

WIRED to the Innovation Economy



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EMPLOYMENT AND TRAINING ADMINISTRATION
UNITED STATES DEPARTMENT OF LABOR

Overview:



- 🌐 Workforce system and its evolution.
- 🌐 Defining today's innovation economy.
- 🌐 WIRED Initiative and talent development – a driver of regional economic growth.

1930s – The Birth of the Workforce System



- 🌐 U.S. Employment Service & Unemployment Insurance Program were created to assist unemployed workers.
- 🌐 The economy of the day was industrial with:
 - Interchangeable labor
 - Cyclical layoff and hiring patterns
 - Work that required just a High School diploma.
- 🌐 70 years later, the Employment Service remains virtually unchanged.

1960s to 1990s – Expansion into Job Training



- 🌐 An ever-growing job training system was built:
 - The Manpower Development and Training Act (MDTA) - 1962
 - The Comprehensive Employment and Training Act (CETA) – 1973
 - The Job Training Partnership Act (JTPA) - 1982
- 🌐 Had little private sector involvement.
- 🌐 Separate from Employment Service.

1998 Workforce Investment Act



- The Workforce Investment Act (WIA):
 - Streamline service delivery through One-Stop Career Centers;
 - Strengthen performance accountability;
 - Promote universal access to services;
 - Create business-led state and local boards;
 - Promote individual choice.
- Strong bi-partisan support.

Workforce Investment System Spending



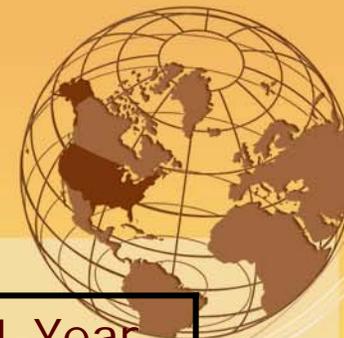
<u>Department</u>	<u>FY06 Appropriation</u>
Labor	\$9.89 billion
Education	\$4.40 billion
HHS	\$701 million
HUD	\$49.5 million
Total	\$15.04 billion

Evolution of the Economy



- 🌐 When the workforce system was first created:
 - U.S. was an industrial economy
 - Labor was virtually interchangeable
- 🌐 Now in a knowledge economy – specialized skills are needed.
 - 90% of the fastest growing jobs require education and training past high school.
 - 63% of high wage, high growth jobs in the next decade will require a bachelor's degree; only 28% of the population has a bachelor's degree.

Evolution of the Economy



	Less than High School	High School Grad	Some College	Assoc. Degree	4-Year Degree and Higher
Employment Growth (thousands)	-129	87	177	380	723
Average Weekly Earnings	\$479	\$660	\$767	\$812	\$1243
Unemployment Rate	8.5%	5.0%	4.5%	3.7%	2.7%

Source: BLS Current Population Survey 2004

Innovation Economy



- Economic development must establish the conditions for innovation.
- CoC's report *Innovate America* identified three requirements for innovation:
 - Infrastructure (transportation, technology)
 - Investment (availability of capital)
 - Talent
- Conditions should be maximized at the regional level – forces of the economy combine to spur growth.

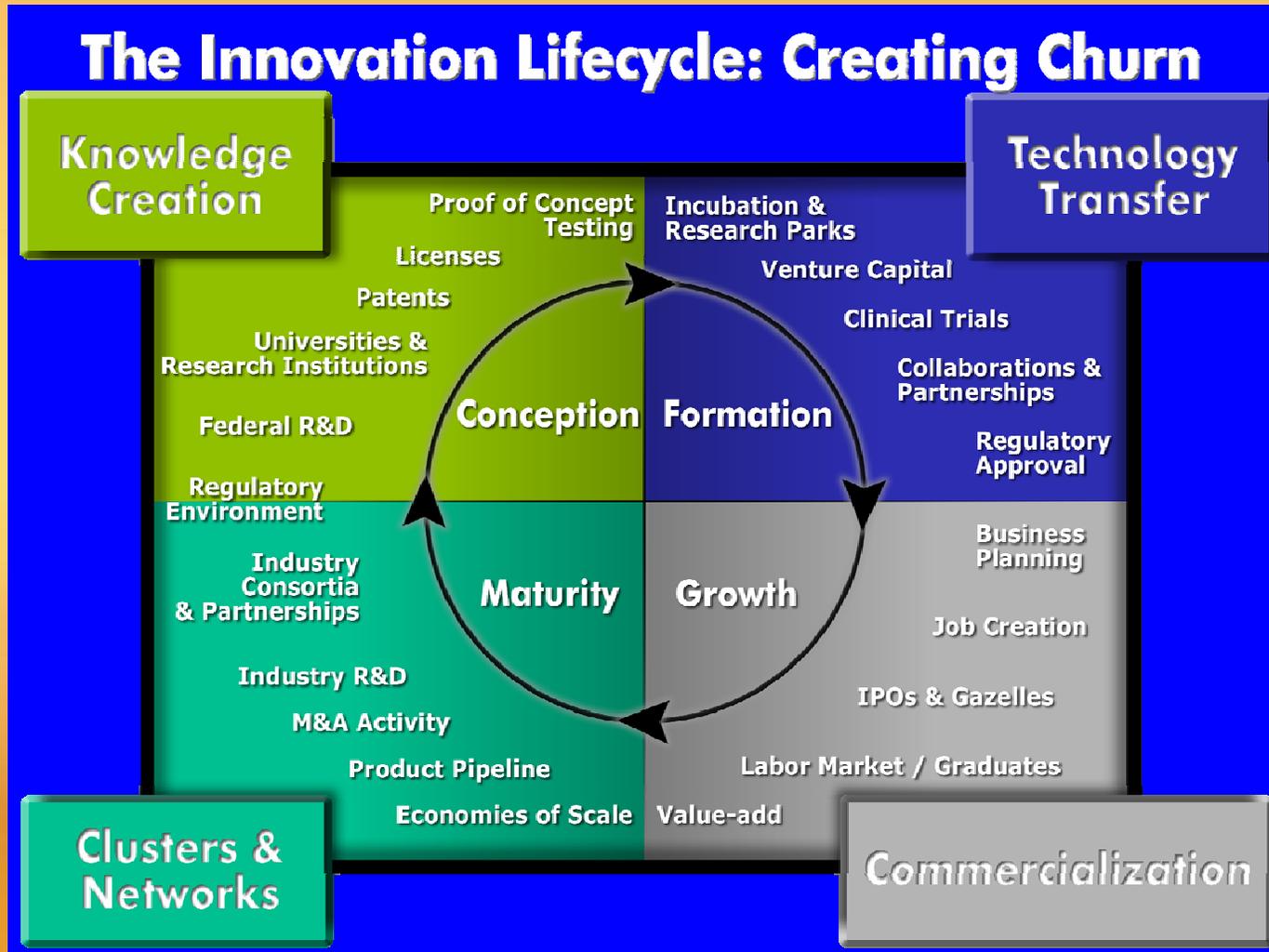
Innovation Defined

Innovation resides at the intersection of invention and insight, leading to the creation of social and economic value.

National Innovation Initiative



Creating an Innovation Environment



What is the Innovation Economy?



The Rise of the Entrepreneurial Class

- Jobs! 5-15% of U.S. firms create 2/3 of net new jobs.
- Innovation. Entrepreneurs account for more than half of all technological innovation.
- Prosperity. 1/3 of difference in national growth rates is due to entrepreneurship.
- Presence. 11% of US adult population is trying to start a business.

U.S. Entrepreneurial Activity



🌐 600-700,000 new companies each year

– “GAZELLES”

- *5% of new companies*
- *2/3 all new innovations*
- *2/3 all new jobs*

*The ability to garner the required resources and overcome all impediments by seizing new business opportunities **defines** entrepreneurship.*

Why Talent Matters



Factors Rated “Very Important” in Site Selection*

1. Availability of Skilled Labor	58.5%
2. Highway Accessibility	57.0%
3. State & Local Incentives	54.8%
4. Tax Incentives	54.3%
5. Corporate Tax Rate	49.5%
6. Availability of High-Speed Internet	49.4%

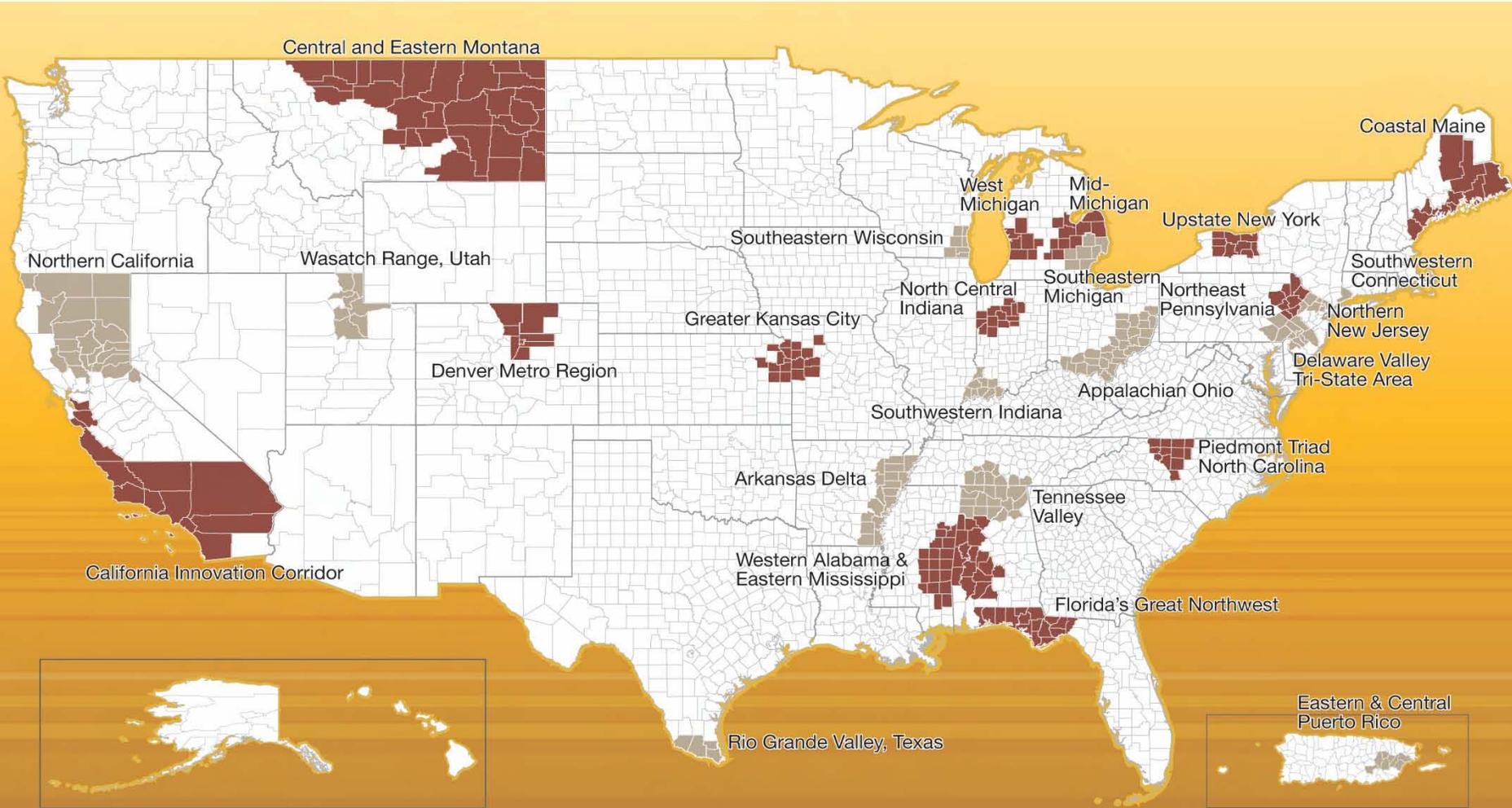
* 2005 *Area Development* Corporate Survey

Workforce Innovation in Regional Economic Development



- WIRED is focusing on the talent development part of building a regional economy.
- The Goal:
 - Expand employment and advancement opportunities for workers while simultaneously catalyzing the creation of high-skill, high-wage jobs.

First & Second Generation WIRED Regions



■ First Generation ■ Second Generation



WIRED in Action



Regional Activities:

- Formation of a broad-based regional leadership team
- Assessment of region-wide assets and strengths, risks and weaknesses.
- Development of a comprehensive implementation plan for the region identifying how WIRED and other resources support regional economic goals and strategies.

The Goals



Create and implement a regional strategy that will:

1. Establish and build a regional identity across political jurisdictions.
2. Leverage and align public and private investments.
3. Transform the regional economy through innovative and effective talent development.

Workforce System Transformation Principles



- The workforce system must operate as a talent development system; it can no longer be defined as a job training system. Its goal is an educated workforce on a U.S or global standard.
- Workforce system formula funds must be transformed, providing the opportunity for post-secondary education for lifelong learning opportunities aligned with the region's talent development strategy.

Workforce System Transformation Principles



- The workforce system can no longer operate as an array of siloed programs and services.
- Workforce investment boards must be structured and operate on a regional basis and be composed of regional strategic partners who drive investments, aligning spending with a regional economic vision for talent development.

Workforce System Transformation Principles



- Economic and workforce development regions must be aligned, and these regions should adopt common and innovative policies across the workforce, education, and economic development systems and structures that can support talent development and the regional economy.