

Funding can be bolstered by a statewide corporate income tax check-off, which would allow the state's corporations to voluntarily contribute resources to the state's economic development entities—including the Bay Area Regional Economic Development Partnership, as well as existing EDCs, such as LAEDC and SDEDC. This approach would allow economic development organizations to capture a small amount of funding from the businesses they are designed to assist. Legislation enabling this program can also incorporate new EDCs in regions of the state that currently do not have an organization filling this capacity—or make permanent the regional work already being done through the California Economic Summit process.<sup>40</sup> To track the effectiveness of this program, the state should develop a methodology for regional economic development organization to uniformly track job creation efforts.

## Create an Adaptive Regional System for Workforce Development:

### 4 Producing World-Class Skills and Expanding Opportunity

#### CONTEXT

The Bay Area has one of the most dynamic labor markets in the country today. The unemployment rate in all of the region's nine counties was below the statewide average of 6.2% in May 2015. In San Francisco, the unemployment rate was just 3.4% in the same month.<sup>41</sup> While the conversation around the Bay Area's workforce often focuses on technology companies in heavy competition for top technical talent, the region has a highly diverse economy, and employers across all sectors face challenges in finding workers with the skills they need.

As tools and industries change, jobs and the skills required for those jobs also change. Increasingly, these changes are creating mismatches between the skill sets of workers and those required by the region's employers. This is the case for growing technology companies as well as for established employers in the public and private sectors. The growing skills gap has major implications for middle-wage opportunities, where employers are challenged to fill available positions. Many sectors also face an aging workforce with large numbers of key employees nearing retirement, and the pipeline for skilled replacement workers is not sufficient.

The current models for training and retraining workers present a major challenge. According to California's Strategic Workforce Development Plan 2013–2017, "California's workforce institutions and problems are siloed." Career Technical Education (CTE) programs "are not linked into coherent career pathways," and, "California's system of basic skills education is failing most students."<sup>42</sup>

As a result of the disconnections across the diverse mix of educational systems, training facilities, and workforce development organizations, programmatic decision-making in the Bay Area takes place without a strategic approach focused around a regional vision. Coordination across education providers, employers, and Workforce Investment Boards (WIBs) is weak. The varied funding streams and grants from federal, state and local sources that flow into the education and workforce development space are siloed as well. As a result, few common agendas and no broad regional strategy can emerge.

Only a few workforce development efforts are informed by active collaboration with employers. For example, the East Bay Leadership Council has assembled a task force to strengthen the partnership between industry and education. At the high school level, the Linked Learning initiative combines rigorous academics, demanding technical education, and real-world experience to build the skills necessary for viable careers today. In a new initiative, the Bay Area Community College Consortium has expanded its previous role in regional career technical education curriculum approval to oversight of the state grants allocated to its 28 member colleges. The goal is to better meet regional employer needs while avoiding duplicative efforts in curriculum development and program offerings.

The Bay Area's labor market is regional, but current workforce development efforts are limited to specific places within the region. While employers can engage with community colleges and WIBs to address workforce gaps, these efforts often occur at minimal scale with one employer working with a single program. Particularly in the area of technical training, this lack of regional vision creates duplicative programming and gaps in the region's workforce investment programs.

In addition to challenges within the education and training system, the Bay Area's high cost of housing contributes significantly to the challenges faced by employers. This is the case for recruiting highly skilled workers coming from outside the region as well as for retaining employees currently in the Bay Area who have the ability to move to places with lower costs of living—either by changing employment or by transferring within their organizations. This makes finding and keeping talent in the Bay Area more challenging.

## STRATEGIES

**To address these issues, the Bay Area requires a workforce strategy that can quickly respond to changing skills needs in the labor market and, therefore, best position individuals for success and best support the viability and competitiveness of the region's employers.**

### **STRATEGY #1:** *Establish the Bay Area Collaboration on Workforce Development*

Given the pace of change in the skills employers need and the realities of the geographic scope of the region's labor market, the Bay Area should establish a regional public-private collaborative effort around workforce development. This collaboration can create an ongoing dialogue between the region's employers and the education community about changing workforce needs and how best to deliver the necessary training to Bay Area workers.

Employers are on the front edge of recognizing changing workforce needs. Sometimes these changes are particular to a specific industry, but in most cases similar shifts in needs are taking place across sectors.

Regional collaboration will create a better understanding of how to span the skills gap in the region. Synergies across sectors can be identified, relevant curricula can be collaboratively developed among employers and education and training organizations, and facilities can be shared. The ongoing feedback loop between employers and educators can build efficiencies in the labor market and training systems. It can also help develop career pathways within and across sectors, providing greater seamlessness for workers to move across different sectors with qualifications that translate more easily.

The Bay Area Collaboration on Workforce Development should have three central goals:

#### ***Create vital regional feedback loops.***

#### ***Provide public education and inform policy advancement.***

#### ***Improve resource alignment.***

Each goal is outlined below along with concrete actions for implementation.

#### **Create Vital Regional Feedback Loops**

A systematic approach to workforce development would provide vital feedback loops to job seekers, students, educators, trainers, and other stakeholders, enabling highly adaptive and cost-effective planning for competency development programs. Some programs must be built to address unique or one-time needs. Others could be developed with a highly evolutionary framework that would allow for continual adjustment driven by the changing needs of employers.

The regional workforce collaboration would target the following tasks on an ongoing basis:

Identify common areas of needed skills among Bay Area employers.

Determine what skills development would be feasible for current workers, in order to "upskill" in their current jobs, and how this training could be efficiently developed and delivered region-wide in a collaboration among employers and educators.

Develop career pathways within and across sectors that will enable workers to move across different sectors, and establish standardized skills qualifications to facilitate this movement.

Determine what specific training should target earlier stages of the educational and training pipeline and how employers can help shape this curricula in collaboration with K-12 schools, community colleges, and other institutions.

#### ***ACTION: Incentivize private sector engagement in regional workforce development efforts.***

To better leverage public resources and improve the efficacy of workforce development programs, public funding models for workforce development need to better reflect the reality that labor markets are regional. The governor, legislators, and relevant state agencies can incentivize regional collaboration through workforce development funding programs, such as the Career Technical Education Incentive Grant Program, which spurs partnerships between school districts, colleges, and business.

The business community needs to play a leading role in regional collaborative workforce efforts and should be eligible for public funding to develop and manage such cooperative systems. Funding could then be made available to businesses willing to offer apprenticeships, internships, or training programs themselves. Incentive funding should also be available to businesses that are willing to provide faculty development opportunities that would increase the quality and relevance of career technical education curricula. Typically, attempts to involve the business community in the workforce system have tended to be limited in scope and not sustainable. Incentivizing business to engage and stay engaged will benefit education programs, training providers, and the regional and state economies.

#### **Provide Public Education and Inform Policy Advancement**

The gathering and sharing of information related to changing employer needs and the collaborative development of curricula for the ongoing adaptation of the region's workforce is vital for success. The public must be made aware of how the demand and course content is changing for different degrees, certificates, credentials, and career pathways and what new opportunities are emerging. This is also the case for apprenticeships, internships, and other opportunities for career advancement.

The Bay Area needs a regional resource for the following:

Ongoing mapping and public education on changing workforce needs in the region based on employer engagement and economic analysis;

Accessible analytic resources to track and communicate workforce trends in the region.

**ACTION: *Develop and maintain a regional web-based resource for communicating workforce trends and training opportunities.***

The regional workforce collaborative should develop an accessible web-based resource for communicating information on industry, occupational, and other workforce trends. Labor market information would include feedback from ongoing employer engagement regarding projected needs for identified knowledge and skills in the workforce. The online tool would also provide a resource to identify training opportunities in the region for new workforce entrants as well as seasoned workers seeking new skills.

The web-based resource would provide educators and trainers with the information they need to align programs with employer needs and provide workers, students, and families with the information they need to make wise choices about careers and career pathway programs. This resource could also help employers make site selection decisions.

### **Improve Resource Alignment**

Creating greater alignment across workforce development efforts—through collective actions to identify regional workforce issues, strategic solutions, and metrics for outcome measurement—will allow public and private sector stakeholders to maximize their efforts in a more coordinated manner across the region. Greater alignment will create greater transparency for individuals, employers, and program administrators about the region’s training opportunities. Transparency and coordination can improve cost efficiency, as unnecessary duplication of programming can be reduced or eliminated and more resources can be directed to improving and expanding the upskilling of current employees.

**ACTION: *Develop and implement a plan at the state level for better alignment across workforce-related programs, including mechanisms to share education and workforce data.***

Relevant state agencies and departments should catalog all state and federally funded programs related to workforce development and then require that coherent regional systems be formed from those multiple existing programs. Some momentum stems from the recent reauthorization of the federal Workforce Innovation and Opportunity Act (WIOA), which requires states to enhance coordination across workforce development providers through a unified strategic plan for core programs.

The current fragmented and piecemeal approach to workforce development is counterproductive and results in redundancies and inefficiencies. California has 15 community college economic development regions, 49 workforce investment boards, multiple adult education and career technical education programs, and other ad hoc groupings for programs such as the federal Trade Adjustment Assistance Community College and Career Training Grant Program (TAACCT) grants and the state Career Pathways Trust grants. Each of these programs does have its strengths, though regional collaboration would allow these providers to integrate the best practices from around the region into their programs. The many overlapping regional agencies and coalitions create significant duplication and inefficient use of resources, and greater regional coordination would allow them to combine, where practical, to create programs that more directly address employer and worker needs. Additionally, employers seeking to connect with a coherent system find the current ecosystem logistically challenging and lacking in sustainability.

### **STRATEGY #2: *Build a World-Class Workforce in the Bay Area***

In addition to the Bay Area Collaboration on Workforce Development proposed above, much can be done to support the development of world-class talent in the Bay Area. While the region benefits from many top schools, many more struggle with limited funding and high proportions of students from disadvantaged families.

For decades, the Bay Area has benefited from its ability to attract the world’s top talent to its universities, companies, and research centers. However, as opportunities improve in other places in the world and housing costs become a bigger barrier to recruitment in the Bay Area, investing in the development of talent across all skill levels at home becomes that much more important.

To do this requires a systemic approach and a longer-term view that emphasizes high-quality early childhood education, universal STEM programming, and stronger professional development for K–12 teachers. Best practices in education and training—whether developed by employers or educators—should be explored and widely published. This, combined with establishing common success metrics and curriculum standards, provides a framework for the accountability necessary for a higher return on investment at all levels of education. The following state policy actions can help to accomplish this goal.

**ACTION: *Realign incentive structures related to workforce development funding.***

Creating new incentives for all stakeholders involved in the workforce development system will go far in addressing workforce needs. There is ample opportunity for aligning incentives across educational institutions, students/workers, and employers.

California funds many workforce and community college programs on a per student basis, meaning these programs have little incentive to align their offerings with the needs of employers. For example, courses in computer-aided design (CAD) may do a better job of fulfilling unmet industry demands when compared to other courses that may have existed for a long time, but community colleges have no incentive to expand their CAD course offerings. Other states provide differential levels of funding depending on the cost of the program and the degree to which it meets industry demand.<sup>43</sup> By realigning the state funding structure, incentives can be created for college and vocational programs to adjust curricula more quickly to match the skills needed by employers.

Even with this incentive on the supply side, students may need a push to actually enroll in these career pathway programs. More state funding dollars can be set aside for tuition and fee reimbursements to students who successfully complete programs in areas of critical skills needs.

Tax incentives for employers that participate in apprenticeship programs—especially in manufacturing—can be useful in bridging the skill and generational gaps going forward. Funding options should also be considered to better integrate industry professionals who possess significant experience into career technical education instructional programs.

**ACTION: *Allow community colleges to offer multiple four-year degree programs.***

In early 2015, California community college officials gave approval for 15 community colleges to offer four-year degree programs—joining more than 20 other states in expanding the degree-granting ability of community colleges. It is estimated that these new programs could provide thousands of workers in technical fields at roughly half the cost of attending a California State University campus,<sup>44</sup> creating new opportunities for more students to enter the workforce with a four-year degree. However, each district is limited to just a single four-year degree program, significantly diluting the potential impact of broadening community college offerings. Where appropriate and with proper evaluation, community colleges should be allowed to offer multiple four-year degree programs in order to best match the advancing workforce needs of local industries.

## **5 Drive Greater Efficiency in the Bay Area's Transportation System**

### **CONTEXT AND GOALS**

The transportation system serves multiple economically significant functions—it moves people to their places of work every day and is the network by which goods are moved through supply chains to their end users. If the system serves these functions well, it will enhance economic activity and facilitate a robust economy. When regional transportation systems struggle to seamlessly move goods and people, economic activity is hindered and productivity is lost.

The Bay Area's current transportation system is increasingly plagued by congestion and delays, creating lost time for Bay Area workers and lost dollars for the region's businesses. While congestion is closely linked to strong economic activity—which the Bay Area has exhibited since the Great Recession—the region's transportation systems are overcrowded and becoming a limiting factor for the Bay Area's future economic prosperity. Vehicles in key highway corridors leading to job centers in San Francisco and Silicon Valley are at a near standstill during rush hour. Trucks carrying goods from the Central Valley dot the region's gateway corridors, but are often traveling in heavy traffic. And the region's two major commuter railways—BART and Caltrain—are carrying “crush loads” and confronting maintenance issues at a growing rate. While gridlock continues to worsen, Bay Area transportation operations and improvement remain driven more by adherence to past practice, outdated agency boundaries, and institutional convenience than by a customer-focused imperative with urgency to improve mobility.

Ambitious action and investment in the Bay Area's transportation system is required to position the region for success going forward. Long-term, large-scale transportation solutions—funding mechanisms and specific projects—are highlighted in the section titled Securing the Future through Critical Regional Infrastructure Investment. These ambitious strategies would have significant positive impacts on the Bay Area's global competitiveness and prosperity, but they require long timelines.

In the short and medium term, there is much that can be done to mitigate the growing pressures on the region's transportation system and vastly improve efficiencies. The policy recommendations outlined here focus on near-term opportunities for regional planners to exercise greater leadership in bringing increased efficiency to the transportation network. These recommendations target three key overarching goals. Each goal includes a metric for tracking success. The strategies and actions detailed below are interrelated and will impact more than one defined goal.