

Aligning Workforce Strategies to Labor Sheds and Other Economic Demographics

Carpe Diem Summit
USDOL Employment and Training Administration,
Region II - Philadelphia, PA

Presented by:

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Brian Davis, Virginia Governor's Office for Workforce Development

June 5, 2008

Governor Kaine's Workforce Development Strategic Plan

- December 2006
- Established Virginia's new direction for workforce development
- Goal 1 –
 - “Create substantial structural reform through consolidations to reduce administrative costs and streamline and integrate workforce policy and services for business, workers and job seekers.”

Governor Kaine's Strategic Plan for Workforce Development

- Goal 1, Strategy 1
 - Increase the efficiency and effectiveness of regional and local workforce development efforts.

Factors to be considered with goal to
increase ability to meet worker and
employer needs

- MSAs,
- Labor markets and commuting patterns,
- Economic cluster data
- Educational attainment data
- Job projection data
- Existing higher education structure

[Fundamental Questions]

- What are workforce areas “in the business” of doing and are the geographic boundaries reflective of that?
- How does the Commonwealth “kick-start” the discussion?

[Study Commissioned]

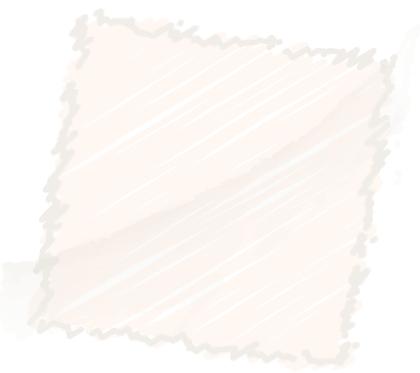
- Purpose of contract was to have a third-party defensible rationale developed as a possible basis for realigning local workforce areas in Virginia.
- Process involved focus groups comprised of major stakeholders from local government, economic development, education and workforce development communities.
- The findings were presented to the Virginia Workforce Council (State WIB) in June 2007.

How Can Labor Market Sheds and Demographics Lead to Cost Savings?

1. Consolidation or alliances based on industry clusters avoid duplication
2. Reduce the gap
 - Focus on firms identifies jobs in demand
 - Placing clients in demand occupations reduces unemployment time and repeat occurrences

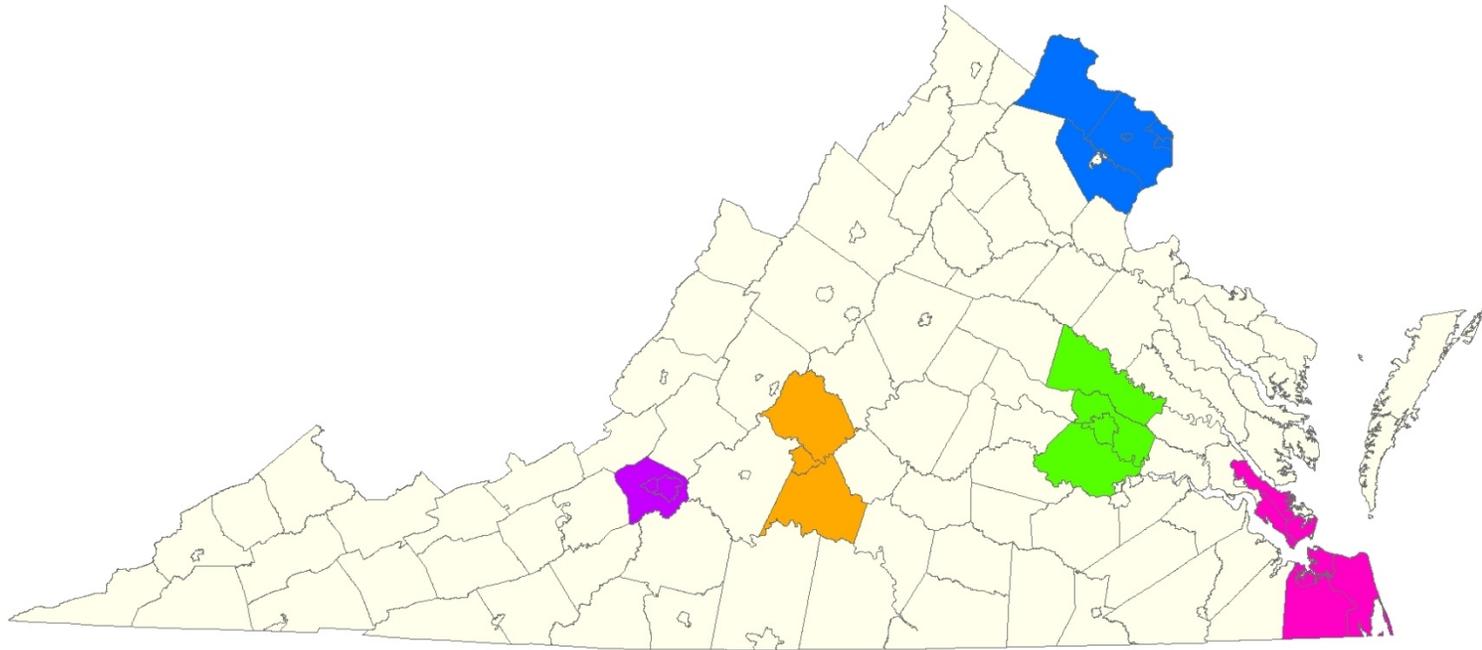
The Counties in Many Workforce Investment Areas (WIAs) Based on 1970 Census Data

1. There is precedent to change regional definitions that are based on labor markets
2. Workforce Investment Areas (WIAs), as defined in Virginia, don't align with labor markets
3. Labor markets of current MSAs (rural-adjusted MSAs) point to need for collaboration or consolidation of regions



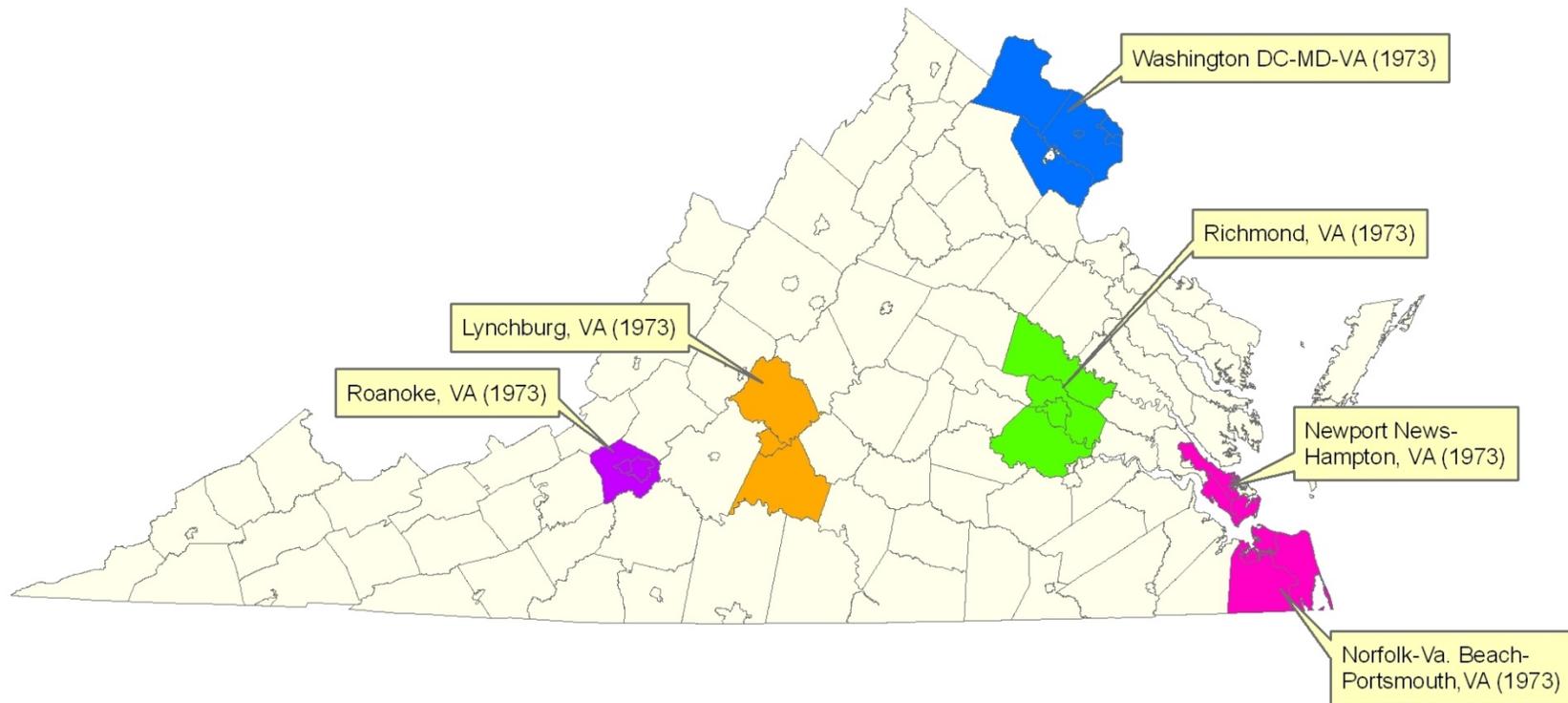
1. There is Precedent to
Change Regional Definitions
that are Based on Labor
Markets

MSAs Have Changed (Based on 1970 Census)



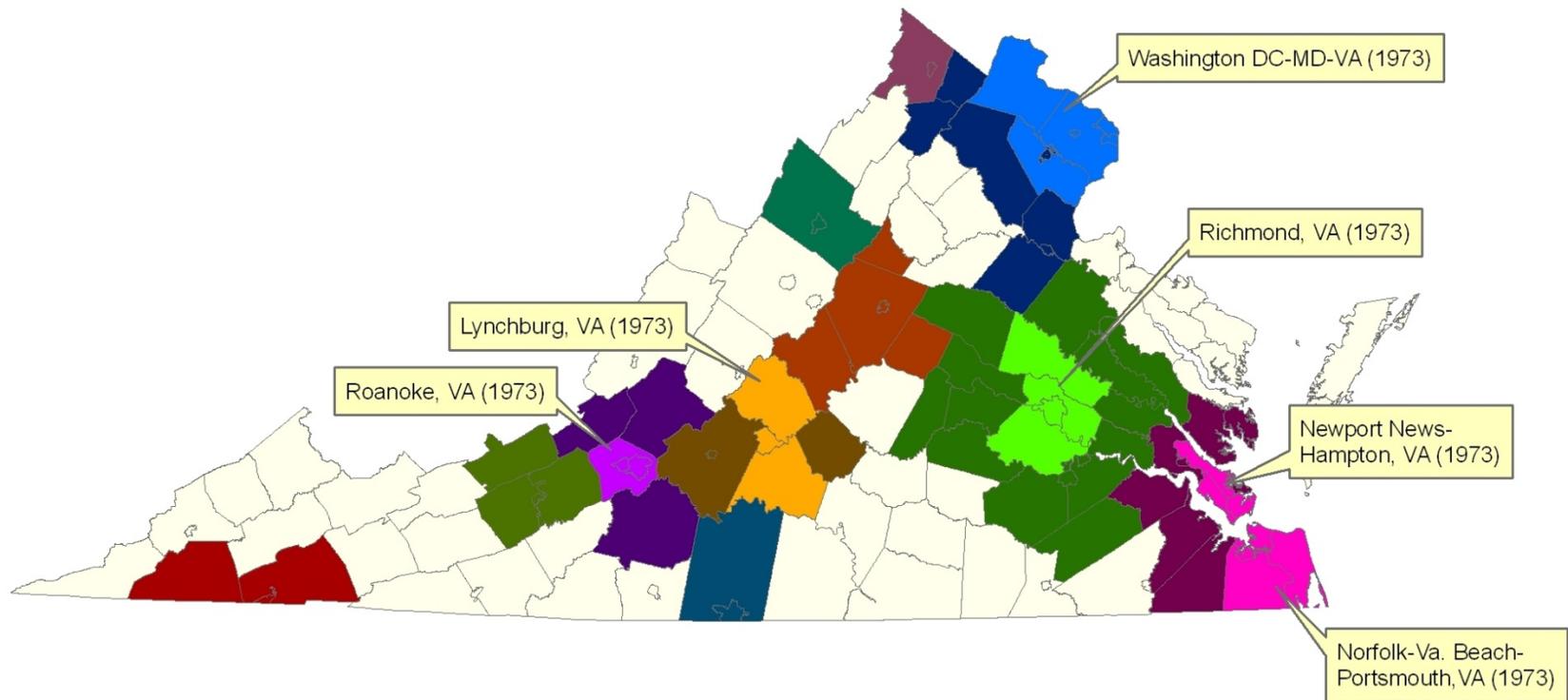
Map Produced by Virginia Economic Development Partnership.

MSAs Have Changed (Based on 1970 Census)



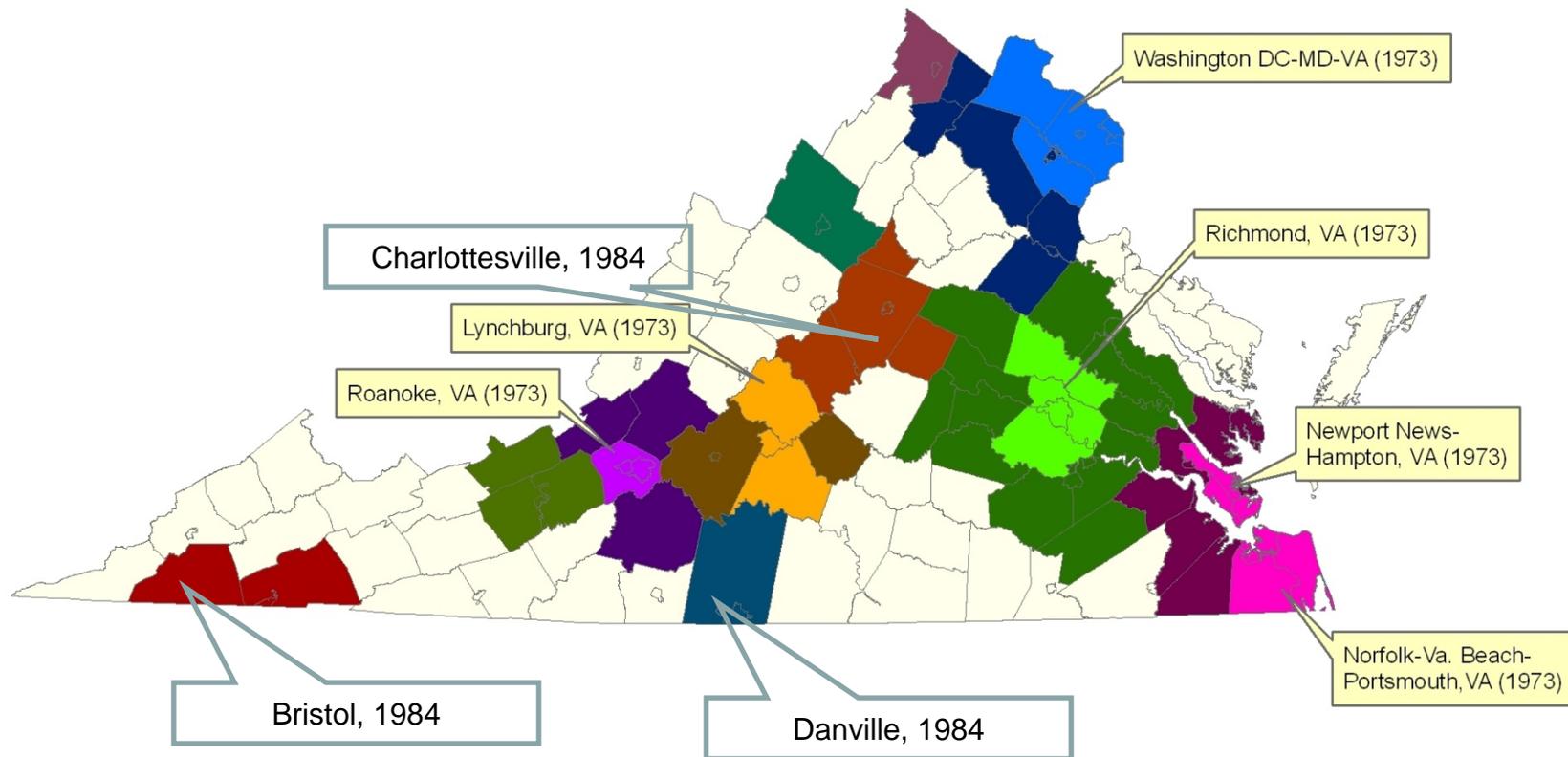
Map Produced by Virginia Economic Development Partnership.

There is a Precedent to Redefine Regions ...Shared Economies are Expanding



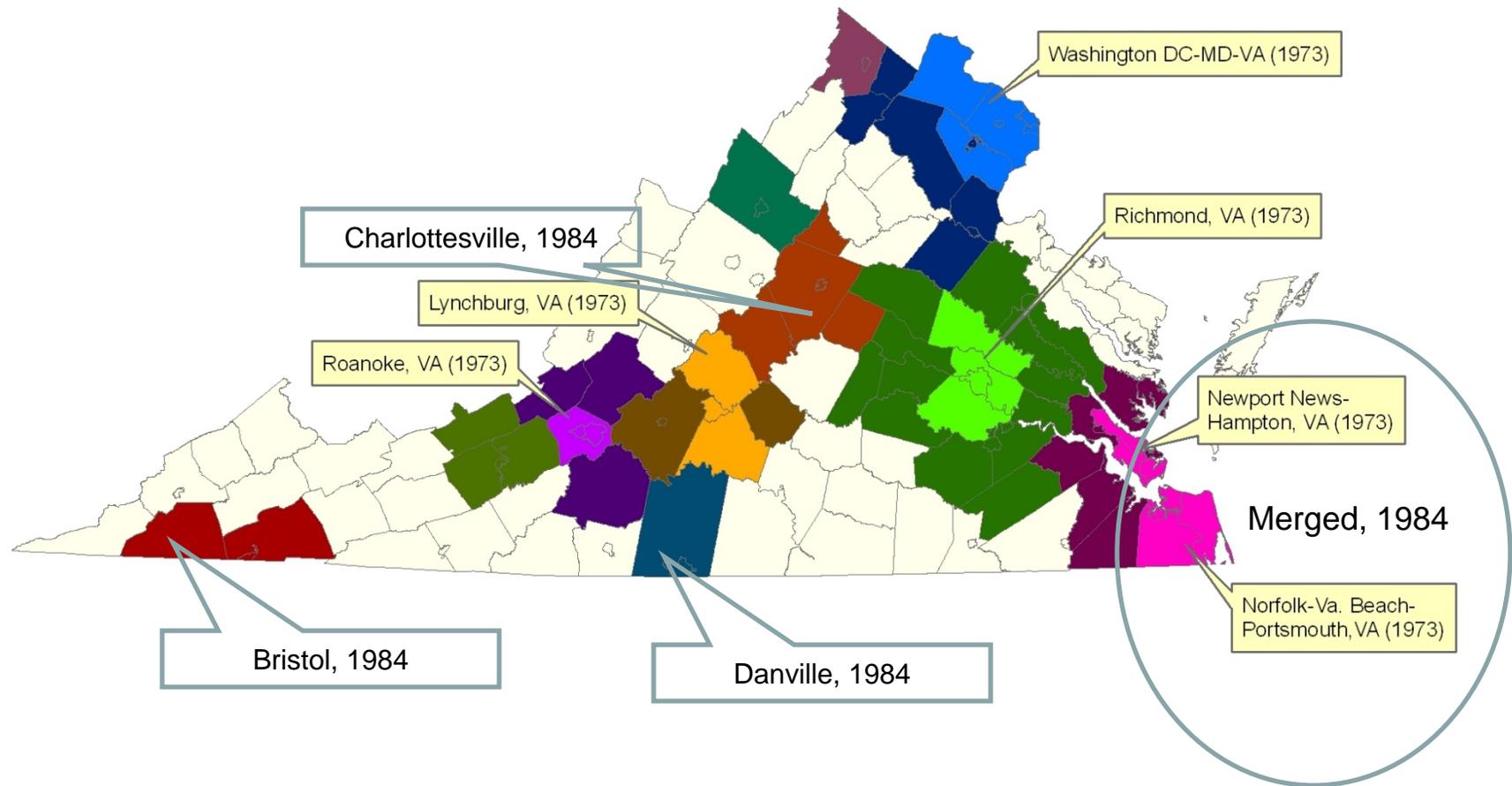
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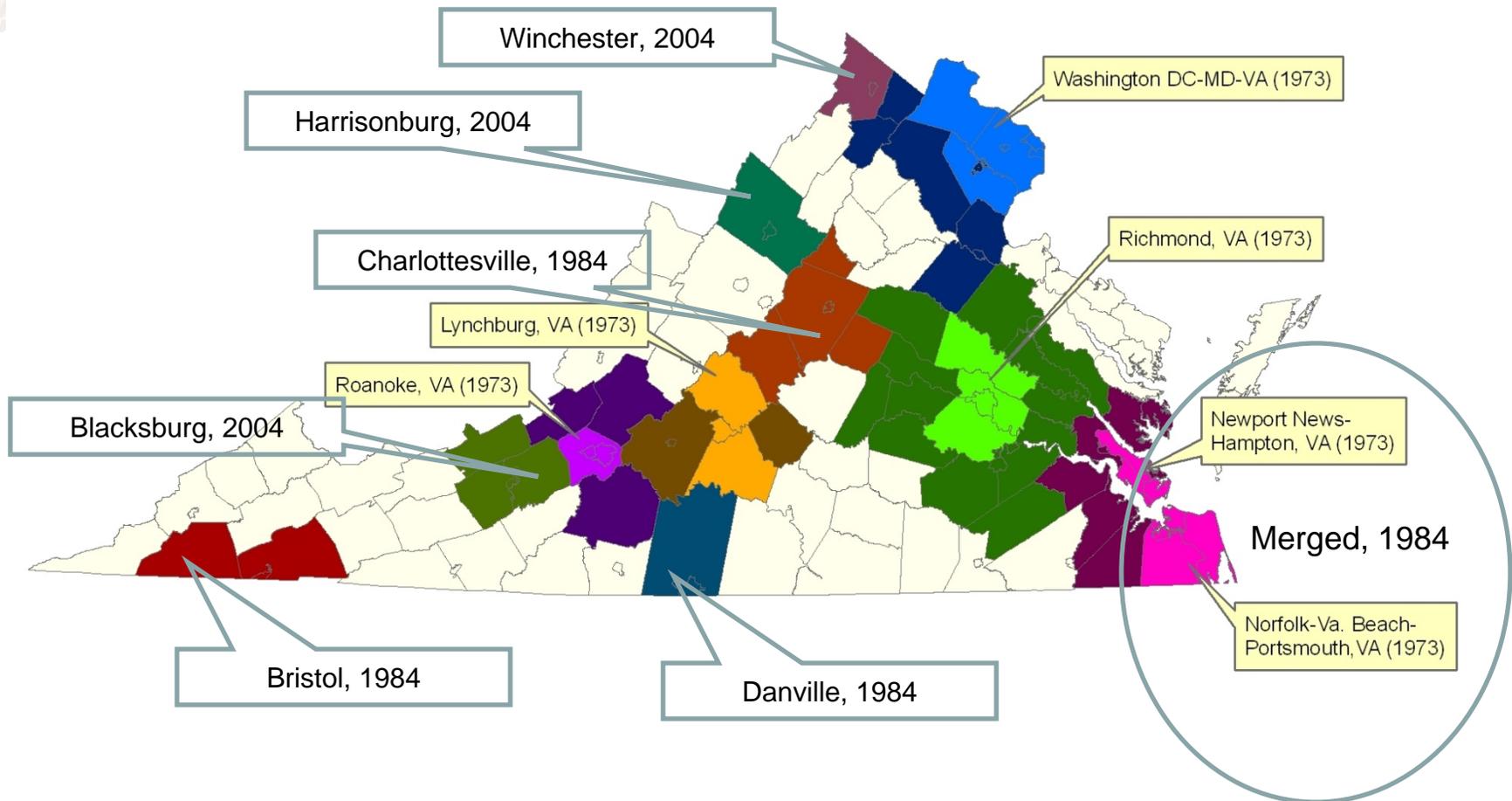
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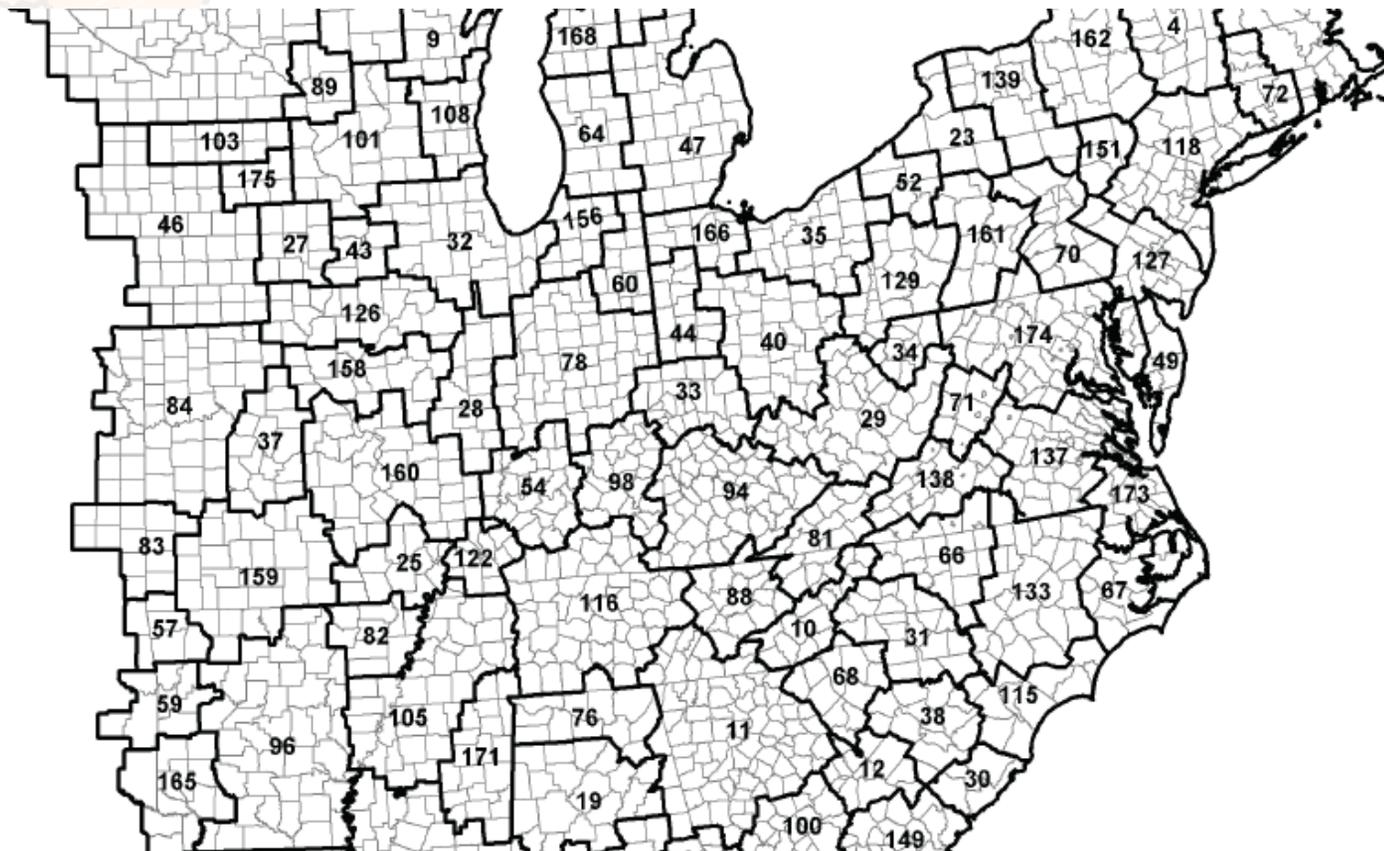
Map Produced by Virginia Economic Development Partnership.

What About the Non-MSA Counties/Cities?

- U.S. Bureau of Economic Analysis redefined its regions in 2004
- “BEA’s economic areas define the relevant regional markets surrounding metropolitan or micropolitan statistical areas that serve as regional centers of economic activity—and the surrounding counties that are economically related to the nodes. These economic areas represent **the relevant regional markets for labor**, products, and information. They are mainly determined by labor commuting patterns that delineate local labor markets and that also serve as proxies for local markets where businesses in the areas sell their products.”

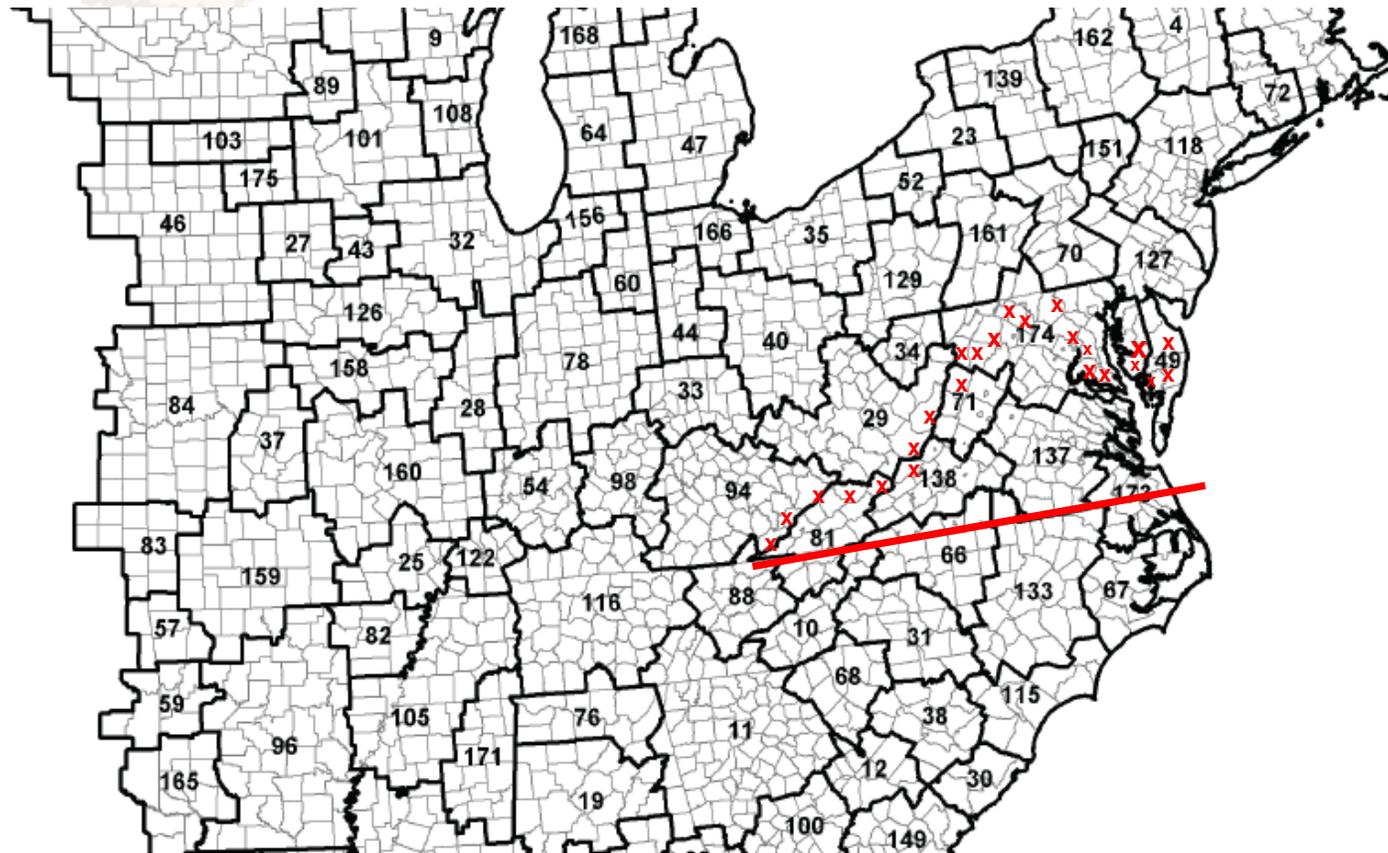
Source: Kenneth P. Johnson and John R. Kort, “2004 Redefinition of the BEA Economic Areas,” November 2004, BEA.

2004 Redefinition of BEA Economic Areas

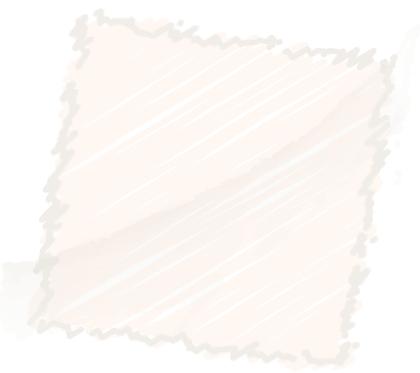


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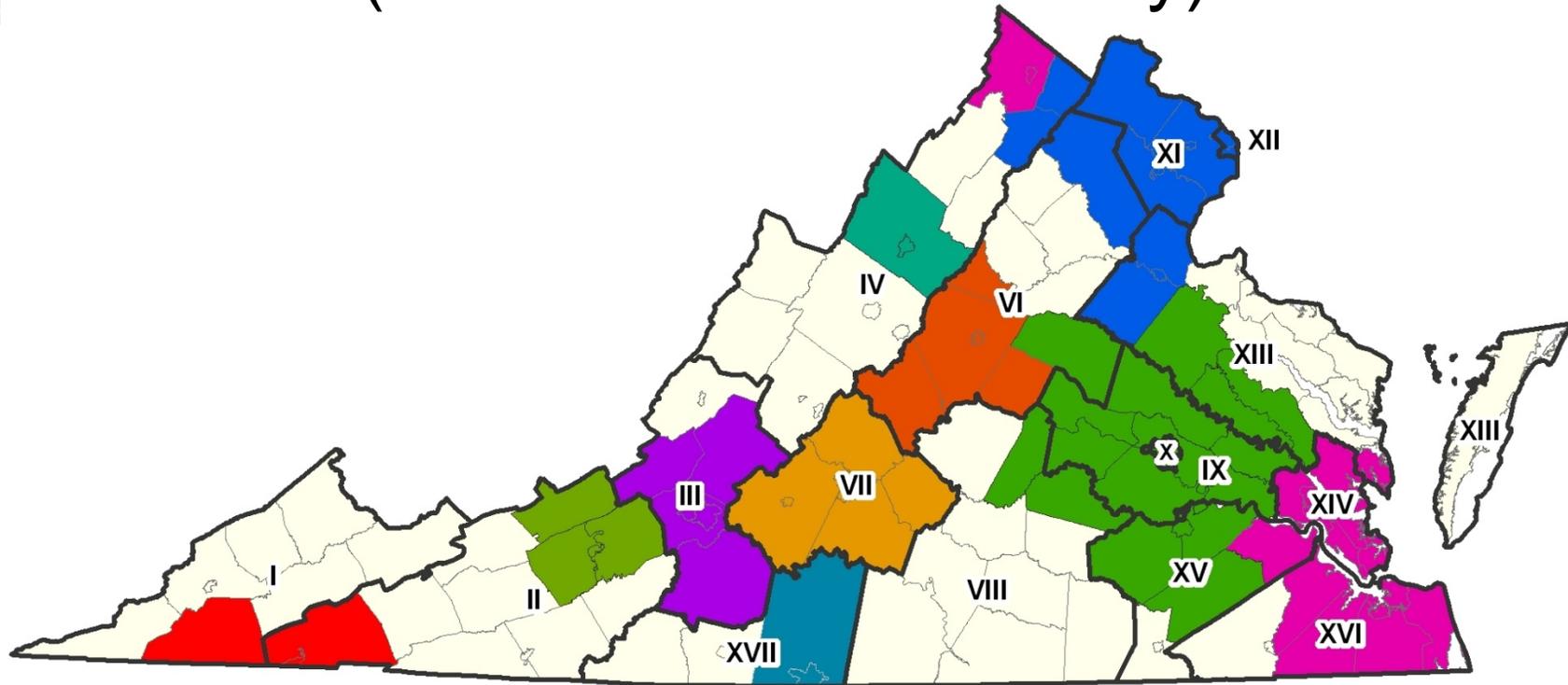


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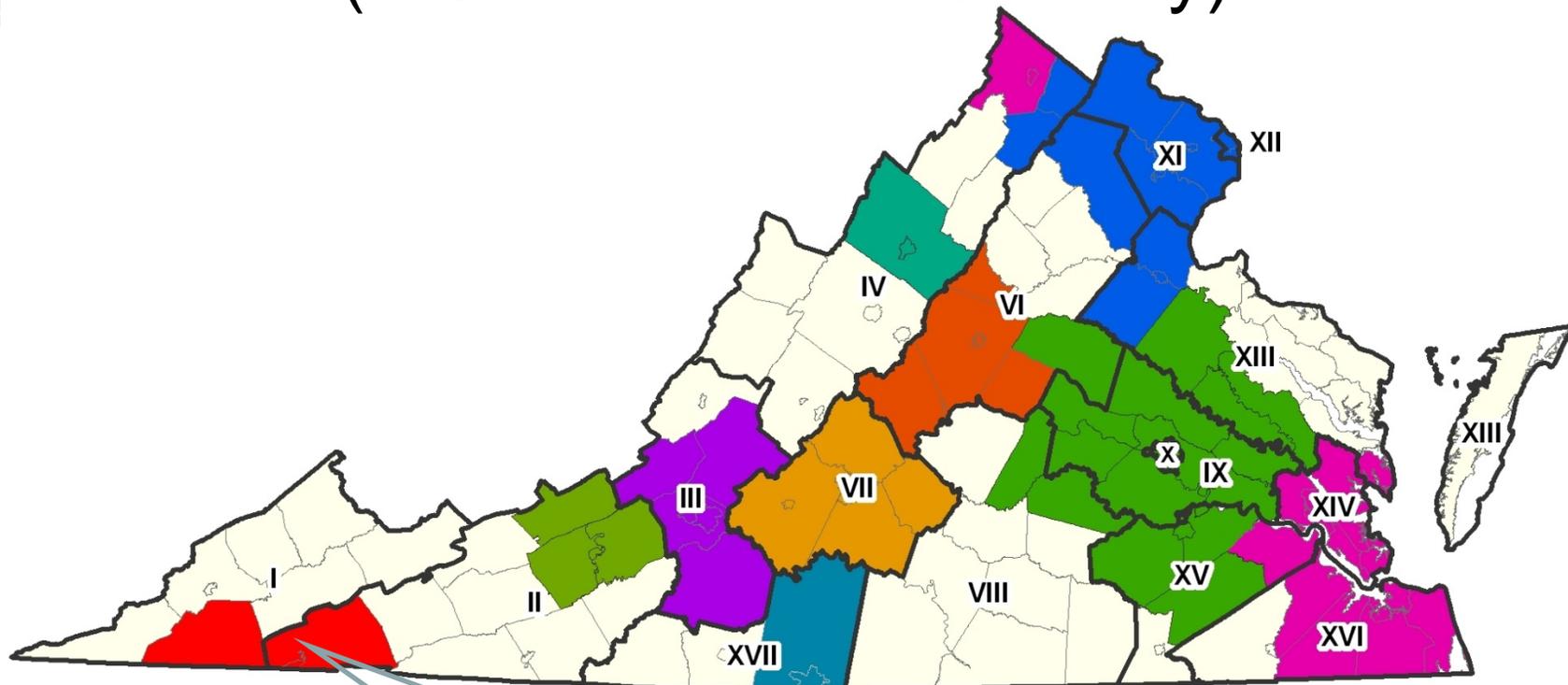
**2. Workforce Investment Areas
(WIA), as Defined in Virginia,
Don't Align with Relevant
Regional Markets for Labor**

WIAs Don't Align with Evolving Relevant Regional Markets for Labor (MSA with WIA Overlay)



Map Produced by Virginia Economic Development Partnership.

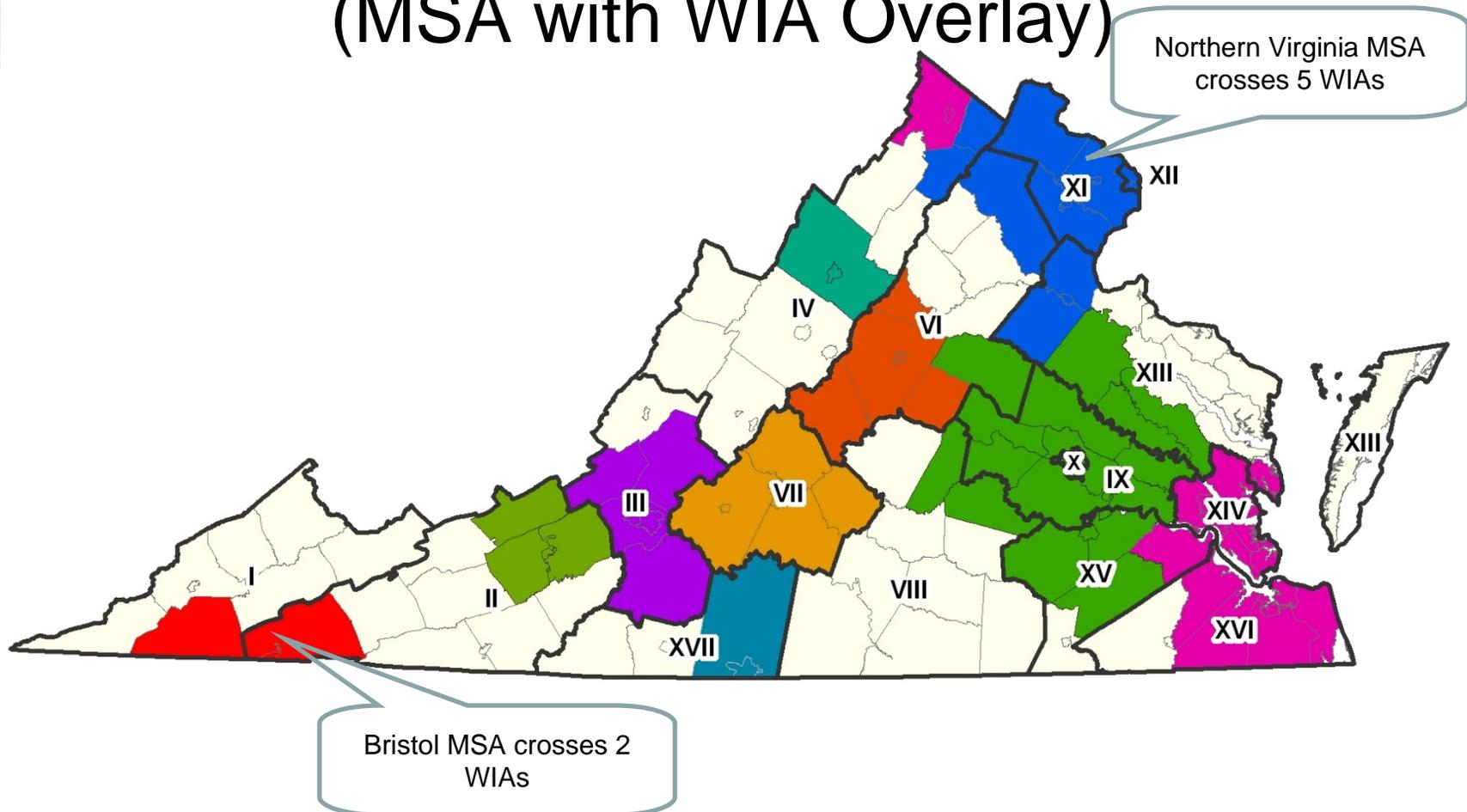
WIAs Don't Align with Evolving Relevant Regional Markets for Labor (MSAs with WIA Overlay)



Bristol MSA crosses 2
WIAs

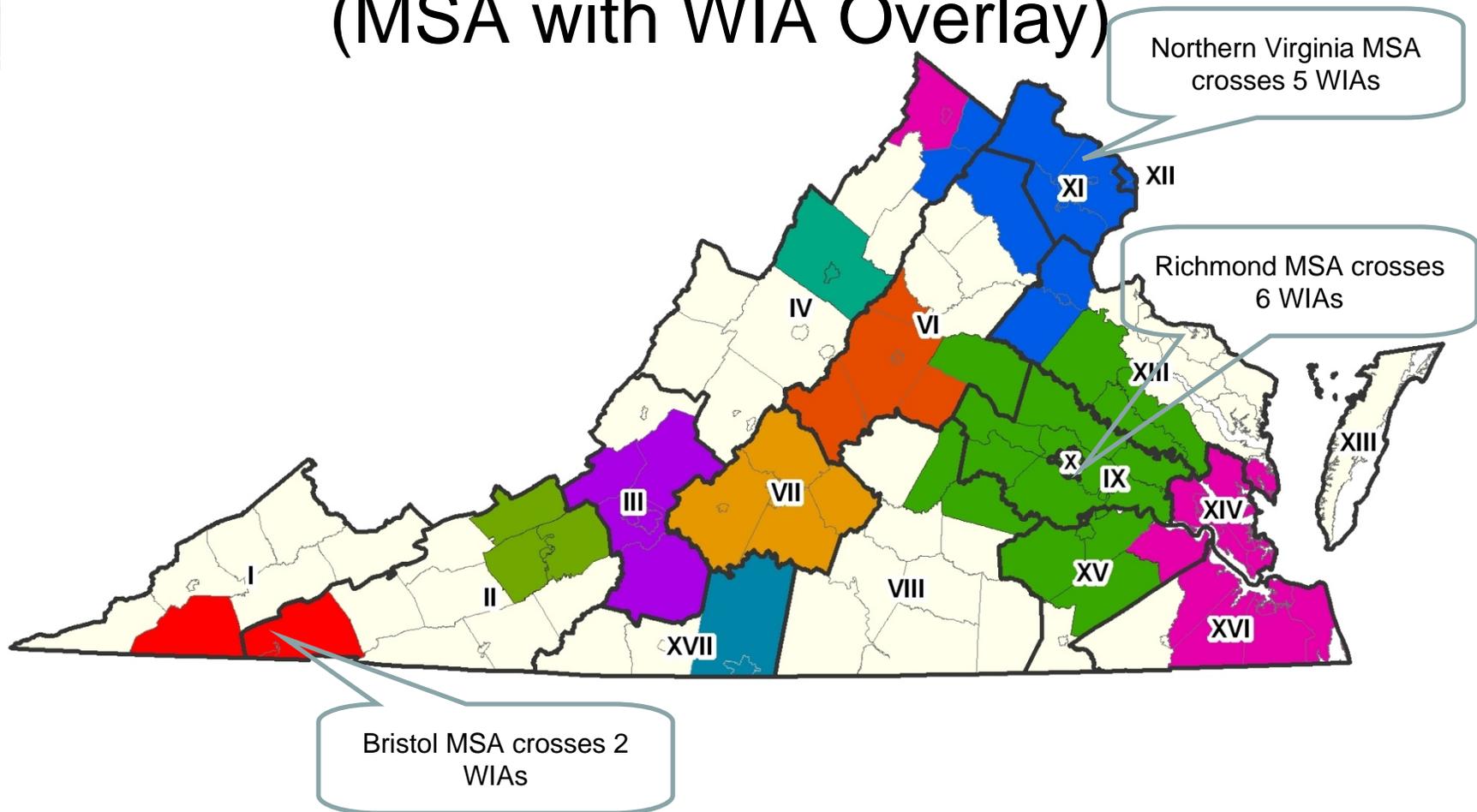
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WIAs Don't Align with Evolving Relevant Regional Markets for Labor (MSA with WIA Overlay)



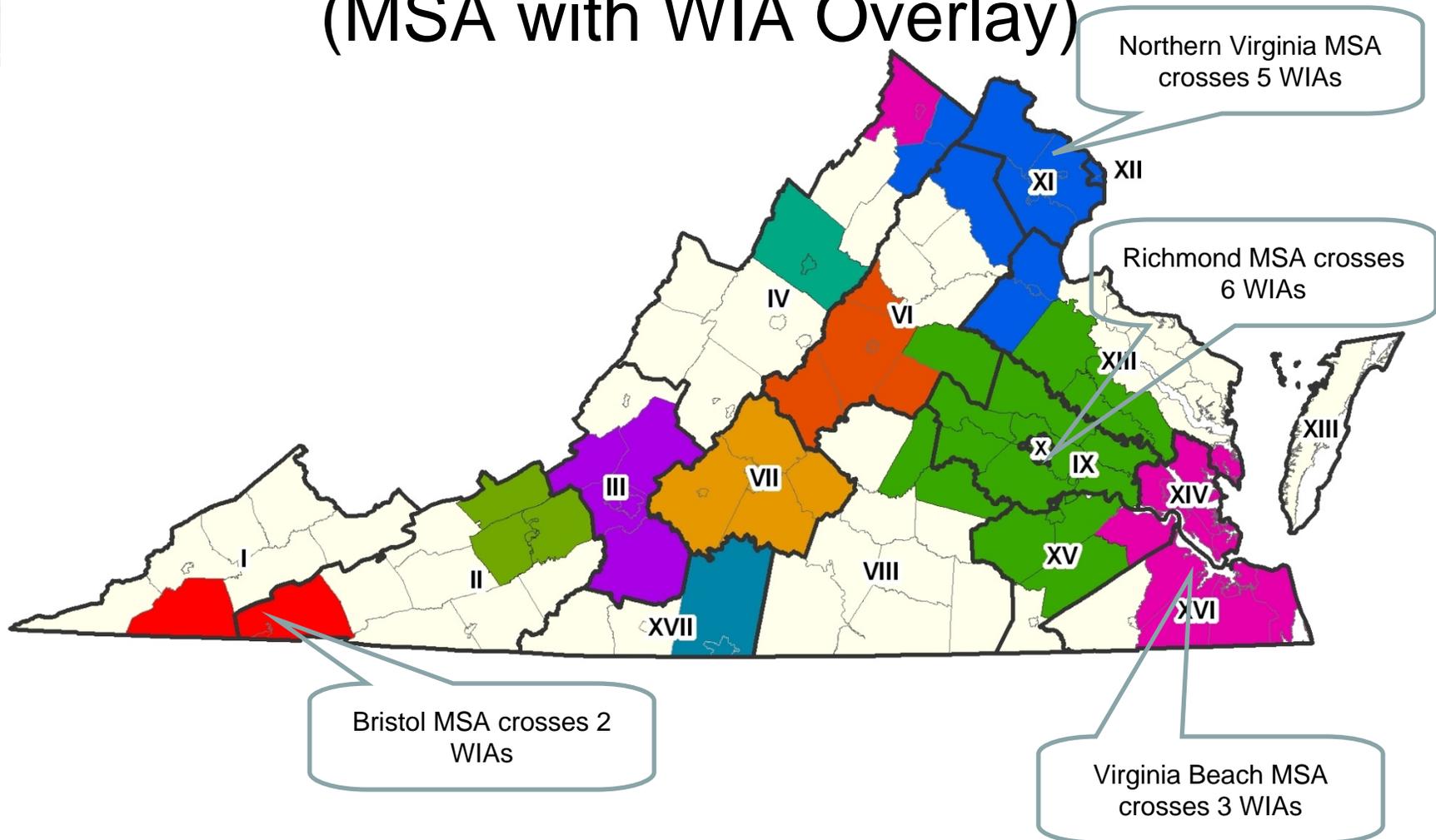
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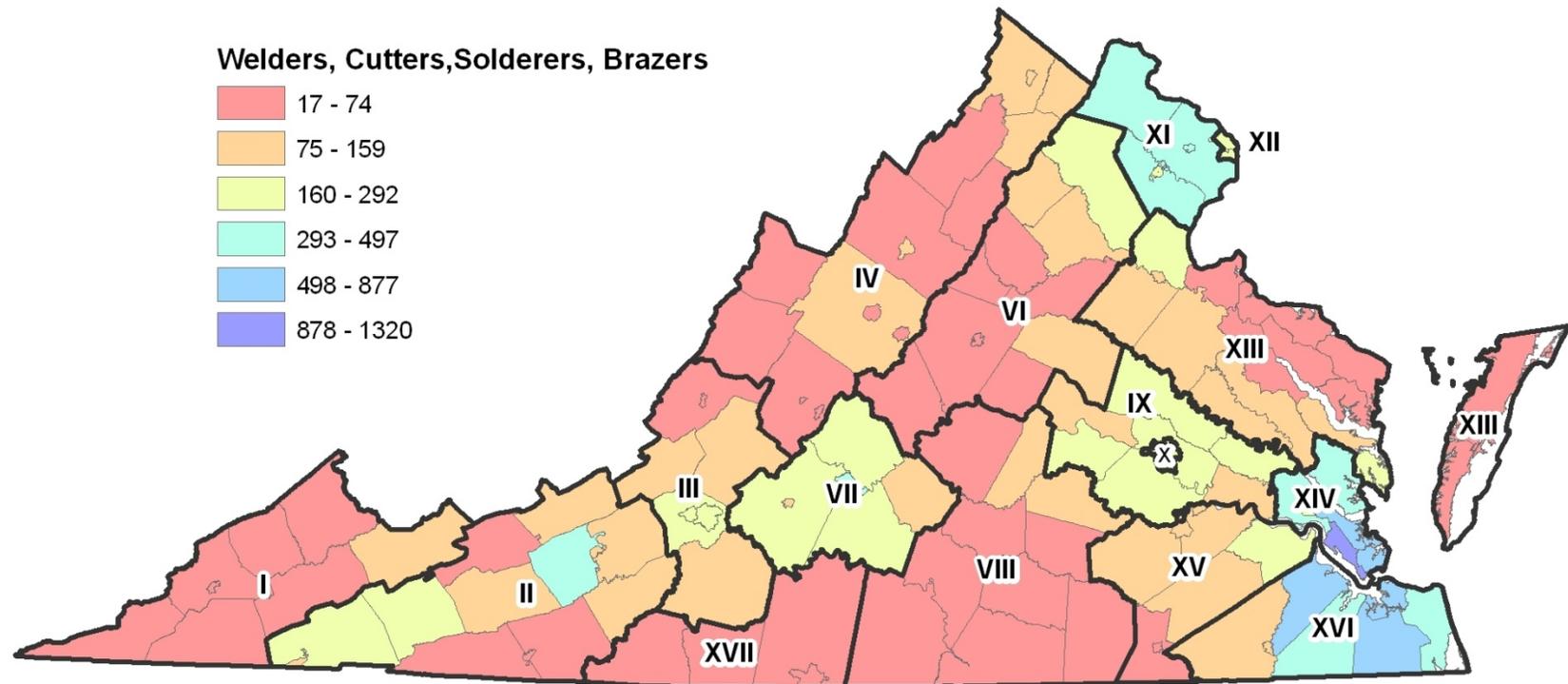
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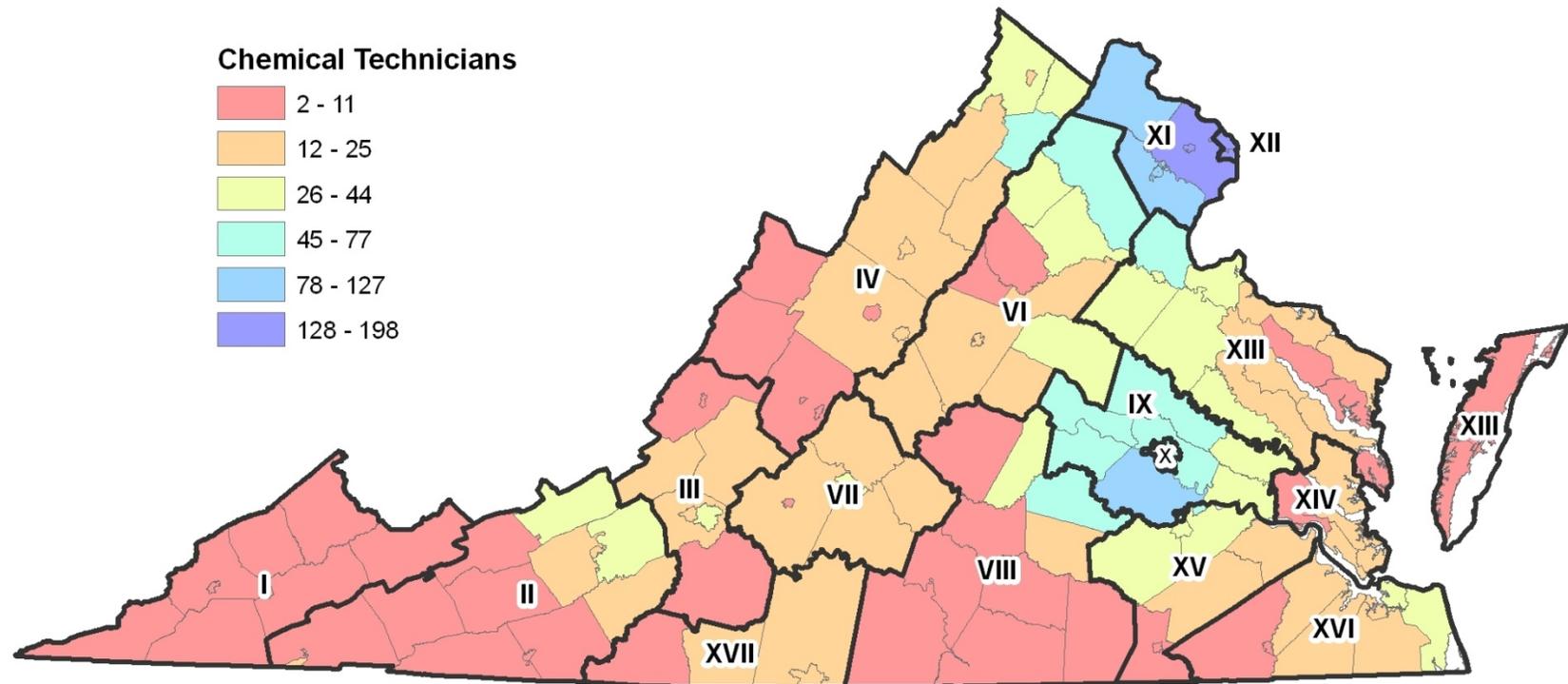
Map Produced by Virginia Economic Development Partnership.

WIAs Don't Align With Industry Demand / Occupation Supply



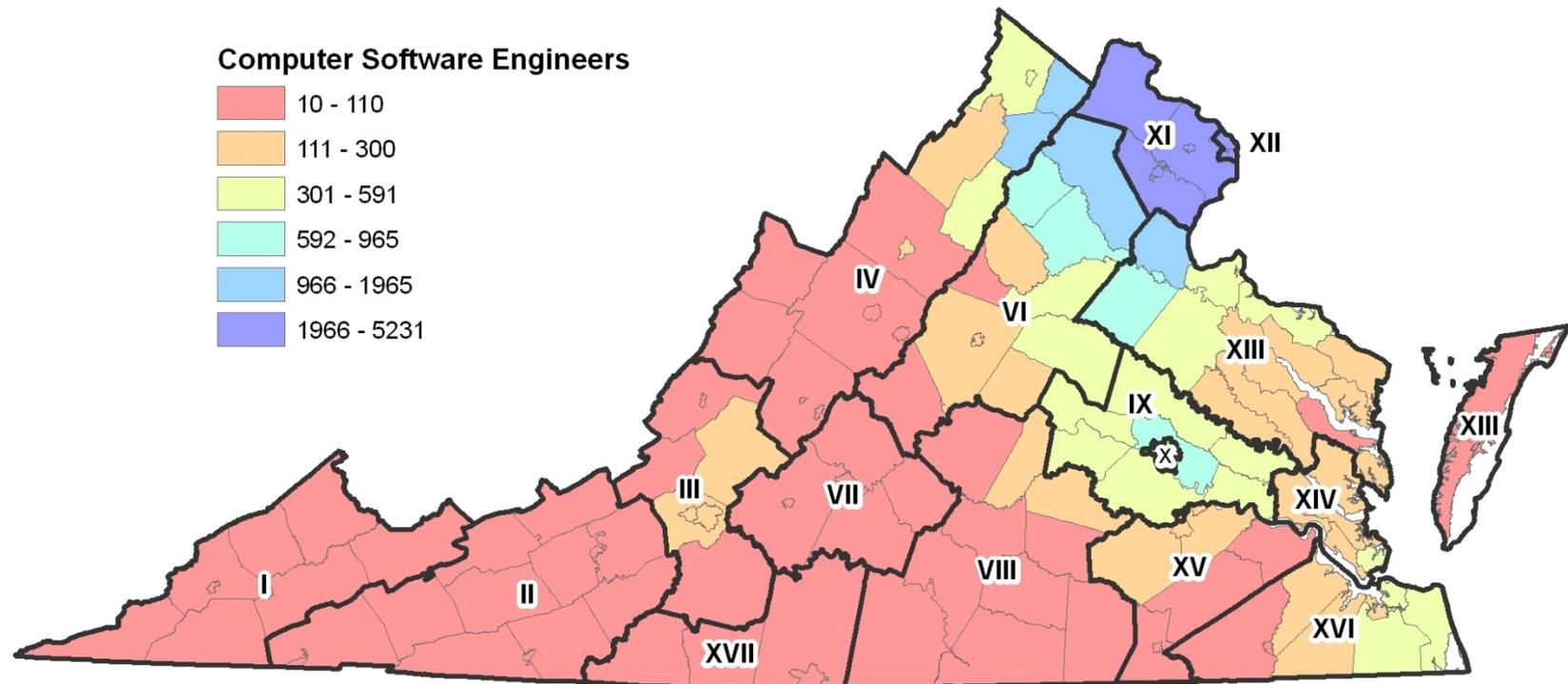
Map Produced by Virginia Economic Development Partnership.
Occupations by place of residence estimated by JobsEQ® (includes commuting out of state).

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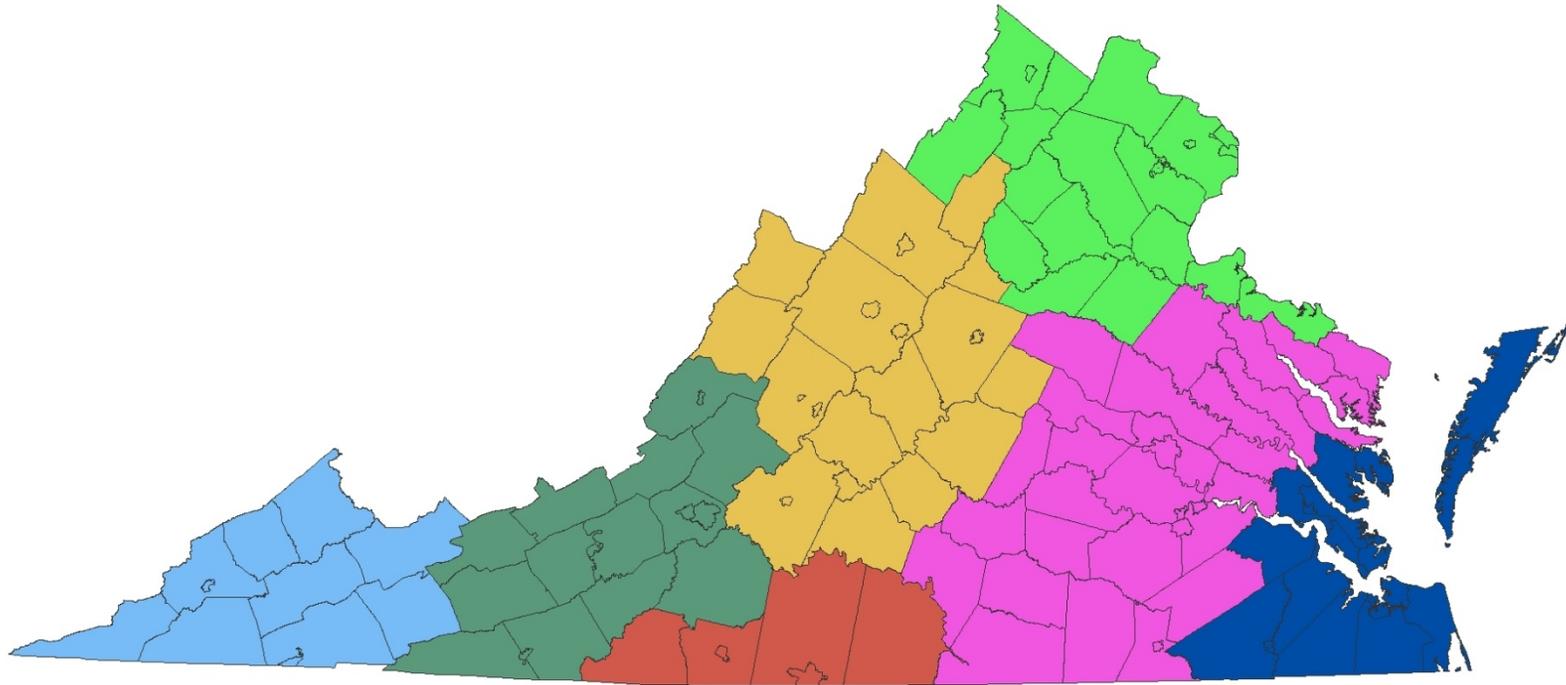
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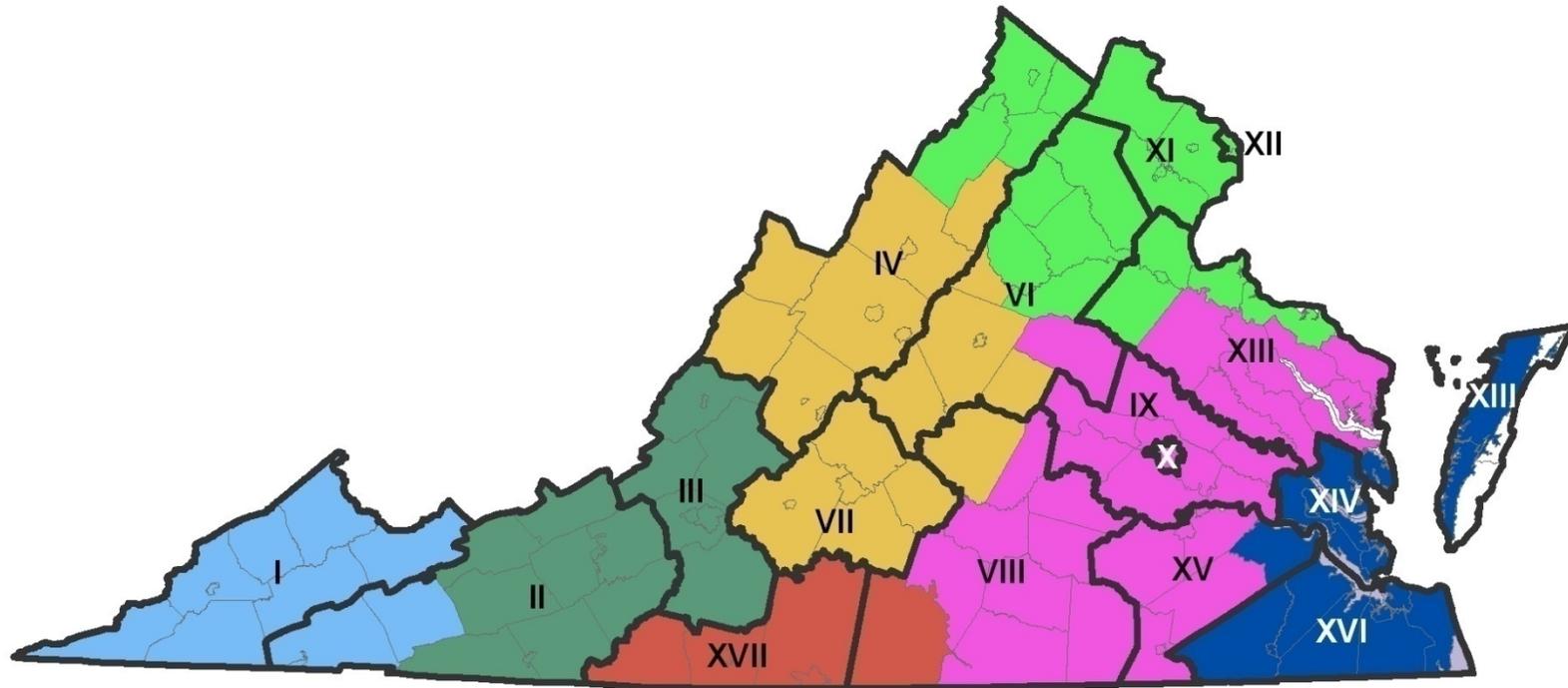
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Relevant Regional Rural-Adjusted MSA Markets for Labor (Based Mainly on Commuting)

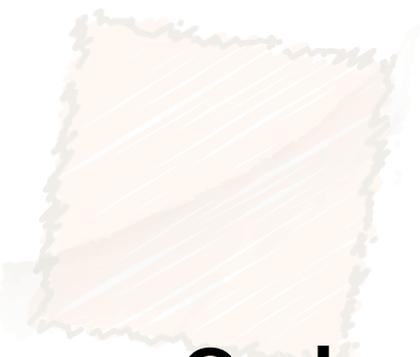


Map Produced by Virginia Economic Development Partnership.

WIA Regions Don't Align with Evolving Labor Market (WIAs over Rural Adjusted MSAs)



Map Produced by Virginia Economic Development Partnership.



**3. Labor Markets of Current
MSAs (Rural-Adjusted MSAs)
Point to Collaboration or
Consolidation Among Regions**

MSAs are the Starting Point for Relevant Regional Markets for Labor

- Definition based on size, commuting patterns ... so economically interconnected that shouldn't be considered separately
- Rural areas assigned
 - Mainly commuting patterns
 - Industry-occupation-skill sector needs
 - Community college borders
 - Allocation of WIA funds available
- Purpose: Better serve the citizens and businesses
 - Better alignment of Programs and Services to relevant regional labor markets

Rural Areas Assigned

- Mainly commuting patterns
- Industry-occupation-skill sector needs
- Community college borders
- **Allocation of WIA funds available – \$1 million minimum considered optimal for core system**

WIA Allocations: \$1 Million Test

Region	Allocation 2007
1	\$1,826,121
2	\$2,082,412
3	\$920,884
4	\$896,212
6	\$627,003
7	\$846,761
8	\$1,330,115
9	\$1,056,820
10	\$1,762,025
11	\$1,300,971
12	\$479,336
13	\$955,493
14	\$1,833,461
15	\$937,273
16	\$4,373,913
17	\$2,799,109
TOTAL	\$24,027,909

WIA Allocations: \$1 Million Test

Region	Allocation 2007	Allocation 2012*
1	\$1,826,121	\$1,078,306
2	\$2,082,412	\$1,229,643
3	\$920,884	\$543,773
4	\$896,212	\$529,204
6	\$627,003	\$370,239
7	\$846,761	\$500,004
8	\$1,330,115	\$785,420
9	\$1,056,820	\$624,042
10	\$1,762,025	\$1,040,458
11	\$1,300,971	\$768,210
12	\$479,336	\$283,043
13	\$955,493	\$564,209
14	\$1,833,461	\$1,082,640
15	\$937,273	\$553,450
16	\$4,373,913	\$2,582,752
17	\$2,799,109	\$1,652,846
TOTAL	\$24,027,909	\$14,188,240

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MSA+ Rural	Allocation 2007
BL/RO	\$2,385,352
BR	\$2,444,065
CH/LY/HB	\$1,983,650
DN	\$3,166,572
HR	\$6,427,736
NV/WN	\$2,630,547
RI	\$4,989,986

Com. College	Allocation 2007
1	\$2,637,392
2	\$4,003,398
3	\$4,206,218
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CH/LY/HB	\$1,983,650	\$1,171,326
DN	\$3,166,572	\$1,869,829
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10% of Allocation = Administration (\$2,402,791 in 2007)

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TOTAL	\$24,027,909	\$14,188,240

10% of Allocation = Administration (\$2,402,791 in 2007)
 Potential Savings with 9 Less WIAs = \$1,351,570

Potential Administrative Cost Savings (OIG Survey)

Region	Salary** 2006: Top 3 Jobs
1	\$155,587
2	\$195,161
3	\$82,539
4	\$128,262
6	\$63,000
7	\$74,775
8	\$179,906
9	\$155,587
10	\$236,335
11	\$161,167
12	\$173,640
13	\$98,618
14	\$278,140
15	\$42,733
16	\$411,861
17	\$52,081
Total	\$2,489,392

Potential Administrative Cost Savings

Region	Salary** 2006: Top 3 Jobs	Salary: Top 3 Jobs 2012***
1	\$155,587	\$185,779
2	\$195,161	\$233,032
3	\$82,539	\$98,556
4	\$128,262	\$153,152
6	\$63,000	\$75,225
7	\$74,775	\$89,285
8	\$179,906	\$214,817
9	\$155,587	\$185,779
10	\$236,335	\$282,196
11	\$161,167	\$192,442
12	\$173,640	\$207,335
13	\$98,618	\$117,755
14	\$278,140	\$332,114
15	\$42,733	\$51,025
16	\$411,861	\$491,784
17	\$52,081	\$62,187
Total	\$2,489,392	\$2,972,463

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MSA+ Rural	Salary** 2006: Top 3 Jobs
BL/RO	\$232,663
BR	\$200,624
CH/LY/HB	\$209,582
DN	\$70,072
HR	\$713,240
NV/WN	\$434,343
RI	\$628,868

Com. College	Salary** 2006: Top 3 Jobs
1	\$442,360
2	\$544,084
3	\$205,502
4	\$284,105
5	\$662,594
6	\$350,748

Potential Administrative Cost Savings

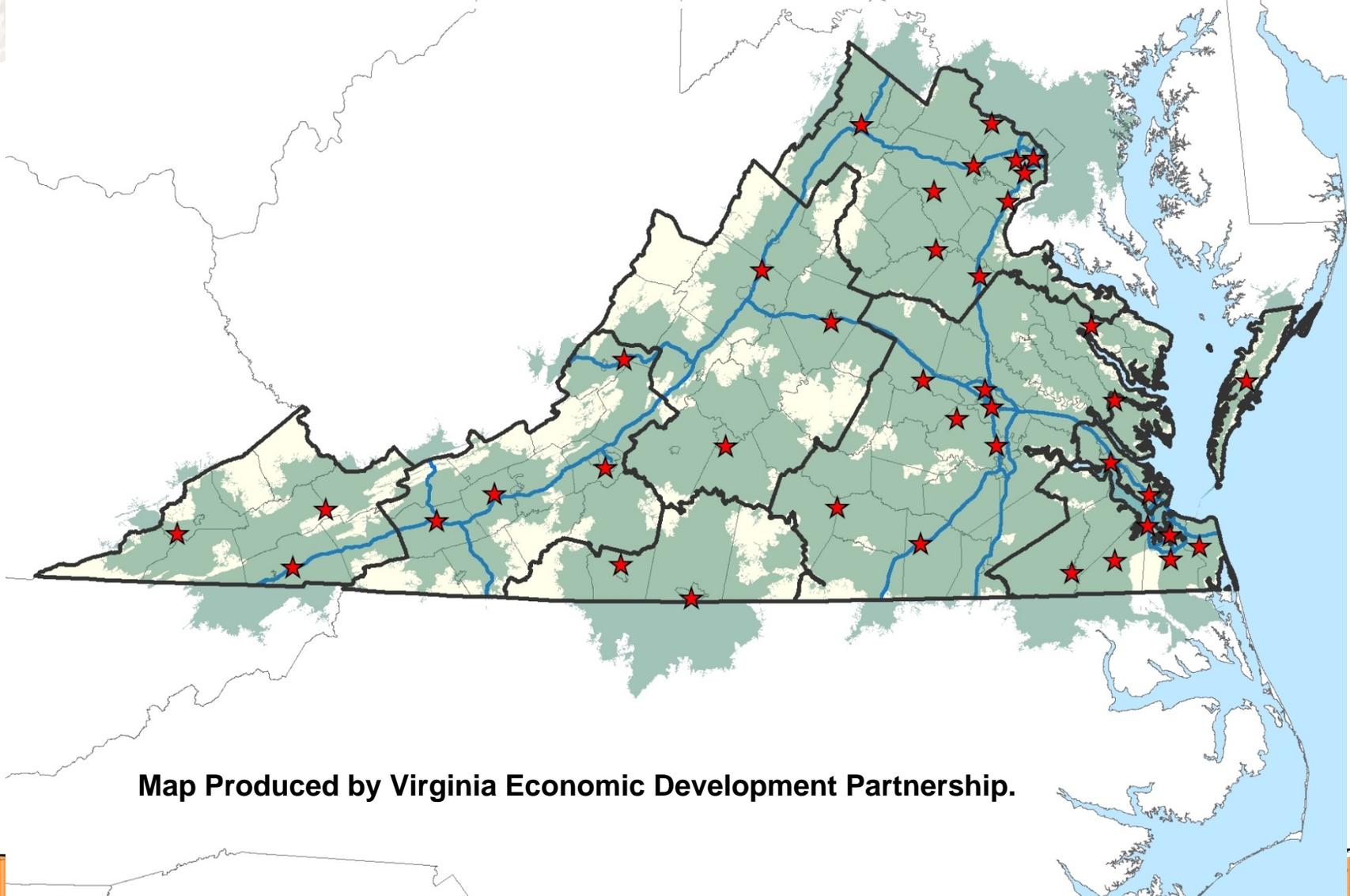
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MSA+ Rural	Salary** 2006: Top 3 Jobs	Salary: Top 3 Jobs 2012****
BL/RO	\$232,663	\$277,812
BR	\$200,624	\$239,556
CH/LY/HB	\$209,582	\$250,252
DN	\$70,072	\$83,669
HR	\$713,240	\$851,646
NV/WN	\$434,343	\$518,629
RI	\$628,868	\$750,901

Com. College	Salary** 2006: Top 3 Jobs	Salary: Top 3 Jobs 2012****
1	\$442,360	\$528,201
2	\$544,084	\$649,664
3	\$205,502	\$245,380
4	\$284,105	\$339,236
5	\$662,594	\$791,172
6	\$350,748	\$418,811

Potential Salary Savings for 9 less WIBs = \$1,400,283

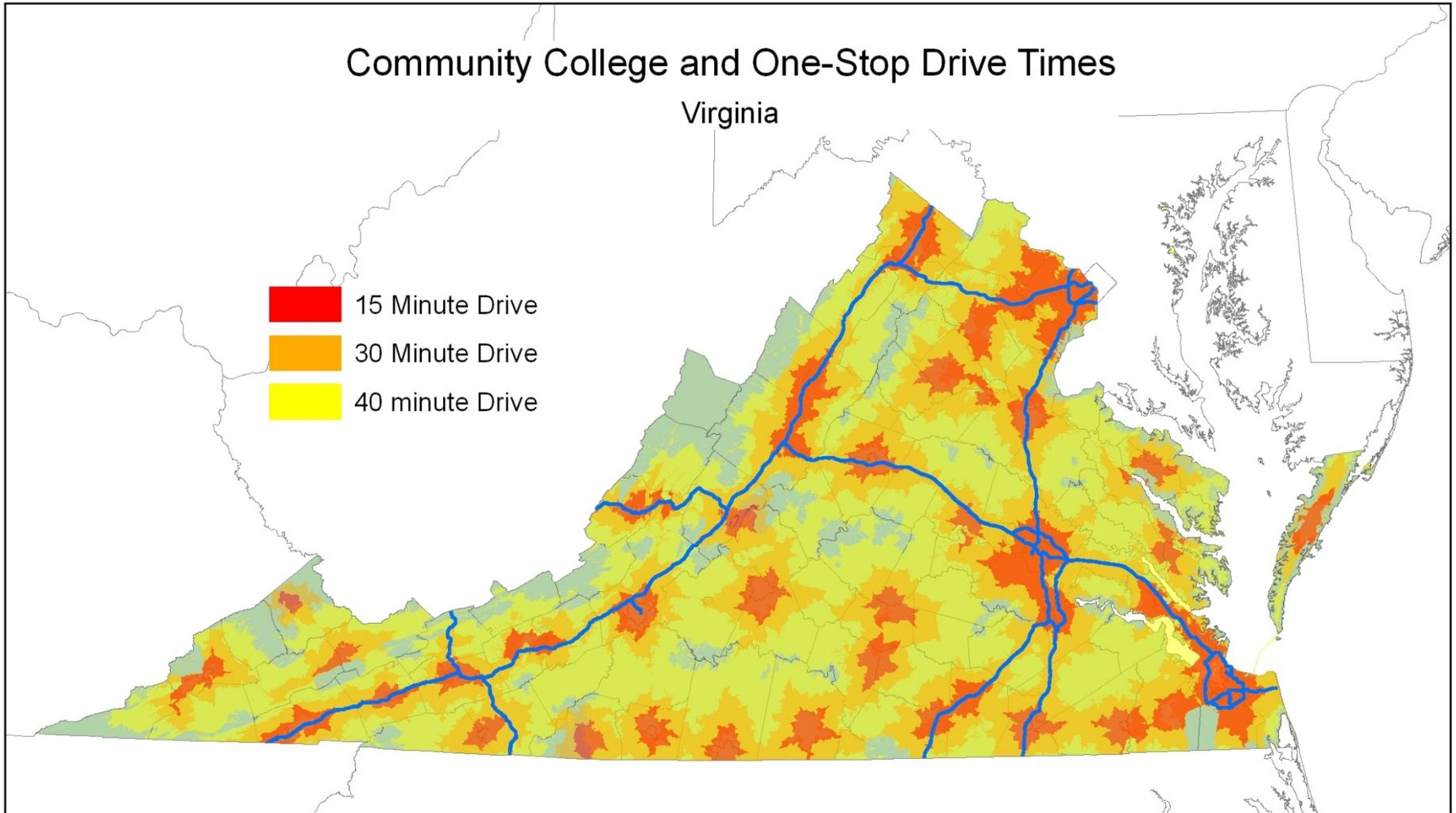
Virginia Community Colleges with Proposed WIA Regions
40 Minute Drive Time



Map Produced by Virginia Economic Development Partnership.

Community College and One-Stop Drive Times

Virginia



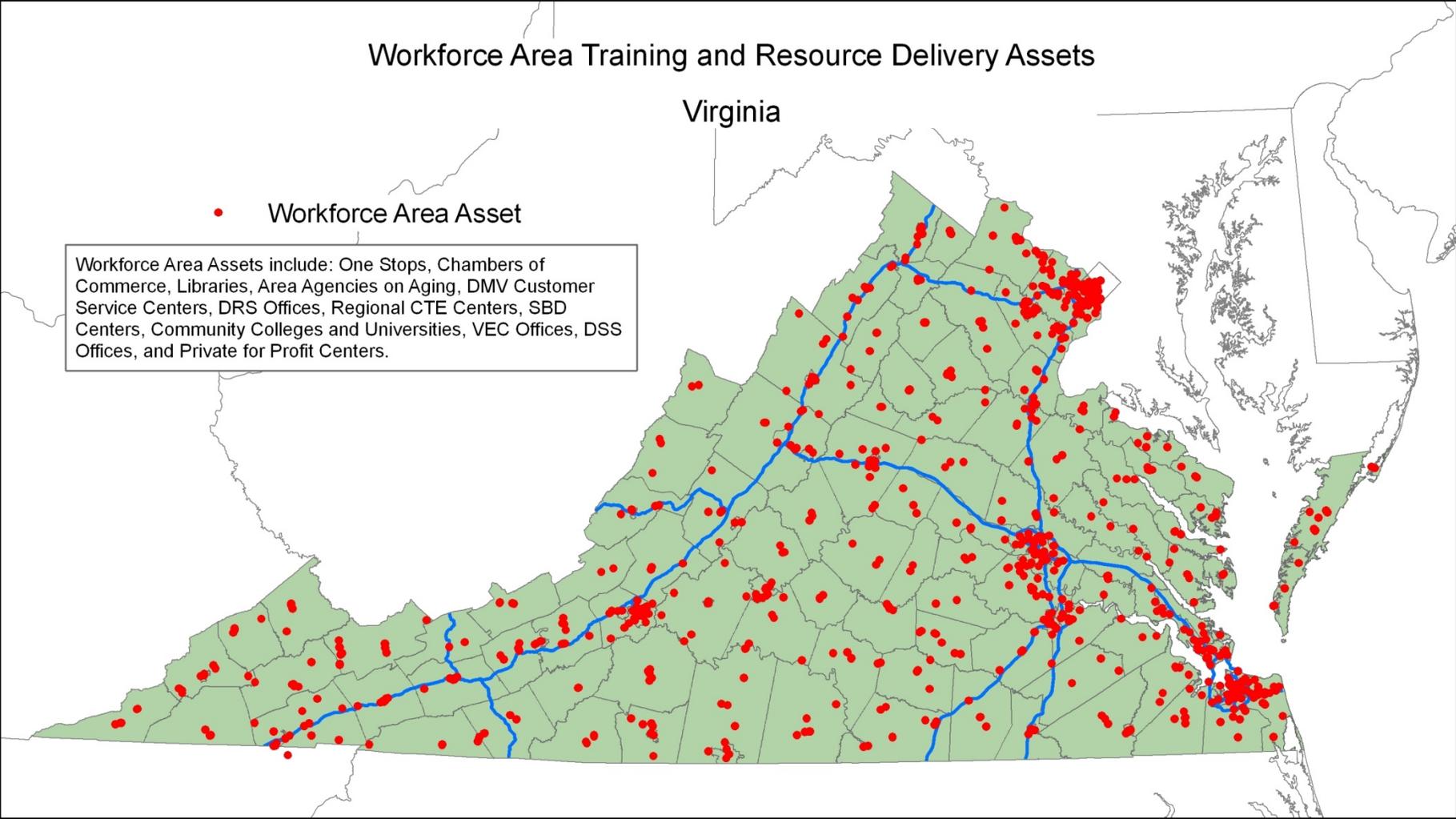
Map Produced by Virginia Economic Development Partnership.

Workforce Area Training and Resource Delivery Assets

Virginia

• Workforce Area Asset

Workforce Area Assets include: One Stops, Chambers of Commerce, Libraries, Area Agencies on Aging, DMV Customer Service Centers, DRS Offices, Regional CTE Centers, SBD Centers, Community Colleges and Universities, VEC Offices, DSS Offices, and Private for Profit Centers.



Map Produced by Virginia Economic Development Partnership.

Conclusions

1. There is precedent to change regional definitions that are based on labor markets
2. Workforce Investment Areas (WIAs), as defined in Virginia, don't align with labor markets
3. Labor markets of current MSAs (rural-adjusted MSAs) point to need for collaboration or consolidation among regions

[After the report.....]

- Executive Order 61 issued by Governor Kaine
 - Establishment of a network of regional workforce planning and implementation representatives to work with businesses in the Commonwealth to plan for and respond to regional workforce needs.
 - Such representatives will work with regions in the state, in cooperation with the Virginia Community College System, local one-stop partners, and local and regional economic development agencies for the purpose of being the focal point for anticipating and filling business workforce needs.

[After the report.....]

- Executive Order 61
 - The Virginia Workforce Council will develop a robust set of incentives and corresponding metrics to encourage Workforce Investment Boards to establish regions that reflect labor markets, commuting patterns and other strategic economic demands to meet worker and employer needs.

[After the report.....]

- Voluntary discussions advancing among workforce areas to realign.
- Certain jurisdictions exploring a move to align with areas for reasons other than “historical alliances”

Questions

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- Chris Chmura, 804.649.1107
 - chris.chmura@chmuraecon.com