

A Special Report on Five Midwestern States



RISING TO THE CHALLENGE:

Business Voices on the Public Workforce Development System

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In partnership with state and local chambers, the Center for Workforce Preparation (CWP), a nonprofit affiliate of the U.S. Chamber of Commerce, conducted a national survey to hear the voices of business—especially those that are small and medium-sized—on the challenges and successes of the publicly funded workforce development system.

As part of this national survey, the Joyce Foundation was interested in collecting data from communities in midwestern states. This report summarizes data collected in 18 communities from 5 of the 7 states served by the foundation: Illinois, Michigan, Minnesota, Ohio, and Wisconsin. Iowa and Indiana are not represented in this report due to insufficient data.

About the Survey

This survey and the subsequent reports and resources are the result of grants from the Joyce Foundation and the U.S. Department of Labor under the Workforce Investment Act. The purpose of the survey was to gauge employers' awareness, use, and perception of the publicly funded workforce investment system. CWP invited state and local chambers to collect surveys from local employers. The survey tools were released to these chambers on January 6, 2003. Data were collected between January 6 and February 7. Chambers distributed the surveys in person, via regular and electronic mail, and through postings on chamber Web sites.

Seventy-seven (77) state and local chambers of commerce participated in this effort nationally, 18 of which came from the five midwestern states addressed in this report and served by the Joyce Foundation (see the list of these chambers at the end of this report). Of the more than 3,700 usable surveys returned to CWP, 815 (approximately 22% of the national total) were from the Midwest.

The data used for this report were not collected using techniques to ensure a random and representative sample. Two of the five states are represented by employers from two communities, and two other states are represented by employers from three communities. The findings in this report should not be generalized to all employers in all communities in the identified states.

About the Center for Workforce Preparation

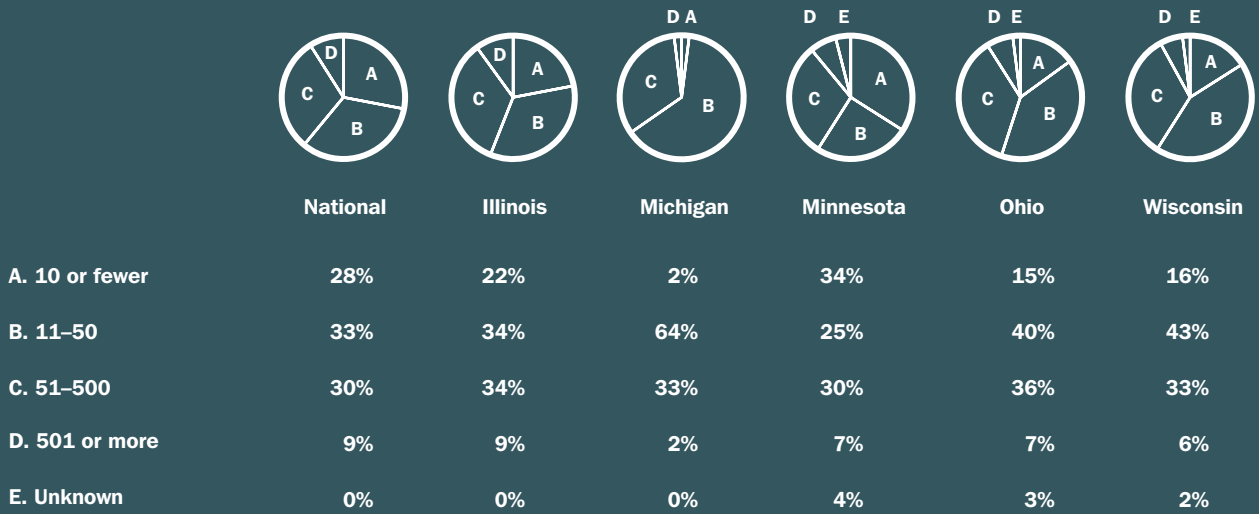
CWP focuses on workforce development and quality education issues. Its sole mission is to assist chambers of commerce in the development of workforce strategies so that their members can hire, train, retain, and advance workers with skills to compete in the 21st century. CWP helps build leadership in local chambers for workforce development and helps chambers recognize the value and importance of this leadership role. CWP provides tools, knowledge, and strategic relationships to help them become successful.

CWP, in partnership with local chambers, other workforce development organizations, and funders, has been instrumental in defining and demonstrating the important, unique role of local chambers in workforce development and education. Together, CWP and local chambers excel at reaching small and medium-sized businesses where the majority of job growth occurs.

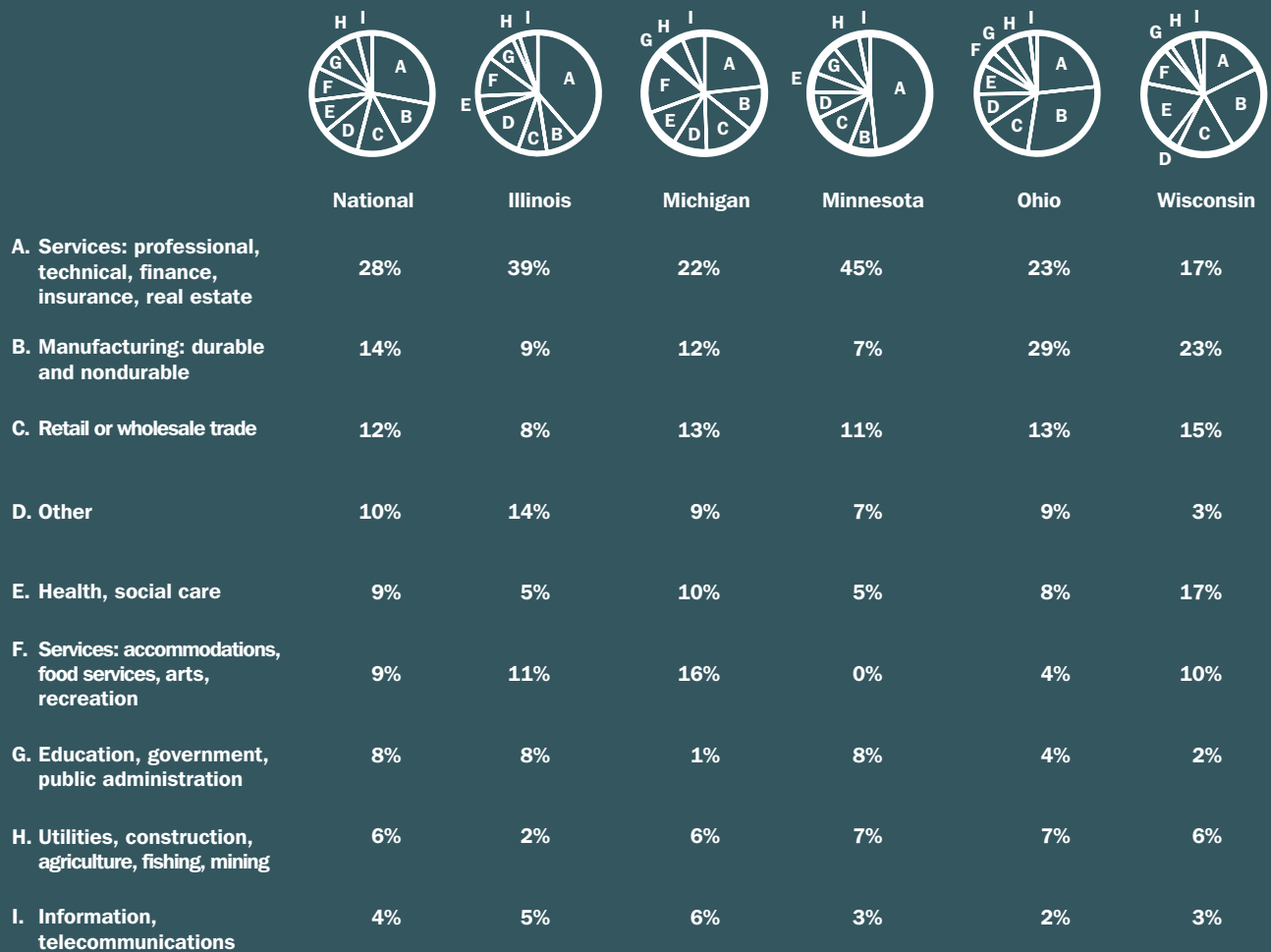
Workforce development is about more than hiring and training the right workers. It is also about identifying and addressing other critical factors such as transportation, health care, and childcare that enable people to work and advance in their careers. CWP promotes lessons and promising practices from successful communities to encourage chambers and employers to build resources that support productive workplaces.

Respondents: Size and Industry

Size, by number of employees



Industries



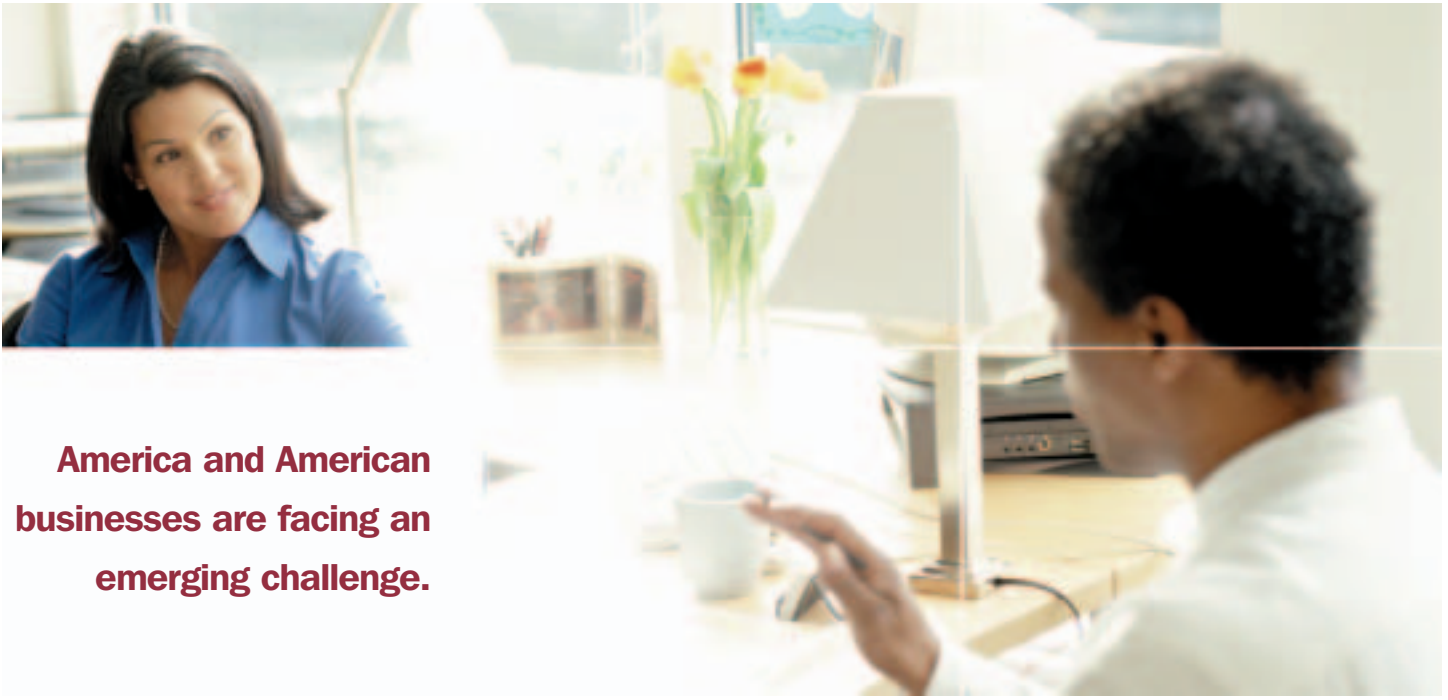
Key Findings

- In four of the five midwestern states, employers report having an easier time finding qualified job applicants than was reported nationally.
- Employers' perceptions of the publicly funded workforce development system among the five states varied on a continuum from social welfare (assistance for individuals) to economic development (assistance for job creation and business recruitment and retention).
- Compared to the national results, employers in these five midwestern states are less aware of, make less use of, and have less satisfaction with the services provided by one-stop career centers.
- The primary reasons employers cite for not using the public workforce development system are lack of awareness or the use of other available resources. Michigan was the only state of the five where low employer use of the public system was attributed to past dissatisfaction with services.

(a) Ability to secure qualified applicants



	National	Illinois	Michigan	Minnesota	Ohio	Wisconsin
A. Very hard to find	11%	2%	14%	5%	9%	7%
B. Hard to find	40%	36%	45%	37%	34%	33%
C. Not too hard to find	33%	42%	34%	36%	40%	44%
D. Easy to find	5%	5%	5%	11%	5%	5%
E. Not currently hiring	11%	16%	3%	11%	12%	11%



America and American businesses are facing an emerging challenge.

The Challenge

America and American businesses are facing an emerging challenge. The U.S. knowledge-based economy requires highly educated and highly skilled workers to maintain desired rates of growth. More than 80% of the 23 million jobs that will be created in the next 10 years will require some postsecondary education. While the number of positions for lower-skilled workers is expected to outpace the number of positions for highly skilled workers over the next decade, America's prosperity cannot rest on entry-level jobs. It must rely on its ability to create and fill highly skilled jobs.

In short, these are the challenges:

- There will be a shortage of 10 million workers to meet projected job growth by 2010. The Bureau of Labor Statistics predicts that there will be only 157 million people in the labor force to fill 167 million jobs.
- Growth in the native-born workforce for those between the ages of 25 and 54, the years of greatest productivity, is expected to be flat over the next 20 years, after growing approximately 44% over the past 20 years (Aspen Institute).

- The fraction of workers with some education beyond high school will grow by just 4 percentage points (58% to 62%) between 2000 and 2020, after rising nearly 20 percentage points in the past 20 years (Aspen Institute).

The Voices of Business

Finding and Keeping Qualified Employees

Despite the slow economy, employers across the Midwest report difficulties finding qualified workers to fill job openings. Michigan reports a higher percentage of employers having a hard or very hard time finding qualified workers compared to the national average. The other four states also face serious challenges, with two out of every five employers reporting difficulty securing qualified applicants.  (a)


This problem is greatest for small employers. Nationally, nearly 60% of employers with 11–50 employees report having a very hard or hard time securing qualified applicants. In the midwestern states, Minnesota mirrors the national survey results. Among the smallest employers nationwide (those with 10 or fewer employees), 41% report having difficulty finding qualified applicants.

Finding qualified employees is not the only workforce challenge employers in the Midwest face. Maintaining the skill level of existing employees is also a concern.

Forty-eight percent of the smallest employer respondents in Ohio have a more difficult time finding qualified employees compared to the national average. These numbers would likely be higher if it were not for the fact that one quarter of these smallest employers are not currently hiring.

Nationally and in the Midwest, employers use the same number and types of recruitment resources.¹ On average, employers use 7 of the 13 different resources identified in the survey when hiring new staff. However, businesses with 10 or fewer employees use on average only 5 of these hiring resources, while businesses with 50 or more employees use an average of 9. One-third of the national and midwestern survey respondents use 10 or more of the 13 resources.


Finding qualified employees is not the only workforce challenge faced by employers in the Midwest. Maintaining the skill level of existing employees also is a concern and, when combined with the shortage of qualified applicants, compounds the challenges faced by employers of all sizes and industries.

Respondents were asked to assess how well the skills of their employees meet current job requirements as well as their anticipated needs in two years. Nationally, approximately 40% of the respondents believe that their employees' skills meet current job requirements very well. That number drops to 31% when looking forward two years. This decline is the result of the ever-increasing skill requirements in the workforce, as technology and other advances outpace the ability of employers and employees to update skills.  (b)

In the five midwestern states, employers' attitudes toward the skills of workers were at least as positive as the national results. Only Michigan's employers have a more negative view of current workers' skills, with 32% reporting that employees' skills match existing requirements very well. However, the perceived decline in skills over the next two years is not as positive in the five midwestern states. Nationally, 23% fewer employers believe that their current workers' skills will match the skills needed in two years to remain competitive. In four of the five states, this decline is higher than the national result. Ohio and Minnesota report that one-third fewer employers believe that the skills of their workers will meet job requirements in two years.

Among major industry sectors nationwide, manufacturing appears to face the greatest challenge. Employers in this sector predict the largest decline in employee skills, from 33% to 21% by 2005, with 21% being the lowest response among all industry sectors. There were insufficient data to make comparisons with individual states. However, when looking at the five midwestern states collectively, the predicted decline in employee skills in two years is 11%, which is a substantial decline though less than what was reported nationally.

The Public Sector's Role

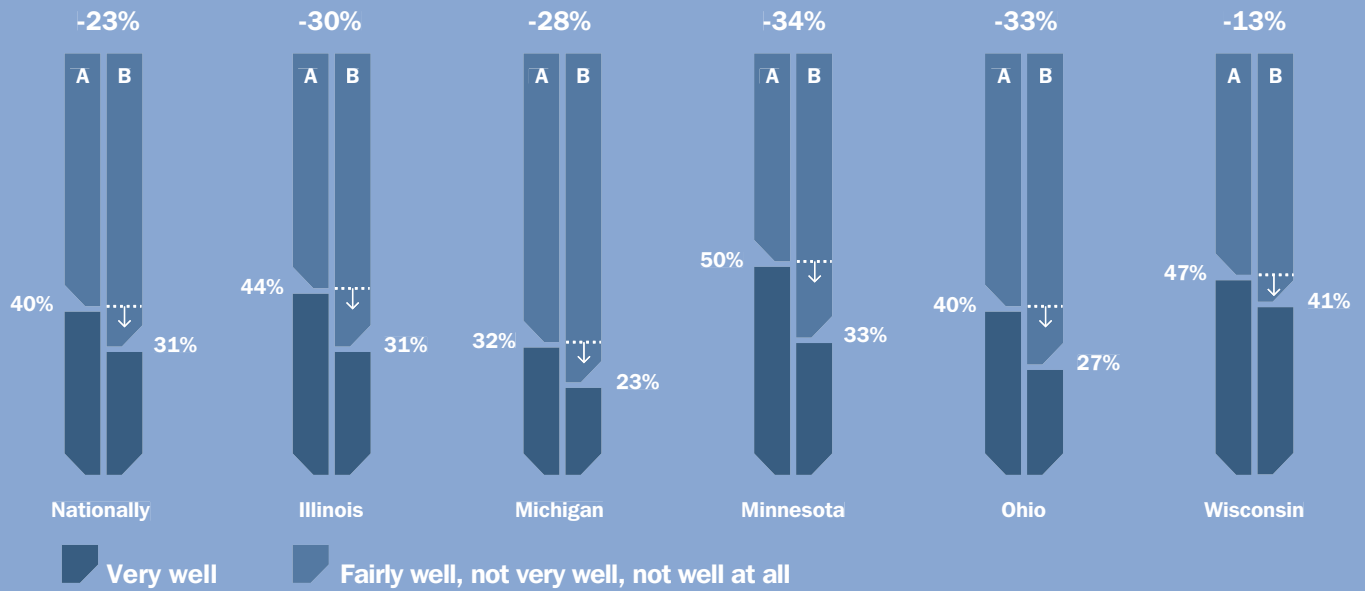
The Workforce Investment Act of 1998 (WIA) changed the publicly funded workforce development in this country by creating a dual customer system that recognizes business as an equal customer alongside individual job seekers. As a result of this change, almost 70% of respondents nationally view the purpose of the system as having some benefit to business.  (c)

¹ Recruitment resources listed were newspaper ads; referrals from current employees/friends; community, junior, or technical colleges; four-year colleges or universities; temporary service agencies; recruiting firms; job fairs; unions, trade, or professional associations; competitors; walk-ins; the Internet/online services; community-based organizations, including faith-based; and one-stop career centers.

(b)

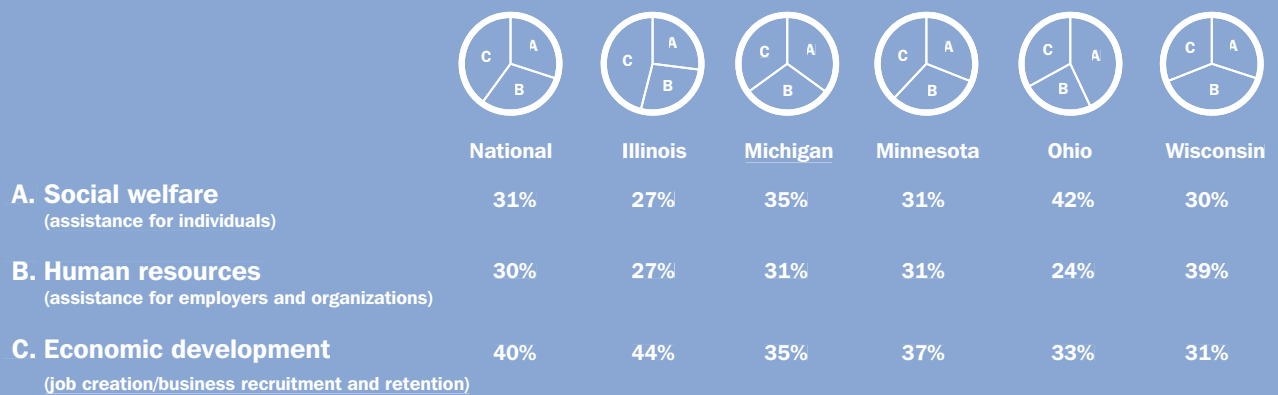
Incumbent workers who have skills that meet your needs very well

A. Currently B. Your anticipated needs in two years



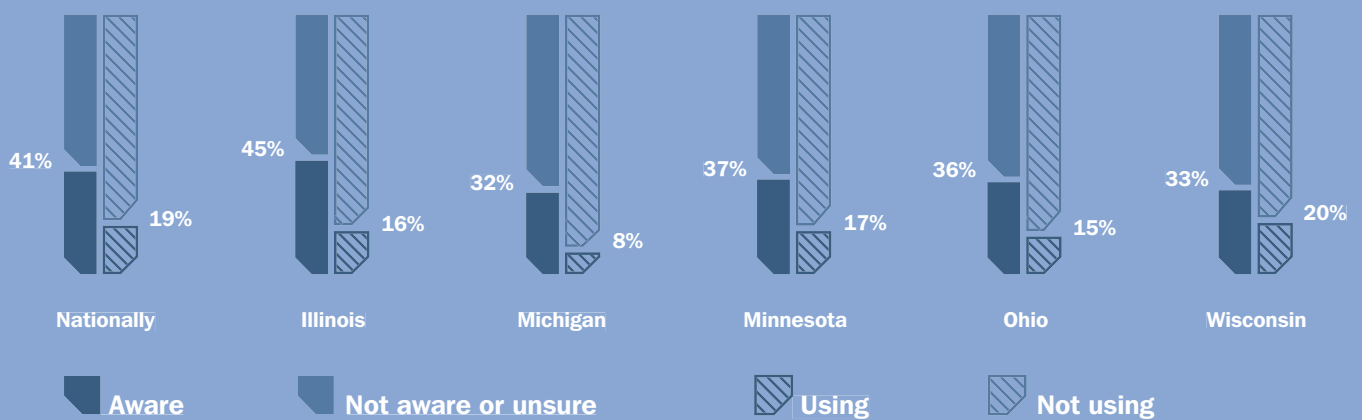
(c)

Purpose of the public workforce development system



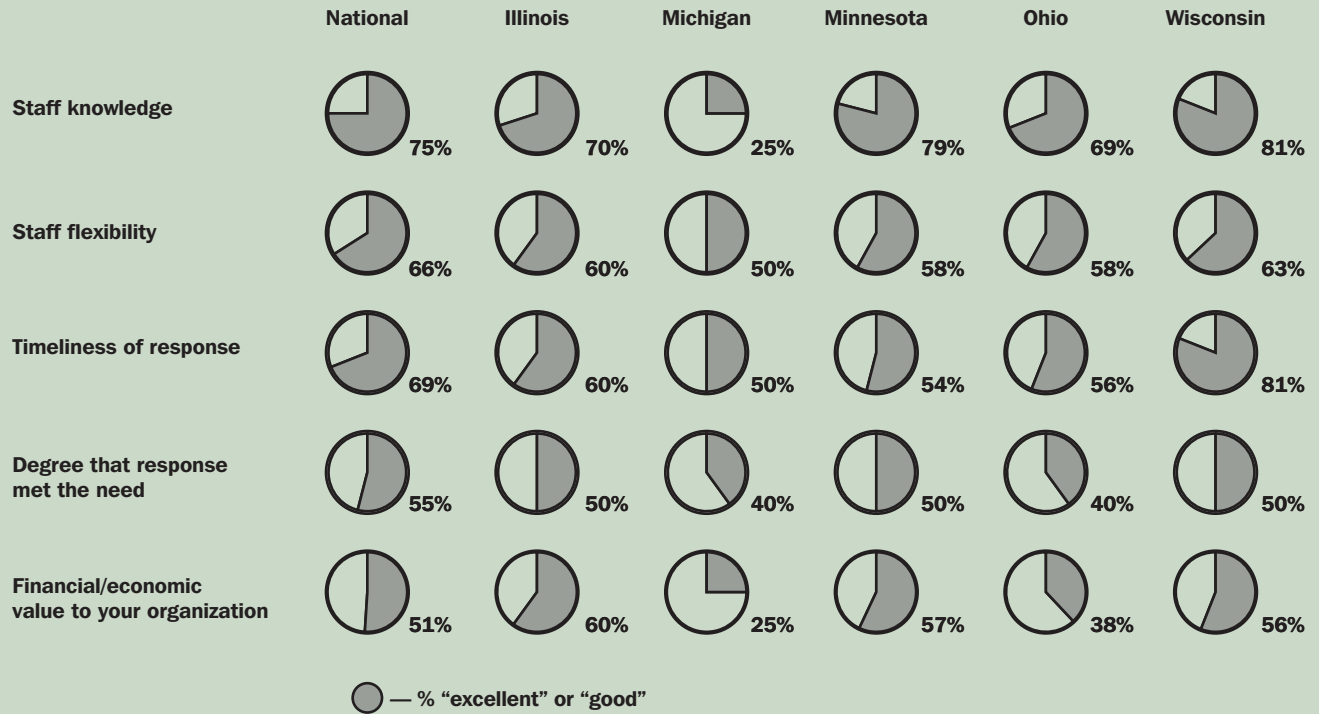
(d)

Awareness of one-stop career centers



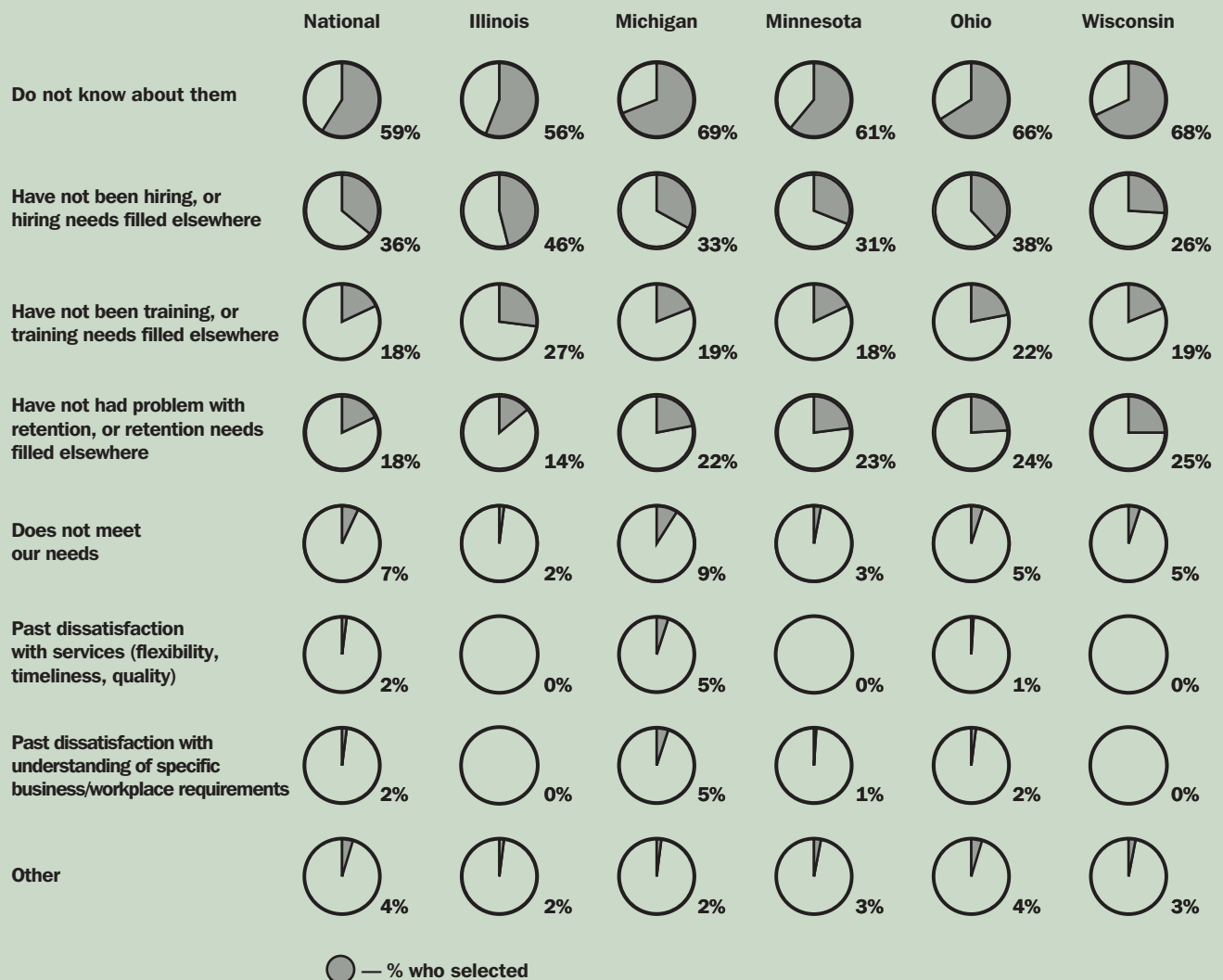
(e)

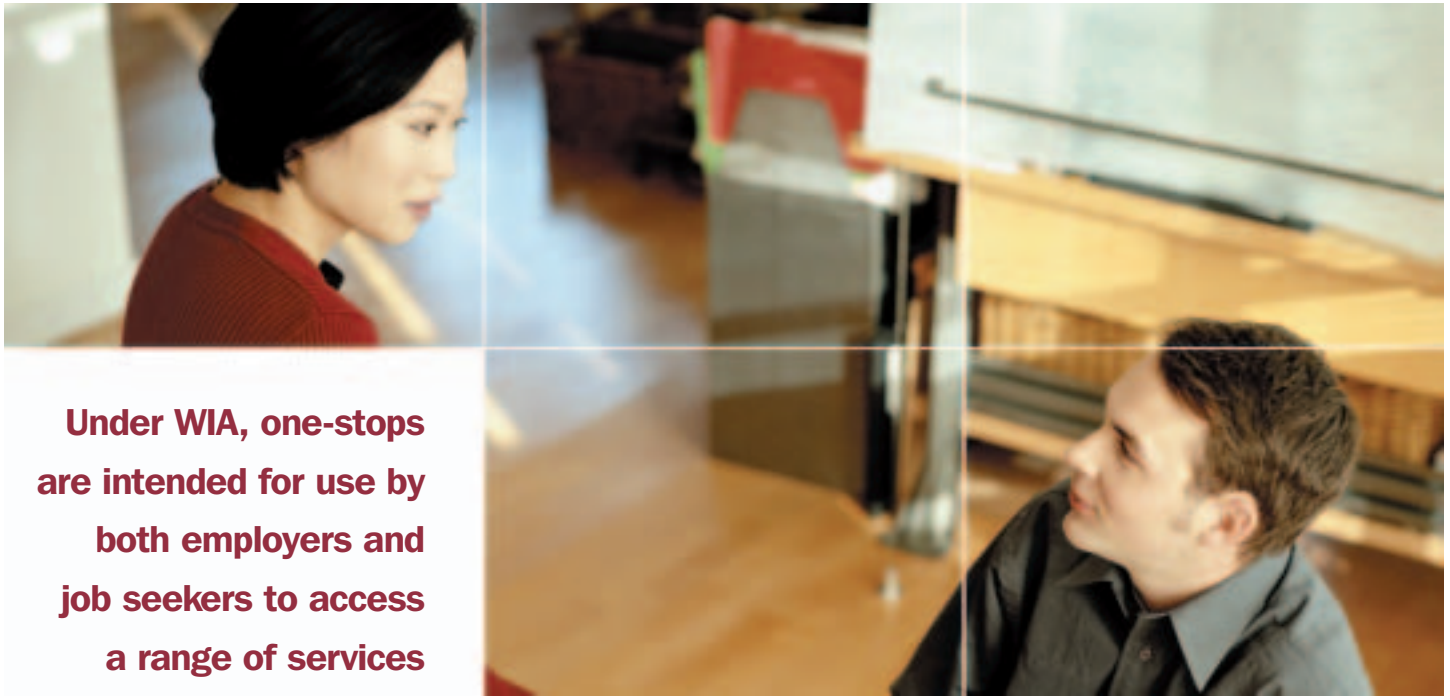
Satisfaction with one-stop career centers (if respondent has used the centers in the last 12 months)



(f)


Reasons for not using one-stop career centers (if respondent has not used the centers in the last 12 months)





Under WIA, one-stops are intended for use by both employers and job seekers to access a range of services and resources.


Forty percent (40%) of the respondents nationally believe that the purpose of the public workforce development system is economic development (assistance for job creation and business recruitment and retention), while 29% believe that the purpose is human resources (assistance for employers and organizations). Only 31% believe that the purpose is social welfare (assistance for individuals).

In the Midwest, employers in three of the five states—Michigan, Minnesota, and Wisconsin—are relatively evenly split in their perspectives on the system, with each of the three purposes mentioned above selected by approximately one-third of the respondents. Among employers in Ohio, 42% still perceive the publicly funded workforce development system to be oriented toward social welfare. In contrast, 44% of the employers in Illinois see the system as an economic development strategy.  (c) PAGE 5

One-Stop Career Centers

Under WIA, one-stops are intended for use by both employers and job seekers to access a range of services and resources. There are approximately 2,000 comprehensive one-stops around the country, as well as an additional 7,500 satellite offices. Illinois, Michigan, Minnesota, Ohio, and Wisconsin have approximately 550 comprehensive one-stops.

Survey results indicate that 41% of employers nationwide are aware of the one-stops and the services they provide in their communities. Among the five midwestern states, Illinois is the only state in which the percentage of employers' awareness of one-stops is higher than the national average. Michigan employers are least aware of their one-stops, with only 32% of responding employers indicating awareness.


As reported in the national survey, the smallest employers are least aware of one-stop career centers. Only 35% of those with 10 or fewer employees and only 36% of those with 11 to 50 employees report an awareness of one-stops. Employers with more than 500 employees indicated the greatest level of awareness. There are not enough data to make comparisons between the individual states and the national data.  (d) PAGE 5

The use of one-stops lags behind awareness. Approximately 19% of all employers nationally report that they have used a one-stop career center in the 12 months prior to completing the survey. Wisconsin exceeded that mark by 1%, while the other four states fell short of the national mark.

One-stops need to continue to raise awareness among employers and convert that awareness into action.


As with awareness, the larger the employer, the more likely it has used a one-stop career center in the past 12 months. This finding is consistent with the fact that larger employers generally use a greater number of recruitment sources.

To increase the number and percentage of employers who are aware of and use the services of one-stop career centers, these one-stops have to compete for the attention of employers and tap into the list of usual sources (newspaper ads, referrals, temp agencies, etc.) that employers use for recruitment and training. One-stops need to continue to raise awareness among employers and convert that awareness into action. Expanded marketing and awareness efforts to employers—especially small employers—should be considered a priority.

Employers who have used a one-stop career center in the past 12 months were asked about their level of satisfaction on five measures. Among employers nationwide, more than two-thirds of the respondents give a rating of either excellent or good for staff knowledge (75%), staff flexibility (66%), and timeliness of response (69%). More than half of these same employers rate as excellent or good the degree to which the one-stops meet their needs (55%) and the financial/economic value of the services to their organizations (51%).  (e) PAGE 6

Employer satisfaction levels range broadly within the five states. Wisconsin, Minnesota, and Illinois have a number of measures that exceed comparative national marks, while Michigan and Ohio have satisfaction levels that fall below the national figures.


Levels of satisfaction on meeting their needs and adding value may result from better understanding of the specific nature of employers' needs and expectations. Clearly identifying the needs of employers—especially small employers who may not have staff designated for human resources issues—is essential.

Besides being able to identify and address employer needs, another challenge facing one-stops is that employers don't know of their existence. This reason was given by nearly 60% of employers nationally when asked why they had not used a one-stop in the past 12 months. In the Midwest, the percentage of employers who are not aware of one-stops ranges from 56% in Illinois to 69% in Michigan.  (f) PAGE 6

A sizable number of respondents nationwide indicated that they do not need assistance in hiring, training, or retaining employees or that their need for this assistance was being met through other sources. Only a small number of employers indicated that the reason for not using one-stops in the past 12 months was that the one-stop didn't meet their needs (7%) or because of past dissatisfaction with services. Similar results are found in the Midwest, where employers respond that they did not use the one-stop because of past dissatisfaction, ranging from 2% in Illinois to 9% in Michigan.

Follow-up interviews conducted with a sample of employers that completed surveys clearly indicate that employers value personal relationships with agencies—whether public, private, or nonprofit—that help recruit candidates for employment. Employers want to work with organizations that understand their businesses and their workforce development needs.

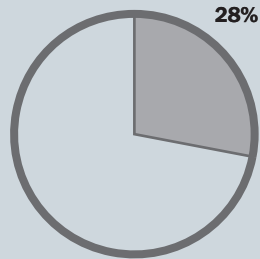
Workforce Investment Boards

Workforce Investment Boards (WIBs) also face challenges regarding their awareness by and interaction with employers. Only 28% of employers nationwide report that they are aware of the WIB that serves their area. Three of the five Midwest states report higher levels of employer awareness of WIBs compared to the national average, while two come in lower.  (g)

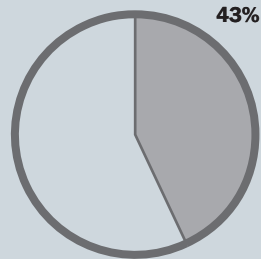
WIBs are charged with designing workforce development systems that meet the current and future needs of the employers and the economy in their service delivery areas. As such, the question is: How are WIBs able to do so if they have limited awareness by and involvement in the business community?



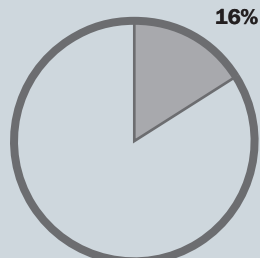
Awareness of the workforce investment board



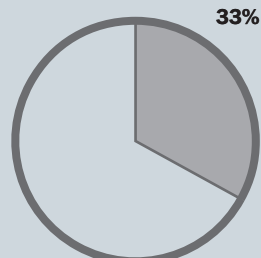
National



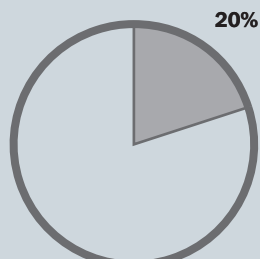
Illinois



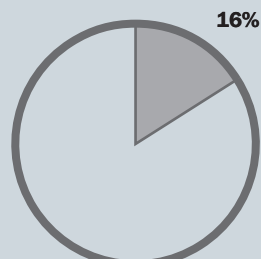
Michigan




Minnesota



Ohio



Wisconsin

 — % employer awareness



To be effective, workforce investment boards and one-stop career centers must be thoroughly engaged in the business community.

Conclusion

To be effective, workforce investment boards and one-stop career centers must be thoroughly engaged in the business community. At a minimum, employers must be aware of them and the employer-oriented services they offer. Survey results indicate that while progress has been made in this regard in the few years since passage and implementation of the Workforce Investment Act, additional progress still needs to be made. Based on these and other data, there is a continued need to

- improve outreach to employers,
- focus on those services that meet the needs of employers, and
- provide value to employers.

National and midwestern survey results indicate that employers who do not use one-stop career centers simply are unaware of them. However, compared to other data collected by CWP over the past two years, progress has been made. For the public system to be successful, its role needs to be clearer, and employers need to understand what to expect when they contact one-stops for services. It is unrealistic to expect all employers to use one-stops. But it should be expected that when employers do use one-stops, their satisfaction with the staff, services, and added value are competitive with other services.

According to the national and midwestern data, a majority of those employers who use one-stop career centers give them high marks. At the same time, however, a large percentage of employers have yet to experience the real value of the services one-stop career centers offer. This point should be viewed as an opportunity for the public workforce development system to meet a real challenge for employers—securing and retaining the qualified, skilled workforce they need to remain competitive.

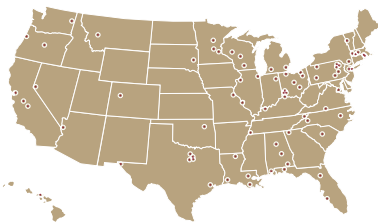
List of Participating Chambers

Chicago, IL	Chicagoland Chamber of Commerce
Moline, IL	Illinois Quad City Chamber of Commerce
Detroit, MI	Detroit Regional Chamber
Kalamazoo, MI	Kalamazoo Regional Chamber of Commerce
Inver Grove Heights, MN	River Heights Chamber of Commerce
Saint Paul, MN	Saint Paul Area Chamber of Commerce
St. Cloud, MN	St. Cloud Area Chamber of Commerce
Akron, OH	Greater Akron Chamber
Cincinnati, OH	Greater Cincinnati Chamber of Commerce
Cleveland, OH	COSE/Greater Cleveland Growth Association
Delaware, OH	Delaware Area Chamber of Commerce
Mason, OH	Mason Landen Kings Chamber of Commerce
Milford, OH	Clermont Chamber of Commerce
Toledo, OH	Toledo Area Chamber of Commerce
Zanesville, OH	Zanesville-Muskingum County Chamber of Commerce
Eau Claire, WI	Eau Claire Area Chamber of Commerce
Marshfield, WI	Marshfield Area Chamber of Commerce & Industry
Monona, WI	Monona Chamber of Commerce



Snapshot—National and Five Midwestern States

National



Illinois



Michigan



Number of communities	77	2	2
Number of employers	3,700+	64	67
Percent reporting it is very hard finding qualified employees	11%	2%	14%
Percent aware of one-stop career centers	41%	45%	32%
Percent using one-stop careers centers	19%	16%	8%
Percent aware of their workforce investment board	28%	43%	16%

Minnesota



Ohio



Wisconsin



Number of communities	3	8	3
Number of employers	152	445	87
Percent reporting it is very hard finding qualified employees	5%	9%	7%
Percent aware of one-stop career centers	37%	36%	33%
Percent using one-stop careers centers	17%	15%	20%
Percent aware of their workforce investment board	33%	20%	16%

Assisting Local Chambers

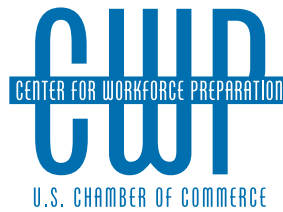
Local and state chambers that collected and returned a minimum number of surveys received a free, customized report based on the data collected from their employer respondents. This report will help these chambers and their communities better understand their workforce development challenges, how the publicly funded system is meeting those challenges, and potential avenues for moving forward. Many chambers will convene business, education, community, and policymakers to discuss the findings in their local reports and to make plans for improvement.

Additional Resources

A comprehensive set of national data tables based on the survey results are available on the CWP Web site: www.uschamber.com/cwp. Data are presented by size and industry breakdowns for survey questions related to the following:

- Hiring/recruiting
- Training
- Retention
- General awareness and use of one-stop career centers
- Employers who have used one-stop career centers
- Employers who have not used one-stop career centers
- General awareness and interaction with workforce investment boards
- Purposes of the public workforce development system

The Joyce Foundation



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