



Civic Caucus

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## Statewide Crusade to Secure Minnesota's High Quality Workforce A Civic Caucus Focus on Human Capital Statement

In its statement of September 8, 2014, the Civic Caucus highlighted threats to Minnesota's nationally recognized economic advantage, that is, the quality of Minnesota's workforce. Based on further interviews and deliberations, the Civic Caucus offers this follow-up statement outlining policies, principles and proposals we believe should guide Minnesota's Governor and Legislature as they consider bills to address this workforce issue during the 2015 legislative session. The magnitude and urgency of threats to Minnesota's high quality workforce demand that the state of Minnesota, led by the Governor and involving a broad range of interests in all parts of the state, mount an organized human capital crusade to secure the state's strong economic future.

### **A Statewide Crusade to Secure Minnesota's High Quality Workforce January 25, 2015**

**I. Summary:** Minnesota's nationally recognized economic advantage, the quality of its work force, is threatened by scarcity of needed talent, the advent of new types of jobs requiring new and different skill sets, inadequate skills training, and a shrinkage in the state's working-age population. Lacking skills for increasingly more technically demanding jobs, perhaps 500,000 or more Minnesotans are underemployed. The state's growing, job-creating firms need more highly qualified personnel, from entry level to management. We face a projected net decline of 100,000 working-age Minnesotans by the year 2030, as the number of retirees exceeds new entries into the work force.

The magnitude and urgency of these threats demand that the state of Minnesota, led by the Governor and involving a broad range of interests in all parts of the state, mount an organized human capital crusade to secure the state's strong economic future. This will require not just tweaking a law here or there, but a disruption of the status quo. An unrelenting commitment is essential to ensure enough trained talent for current and new jobs at all levels of responsibility in all economic sectors for the immediate future and beyond.

Simultaneously the state needs to acknowledge the significance of, and design responses to, a revolution occurring in the very nature of work. We are only beginning to see the serious implications of this transformation of the work world, but we must begin to address these structural changes now to ensure an adequate and timely response.

**II. Introduction:** The heart of the Civic Caucus is our commitment to learning, without partisan bias, about key public policy issues. Striving to learn from a broad range of knowledgeable persons before we offer opinions, we have held some 400 interviews over the past ten years. We prepare written summaries of all interviews, which, after approval by the interviewees, we email to some 5,000 subscribers. All interview summaries are permanently accessible on our [website](#), as are our statements on key issues.

In 2014, we conducted 53 interviews on the subject of Minnesota's human capital and continue to date to focus on this subject. Today's statement is a follow-up to our [statement on human capital](#) issued in September 2014. We outline here policies, principles and proposals we believe should guide Minnesota's Governor and Legislature as they address workforce issues during the 2015 legislative session. We believe this statement should also serve to guide related efforts by other policymakers, state agencies, business leaders and organizations, education institutions, nonprofits, job training organizations, foundations and other community leaders.

**III. Background:** Public policy in Minnesota centers on its people, the state's greatest strength. Public policy is led by the Governor, funded by the Legislature, and implemented for the benefit of all state citizens. Whether policy involves health; natural resources; safety; transportation; E-12 ( Early childhood through 12th grade) and postsecondary education; supply and demand for jobs; elections; or any other topic, human capital almost always is a central factor.

In our previous statement on human capital we stressed the demographic issues leading to an inevitable and serious shrinkage of the state's working-age population. We warned against complacency stemming from Minnesota's admirably low unemployment rate, the most common, but often misleading, indicator of economic health.

Our economic prospects are now further complicated by the fact that there is increasing evidence, in Minnesota and elsewhere, of a revolution in the very nature of work. The dimensions and implications of this revolution are only beginning to be apparent. Minnesota cannot be complacent any longer. The coming demographic shift compounded by the shift in the nature of work means we must look far deeper to assess our economic well being.

We must look beyond concepts that no longer define a typical job, such as the archetype of a secure, five-day-a week, 8-to-5 job, for 30 to 40 years, working for one employer at a time. While that concept may continue to be real for some of us, the concept of work for many is being radically restructured. Businesses are integrating high-tech capability and are evolving new business practices that transform the nature of jobs and consequently the demand for workers.

Ironically, while Minnesota's current shortage of qualified workers is widely recognized, doubts arise over whether the economy will generate opportunity for everyone who seeks a living wage. If the economy needs fewer workers, what other means of providing a livelihood will there be? What will happen to wages and benefits? Who might be working only temporarily, part-time, free-lance, on-demand, or self-employed not by choice, but by necessity? How long can one expect to work? Where, both occupationally and geographically, are most changes occurring? What qualifications are needed for new jobs being created? Are schooling and skills-training institutions satisfactorily anticipating changes? Are people kept from schooling or training for lack of sufficient income? Are younger people aware of and being educated adequately for new work environments? What does it mean as more jobs are filled via contracting instead of hiring?

Differences occurring in people's life experience and opportunities might be as significant as changes in the nature of work. Because of changes in family structure and other societal developments, the new generation of workers is likely to have had both fewer role models and less previous exposure to the workplace than generations before.

Minnesota's strength has always been rooted in its people. Its educated, motivated, trained workforce has led the country and made the state competitive, stable and economically successful. But demographic and societal trends clearly show that this advantage will soon be lost without strong actions to meet the challenge. Minnesota will need more and better-qualified individuals at every level to fill the available jobs.

The consequences of stagnation or decline in the size of Minnesota's qualified workforce could be severe. Employers might be unable to expand; some might need to relocate to other states to find enough trained workers. Failure to increase skills training would condemn large numbers of workers to low-wage jobs or joblessness. Without the necessary human capital base, we will not be competitive.

To mitigate the effects of changes in the nature of work, in social structure and in demographics that threaten the state's human capital, we offer the following recommendations:

**IV. Our recommendations.** Led by the Governor, as the leader of the entire state, Minnesota and all its varied interests must make a commitment of unprecedented proportion to equip its workforce to meet current and future demographic and skill level challenges. We must embrace a common strategy across every sector—education, business, local government units, state government agencies, and foundations—to accomplish this.

Minnesota has a wealth of organizations that must play important roles in meeting the challenge. These include large and small employer associations, employee associations and unions, community colleges, technical schools, University of Minnesota, other public and private four-year universities and colleges, non-profits and foundations, and agencies and commissions that deal with economic development and planning, including the offices of state economist and state demographer. Drawing together these diverse entities to build a work force ready to meet the future is essential. The necessary coordination of these entities can only be achieved through leadership from the Governor and budgetary support from the Legislature.

Developing Minnesota's human capital is neither a partisan issue nor a rural/metro issue; it is an imperative statewide issue, touching all our lives and the well being of future generations. We believe responsibility for resolving our human-capital deficiency needs to be allocated among the following areas:

#### **A. Leadership.**

**1. Clarify and strengthen our vision.** The state needs a long-term vision for developing and maintaining its human capital. To accomplish this, the Governor must initiate and direct an effort to ensure that all affected interests work toward a common goal. Key roles in developing such a vision are essential for those who create the jobs (employers), those who represent the workers (employee associations and unions), those who train the workers (educators of all types and levels), and those who establish the legal framework of work (government agencies). Each has a clear interest in preserving and improving the state's highly respected workforce and its supply of living-wage and higher-level jobs. To ensure interaction among these various parties, perhaps an existing entity could be strengthened or a new entity created. Or perhaps a previous entity, like the Upper Midwest Research and Development Council, which encompassed the Ninth Federal Reserve District, could be resurrected.

**2. Improve information gathering and analysis.** For Minnesota to succeed in a major campaign to strengthen its skilled work force, it needs to measure results. Consequently, an essential component of every new or expanded undertaking should be a requirement for prompt, ongoing reporting. For example, after the Legislature enacts a program to increase the number of skilled workers, it needs ongoing information on how many skilled workers there are now, by job category, compared to previous years. The Minnesota Department of Employment and Economic Development (DEED) already has an extremely detailed assignment from the Legislature—some 56 itemized paragraphs in statute. By itself, DEED can't shoulder all data-gathering responsibilities. It needs cooperation from other entities. Pertinent information should be reported on which job skills are expanding and which are contracting, the adequacy of the training of current workers, the areas in which workers need new and better skills, the areas in which schooling and training need to be upgraded, and how the state is doing compared to other states and other nations. Government reports that categorize jobs should be revised to accurately reflect current and emerging categories of work.

#### B. Supply of workers.

**1. Make expanded skills training an imperative.** Minnesota will be able to meet the need for skilled positions in the future only if a large proportion of its existing under-employed and under-trained population is better prepared. This group includes large numbers of disaffected high school youth. To better prepare this population for living-wage jobs, the Governor and Legislature should enlarge a state program known as FastTRAC, which places skills training in an occupational context. To make postsecondary training attainable for this population, the Legislature needs to increase state financial aid or reduce tuition for lower-income students. Expanding financial aid or reducing tuition will require decisions about whether to cover remediation and how, if at all, to tie aid or reduced tuition to finishing a degree or industry recognized certification within a specified time.

**2. Recognize the importance of non-Minnesota born residents.** We must embrace the very major contribution made by foreign-born and others born outside of Minnesota, since they will be critical in meeting the state's future workforce requirements. Congress should liberalize work visas to encourage immigrants with needed skills to stay and work in the U.S. The Governor and Legislature should craft the means to reward nonresident students who remain in Minnesota to work after completing their postsecondary education.

**3. Recognize that a job is available only to applicants who can travel to it in a reasonable time .** Just as workers with access to a car can do, non-drivers must be able to get to and from work in a reasonable time. If they can't, Minnesota won't come near to

meeting either employers' needs for an adequate number of qualified job applicants or applicants' needs for an adequate number of possible jobs. Like them or not, fixed-route buses and light-rail transit, while very appropriate for some jobs, don't help most people get to work because homes and job locations are too widely dispersed. More flexible transportation options are emerging, but much must be done to bring these options to scale. The Minnesota Department of Transportation and transit agencies across the state should research and support promising solutions.

### C. Job training.

**1 . Change cultural attitudes.** Government, business and education leaders must help change the prevailing attitude of parents, students, schools and the general public about "better" and "lesser" careers and "better" and "lesser" education options to more accurately reflect the realities of work and educational opportunities. E-12 schools, community colleges, technical colleges, four-year colleges and universities should equip all youth to make better decisions about preparation for independent life as an adult. Educators should strengthen career counseling; support early career-oriented goal-setting; circulate information widely about career choices, training requirements, and salary potential; encourage teachers to take internships in their respective fields to help them keep up with changes in work; expose students early to soft skills needed in work, such as teamwork, punctuality, conscientiousness, self-confidence, and self-reliance; nurture the expansion and public awareness of apprenticeships; take care to link education paths and career opportunities; and ensure that students and instructors understand the operation of the workplace. To accomplish these goals, the Legislature needs to fund necessary expansion of E-12 career counseling.

The current and projected shortage of qualified workers cannot be resolved without further serious attention to E-12 education. Major improvement in E-12 education is imperative if the state is to resolve its deplorable achievement gap, improve preparation of youth for adult life in general and work in particular, and ultimately produce both a sound citizenry and a qualified work force.

**2. Make education and training financially attainable.** Educators should encourage faster completion of education and training to save money for students and parents. The Governor and Legislature should continue to expand the opportunity for students to take postsecondary courses, tuition-free, while still in high school by expanding the state's Postsecondary Enrollment Options (PSEO) program. Counselors, schools and other education institutions and employers should publicize data that explains why and in what circumstances a four-year college degree might not represent a better investment than a two-year degree.

**3. Make educators more accountable.** The Governor and Legislature should insist that educators provide clear expectations about the time required to complete education/training. Institutions should be required to provide needed courses free of charge to affected students if required courses are not offered within previously announced anticipated time spans for graduation or certification. College and career school catalogues should be more specific on how individual courses relate to employment possibilities.

**4. Review the state's governing structures for education .** Work-related postsecondary training and education merit more focus. However, in the Minnesota State Colleges and Universities (MnSCU) system, responsibility for work-related technical education is integrated with that of academic education. Responsibility for postsecondary work-related technical education formerly rested in local school districts, while responsibility for postsecondary academic education rested with the state. The state Office of Higher Education should be charged to recommend to the Governor and Legislature whether structural changes are needed to assure adequate attention to both technical education and academic education.

## **D. Involvement of Employers**

**1. Recognize the critical role of the job-creators.** Job creation is critical for a strong economy and absolutely necessary to attract and retain a strong workforce. That means the state needs well-qualified individuals at all levels of job responsibility, from those requiring the least talent and training through those requiring the most talent and responsibility. DEED's monitoring of job creation in the state should encompass all types of jobs.

**2. Anticipate new businesses and technologies .** Employers and employer associations must make sure that the schooling and training institutions within their regional economies are continually kept up-to-date about changes in jobs and in the skills required to fill those jobs.

**3. Stimulate collaboration.** Efforts to more adequately relate training and education to real jobs, as they exist now and as they evolve, should be expanded. The Minnesota PIPELINE Project, which brings employers, employees and training institutions together, and the Minnesota High Tech Association's internship program should be expanded to involve more businesses. The Minnesota Technological Leadership Institute at the University of Minnesota and major high tech employers should develop a stronger partnership.

**V. Preparation of the statement** . The Civic Caucus interview group prepared today's statement. Interview group members who participated: John Adams, David Broden, Audrey Clay, Janis Clay, Pat Davies, Steve Dornfeld, Amir Gharbi, Paul Gilje, Sallie Kemper, Ted Kolderie, Dan Loritz, Bruce Mooty, John Mooty, Paul Ostrow, Dana Schroeder, Clarence Shallbetter, and Fred Zimmerman.

The Civic Caucus interviewed the following 53 persons during 2014. Information from these interviews has been incorporated, to varying degrees, as a basis for the findings and recommendations in this statement. Reports of all interviews are available at the Civic Caucus [website](#) .

Ajax, Erick, co-owner and vice president of EJ Ajax and Sons

Amin, Massoud, director, Technological Leadership Institute, University of Minnesota

Bakken, Carrie, program coordinator, Avalon School, St. Paul

Bies, Ellen, director, human resources, Bühler, Inc.

Blazar, Bill, interim president, Minnesota Chamber of Commerce

Bonoff, Terri, State Senator, Minnetonka, chair, Higher Education and Workforce Development Division

Boulay, Patrick, president, New Business Minnesota Publishing

Brower, Susan, Minnesota State Demographer

Cerkvenik, Paul, president, Minnesota Private College Council

Champeau, Brandon, assistant vice president, United Properties

Clark Sieben, Katie, Minnesota Commissioner of Employment and Economic Development

Coggins, Jay, professor, Department of Applied Economics, University of Minnesota

Dahl, Steve, regional director, public sector practice, Deloitte Consulting

Daigle ,E.J, dean of robotics and manufacturing at Dunwoody College of Technology

Donovan, Maura, executive director, Office of University Economic Development, University of Minnesota



Durenberger, Dave, former U.S. Senator

Eggers, Bill, co-author The Solution Revolution, director, Deloitte Research

Frederickson, David, Minnesota Commissioner of Agriculture

Garcia, Hector, executive director, Minnesota Chicano Latino Affairs Council

Gersemehlis, Matt, city assessor, Bloomington

Gilbert, Laura, consultant, Enterprise Human Resource division, State of Minnesota

Gilje, Paul, executive director, Civic Caucus

Gordon, Kate, vice president, Energy and Climate Program, Next Generation (California)

Graba, Joe, senior associate, Education|Evolving

Hausman, Alice, State Representative, past chair, House Capital Investment Committee

Herman, Brian, vice president, research, University of Minnesota

Highfield, Matt, director of real estate and location strategy, Deloitte Consulting

Imani, Nader, head of global education, Festo Didactic, Germany

Kelliher, Margaret Anderson, president and CEO, Minnesota High Tech Association

King II, Louis, president and CEO of Summit Academy OIC

Kosel, Tom, director, government relations, Globe Education Network of Schools

Lee, Larry, director of community development, city of Bloomington

Levinson, David, professor (Braun chair), civil engineering, University of Minnesota

Lindsley, Bryan, executive director, Minneapolis St. Paul Regional Workforce Innovation Network (MSPWin)

Manatt, S. J., Father Tim, president of Cristo Rey Jesuit High School

Mandle, Shaye, president and CEO, LifeScience Alley

McElroy, Dan, president and CEO, Hospitality Minnesota

Menke, David, executive vice president, Opus Development Company

Miller, Darlene, president and CEO, Permac Industries

Misukanis, Katie, government relations director, Rasmussen College

Mortrude, Judy, state program administrator, MN FastTRAC

Murphy, John, public affairs specialist, Mayo Clinic

Nordland, Mark, principal, Launch Properties

Poole, Ken, CEO, Center for Regional Economic Competitiveness, Arlington, VA

Rakow, Kaye, consultant, former director of public policy, NAIOP Minnesota

Rolnick, Art, senior fellow, Humphrey School of Public Affairs, University of Minnesota

Rosenberg, Brian, president, Macalester College

Rosenstone, Steven, chancellor, Minnesota State Colleges and Universities

Rothschild, Steve, founder and chair, Twin Cities RISE!

Rudlang, Schane, port authority administrator, city of Bloomington

Samargia, Jane, Executive Director, HIRED

Sands, Susan, national chair, board of directors, Jeremiah Program

Schmit, Matt, State Senator, Red Wing (broadband)

Senjem, David, State Senator, Rochester (Destination Medical Center)

Shallbetter, Clarence, member, Civic Caucus interview group

Speiser, Nola, state program administrator, MN FastTRAC

Stern, Scott, chair, technological innovation, entrepreneurship, and strategic management, MIT

Tabke, Brad, mayor, city of Shakopee

Urbanik, Janice, executive director, Partners for a Competitive Workforce (Ohio, Kentucky, Indiana)

Wagner, Todd, state director, Adult Basic Education

Zelle, Charles, Minnesota Commissioner of Transportation

The following individuals have signed in support of the statement:

\* Indicates member of Civic Caucus Interview Group

John S. Adams*	Angie Eilers	P. Jay Kiedrowski	Art Rolnick
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