of clusters that that the governor is referring to and building and understanding how you can move between industries and clusters by leveraging skills that are useful in various industries is another approach that we believe holds actually great promise.

I have one more question, and then I know we'll close the panel debate.

Q: Marcia Shearer (phonetic). I've been in the food industry for four decades, and what I see missing from all of the economic plans that I have read, workforce development, is the food industry. I am talking about manufacturing, retail, food service, agriculture, export. It's a tremendous cluster.

It's the second greatest employer. You can start with no skill to the highly automated, artisanal, and craftsmen. It is sexy. There is a food revolution going out there.

We have concern for cleaner water, cleaner air, cleaner energy to run it.

We involve distribution, packaging, technology, but I don't see dollars going towards innovation, workforce development, careers for economic development, and we go from the least sophisticated to the most sophisticated globally. I would love to see this tri-state alliance really hone in and focus on this cluster because I think we are poised in the Midwest to be one of the great leaders in innovative globally and locally in that industry sector.

I pose it to all of you. Where do you see the food industry in your workforce development, in your states, and in economic development and education?

GOVERNOR WALKER: It's a key part in ours. Within our state, one of our regional partners, the M7 is southeastern Wisconsin, which is the seven counties in southeastern Wisconsin. We very much view our regional economic development efforts as our partners, our boots on the ground, at the local level.

In the M7, they have that as one of their key cluster focuses. I mentioned a lot about The Water Council. They're going to be talking later, but food and ingredients industry cluster is a key part, and it ties in well with the agricultural base not just in Wisconsin but in this

region.

When we were in Japan I visited at the corporate headquarters of Kikkoman. Kikkoman came to Walworth, Wisconsin right along the state line 40 years ago largely because there was a vast abundance of soybeans, clean water, because they now have the largest soy sauce brewery in the world there, and interestingly enough, the third component was a workforce that they liked.

On one of our recent visits to Japan, one of our key prospects that we're going to be following up on was a food-based company that's very much interested in not just in Wisconsin but in the Midwest because of those a very same reasons.

MS. NORINGTON-REAVES: So in this region, Marcia, as you know, we've talked about this, food is not a sector that we're focused on but all of the different things that would touch food, so manufacturing, transportation distribution and logistics, IT, retail, business and professional services. So it's not food as the cluster but the different component parts that all would make the food sector run.

MR. PRISING: So with that, please join me in thanking the panel for a great discussion.

- END -