

**MEMORANDUM**

January 22, 2015

TO: Planning, Housing, and Economic Development Committee

FROM: Jacob Sesker, Senior Legislative Analyst 

SUBJECT: **Briefing**—Department of Economic Development Report—*Addressing Workforce Development in Montgomery County: An Economy at a Crossroads*

The following individuals will attend this briefing:

- Sally Sternbach, Acting Director, Department of Economic Development
- Mike Knapp, SkillSmart

**Purpose**

The purpose of this briefing is to discuss the findings and recommendations of a report that explores the Montgomery County workforce, the Montgomery County workforce development service delivery structure, and alternative structures and best practices from other jurisdictions. The update will provide background for possible future decisions regarding local legislation or appropriations affecting workforce development programs and the shape of the workforce development delivery system.

**Background**

Over the past year, there have been several discussions regarding workforce development coordination and programming.

- In March 2014, the Office of Legislative Oversight briefed the Planning, Housing, and Economic Development Committee and the Education Committee on youth and work in Montgomery County.
- In May 2014, Bill 27-14 (sponsored by Councilmembers Berliner and Navarro) was introduced. Bill 27-14 would establish a career pathways program with a career pathways manager.

- Also in May 2014, the Council approved funding for *Rx for Employability*, an industry-driven career pathways program in the health and wellness industries. Collaboration on this project has included Montgomery Business Development Corporation (MBDC), industry partners, education partners, and community/nonprofit partners. *Rx for Employability* is funded through not only County funding, but also a State of Maryland grant (Employment Advancement Right Now, or EARN) and private contributions.
- In June 2014, the EARN grants were announced, with several Montgomery County programs receiving grants, including *Rx for Employability* (MBDC), BIOTrain (Montgomery College), and Mid Maryland Transportation and Logistics (Montgomery College).
- In September 2014, Bill 40-14 (sponsored by Councilmembers Riemer and Branson) was introduced. Bill 40-14 would require a contractor or subcontractor on County construction contracts subject to the County Prevailing Wage Law to provide apprenticeship training directly or by making payments to support apprenticeship training programs operated by other organizations.
- In October 2014, Montgomery Moving Forward (a coalition of business, government, philanthropy, and other leaders organized by the Roundtable's Montgomery County Community Program) issued a *Call to Action: Fueling our Future with Skilled Workers and Good Jobs*. MMF urged elected officials to begin immediately to create a single workforce development authority to be charged with closing the gap between the current demand for good jobs and the supply of skilled employees to fill them.
- Also in October 2014, Councilmember Navarro sponsored *Ready for Tomorrow: Education and Workforce Summit*. The subject of the summit was the academic achievement gap and developing a workforce to meet future demand.
- In December 2014, the Workforce Investment Board presented *Recommendations for a High Performing Workforce Development System for Montgomery County*. That report recommended reconfiguring the WIB as an “on-system” interface for customers that coordinates the efforts of various players in workforce development.

On February 9<sup>th</sup>, Montgomery College will brief the Committee on the College's significant role in implementing workforce development and career pathway programs in Montgomery County.

### ***Addressing Workforce Development in Montgomery County: An Economy at a Crossroads***

The Executive Summary is attached at © 1. SkillSmart's full report (with appendices) can be accessed at the following address:

[http://www.skillsmart.us/docs/Montgomery\\_County\\_Workforce\\_Report\\_w\\_Appendix.pdf](http://www.skillsmart.us/docs/Montgomery_County_Workforce_Report_w_Appendix.pdf)

SkillSmart makes two “foundational” recommendations and three alternative “structural” recommendations. The two foundational recommendations are:

1. **The County must have a clear economic development strategy.** The report indicates that the economic development strategy must be specific and must identify goals and

priorities so that stakeholders and service providers will be able to align their programs to ensure the appropriate outcome.

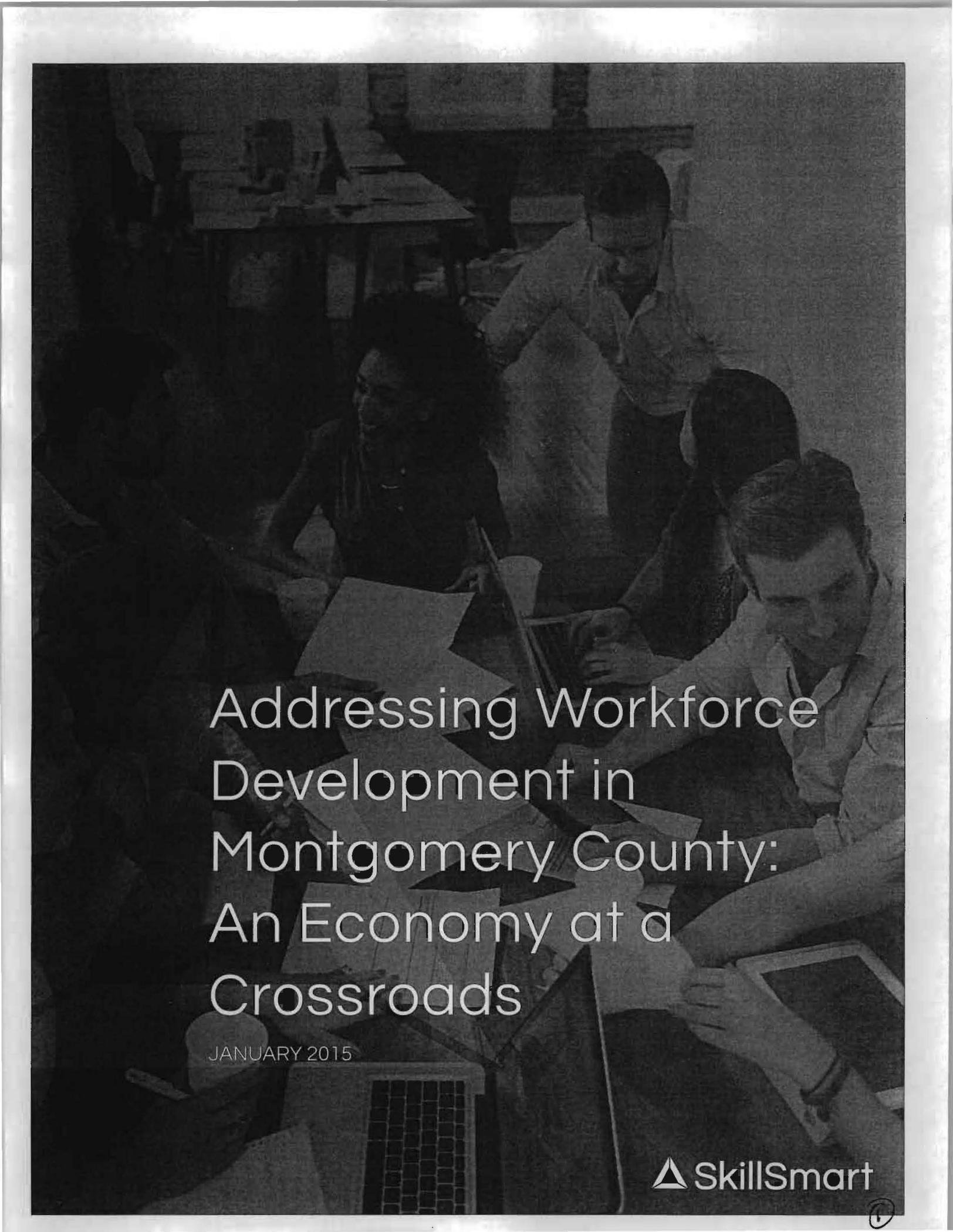
2. **Regardless of structure, someone needs to own the system.** It is important that an organization or individual act as a coordinating entity capable of bringing stakeholders together serving as a “single point of entry” for employers, and providing for a “seamless integration of services”.

The report also recommended three structural alternatives:

1. **Establish a task force to restructure the county’s workforce development system.**
2. **Restructure the system to consolidate all workforce development programs and services under a single office of Workforce Development and Continuing Education.** The report recommends that the best location for such an entity would be Montgomery College.
3. **Restructure the workforce delivery system to flow through MC<sup>3</sup>, a central “career collaborative”.** This new facilitating entity would act as a mediator, facilitator, and single point of contact for all of the current stakeholders in the workforce system. As an example of a similar model, the report identifies the Primary Care Coalition and the Montgomery Coalition for Adult English Literacy.

Attachments: Executive Summary © 1

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# Addressing Workforce Development in Montgomery County: An Economy at a Crossroads

JANUARY 2015

# Overview

Fifteen years into the new millennium, Montgomery County finds itself at an economic crossroads. Over the last decade, even as national and regional economies suffered through a near economic depression, employers and employees in Montgomery County have continued to provide the jobs and services that have regularly made the county one of the best places in the United States to work, live, and raise a family.

Median income is just shy of \$100,000, more than half of the county residents have a college education, and only 5 percent of county residents are unemployed—one of the lowest unemployment rates in the nation.

The county's economy appears to be robust and thriving, and yet, there is cause to be seriously concerned about Montgomery County's economic future.

Looking at job growth over the last year in the 15 major metropolitan areas, the Greater Metropolitan DC region—which includes Montgomery County—ranks nearly last, barely edging out Detroit, and finishing behind Phoenix and Philadelphia. While the county will see the creation of high-demand jobs—nearly 115,000 over the next decade—nearly half of those jobs are in low skill industries, requiring only a high school diploma or less and largely not paying a sustainable wage.

It is critical, then, to have a clear understanding of exactly what kinds of jobs will be available in Montgomery County over the next decade, and what skills will be necessary to fill them. Does a high-demand job mean a job that pays enough to live in the county? What skills or education are required for these jobs?

It has become clear that Montgomery County lacks a truly functional, coherent workforce development system.

In the course of doing research for this report, analyzing data, and speaking with stakeholders, it has become clear that Montgomery County, while it offers an abundance of services and assets to support its workforce, lacks a truly functional, coherent workforce development system. While the initial scope of work issued by the county requested recommendations relating to, among other things, "workforce services...that



lead to employment without a degree,” confining the scope of the recommendations to the needs of workers with an Associate degree or less would not adequately address the greater underlying issues. With a lack of coordination among programs and providers, a minimally engaged business sector, and high-demand jobs that pay anemic wages, it’s not just workforce development services for workers without degrees that are underperforming.

Montgomery County faces much broader economic development challenges.

The Montgomery County Executive has acknowledged as much; in his 2014 inaugural remarks, County Executive Leggett announced a six-point plan to jump-start the region’s workforce and economy. As his comments made clear, the status quo is no longer working. As part of his economic plan, the County Executive proposed a substantial overhaul of the system, recommending the consolidation of all county workforce programs, and taking steps to do a better job addressing the needs of the community and the demands of the market.

For the purposes of this report, SkillSmart received similar suggestions from stakeholders as well—and it is generally agreed that some form of consolidation, coordination, or facilitation within the system is necessary. There were also plenty of organizations and agencies suggesting who or what that facilitator should be; but what wasn’t heard was anyone suggesting that the system was working as it is currently configured.

Many stakeholders also expressed concerns that the workforce system has slowly let its focus drift from the fact that, at its heart, it has two primary customers: employers and job seekers. Since enactment of the first Workforce Investment Act in 1998, the system has tended to focus mainly on the desires of job seekers, largely by providing them the skills they need to secure a job of their choosing, rather than one that reflects the needs of the local market. While well intentioned, this approach has had the unintended result of tilting the current system toward the job seeker, without ensuring their skills are aligned with the needs of employers.

With the recent enactment of new federal workforce legislation in the summer of 2014—as well as the Montgomery County Executive’s recent stated commitment to economic development—the county has both incentive and opportunity to refocus on their customers, and to provide meaningful and comprehensive services both for employers and job seekers. With a demand-driven approach to workforce development—one that focuses on meeting the specific needs of employers, and provides job seekers with the education, training, and skills necessary to acquire



those jobs—employers will find they have access to a regular pipeline of well-trained employees they can hire. Job seekers, meanwhile, will be able to obtain a job that pays enough to permit them to live in the county.

In short, from the County Executive and employers, to service providers and job seekers, all were unanimous in their belief that major reforms to the county’s workforce development system—and to the county’s underlying economic development system—are both needed and wanted. Montgomery County has committed itself to closing the skills gap to train its workers and fill the county’s most high-demand occupations. But the county now has the opportunity to engage in economic development beyond providing job seekers with training and job placement.

A vibrant economy is a growing economy that creates new jobs that pay employees enough to live in the county. Montgomery County needs to fill its high-demand jobs and broaden its focus beyond opportunities for job seekers without four-year degrees.

To achieve true economic growth, Montgomery County must create the right kinds of jobs, and prepare its population to fill them. And it’s got to start right now.



# Findings

## OPPORTUNITIES FOR JOB SEEKERS WITHOUT A FOUR-YEAR DEGREE

The Montgomery County Department of Economic Development (DED) is rightly very concerned about employment opportunities for residents who do not possess a four-year college degree. For purposes of this report, then, DED has asked for an examination of the high-demand jobs that may be available in the county for these particular job seekers. What was found wasn't encouraging.

**Over the next decade, 75 percent of the high-demand jobs in the county will only require less than a four-year degree.**

Looking at the Top 50 most high-demand jobs in Montgomery County over the next ten years, 47 percent won't require any education beyond a high school diploma; another 28 percent require an Associate degree or a post-secondary certification.

While it may initially sound encouraging that nearly 75 percent of high-demand jobs in the county are open to those without a four-year degree, what it really means is that three-quarters of the job openings created in Montgomery County over the next decade are not the kinds of jobs that make for a sustainable economy in Montgomery County. The educational requirements for the county's high-demand jobs are skewing down, not up.

**Less than half of the top 50 high-demand jobs pay enough to live here.**

Just as important as breaking out the educational requirements of the county's Top 50 high-demand jobs is an understanding of what these jobs pay: only 46 percent of them pay an economic security wage of \$22.31 per hour—approximately \$47,000 per year. That means that even if the county were to fill every high-demand job available in the county, more than half of the employees in those jobs couldn't afford to live here. More alarming, of the high-demand jobs that do pay an economic security wage, 70 percent of those jobs require a bachelor's degree or higher. That means:

Only 30 percent of the county's high-demand jobs that pay an economic security wage can be acquired with an Associate degree or post-secondary certification.



In real numbers, then, there are seven high-demand occupations in Montgomery County—providing about 22,000 job openings over the 10-year period— that require an Associate Degree or lower that also pay an economic security wage:

FIGURE 1: HIGH-DEMAND ASSOCIATE’S DEGREES OR LESS PAYING ECONOMIC SECURITY WAGE

Occupational Title	Total Job Openings	Median Wage	Degree Held
Registered Nurses	9,359	\$34.04	Associate’s Degree
Business Operations Specialists, All Other	3,120	\$39.44	Associate’s Degree
General and Operations Managers	3,036	\$60.06	Associate’s Degree
Computer Support Specialists	2,071	\$27.15	Associate’s Degree
Licensed Practical and Licensed Vocational Nurses	1,564	\$24.48	Post-Secondary Certificate
Computer Systems Analysts	1,508	\$40.02	Associate’s Degree
Executive Secretaries and Administrative Assistants	1,422	\$30.37	Associate’s Degree

And perhaps the most staggering bit of data in the chart above is what you’re not seeing. Mainly, for those with a high school diploma or less, there are no high-demand jobs available that will pay enough to live in the county. Period.

The dire situation regarding employment for those without a four-year degree is symptomatic of larger economic issues in Montgomery County.

The county isn’t attracting the kinds of employers and jobs it needs for a growing, vibrant economy in the coming decades—and that’s obviously not the economic trajectory the county wants to be on.



Here are some lessons from looking at this data:

(1) Look to the needs of employers. The county should adopt an accessible, informed, involved, demand-driven approach to workforce development, that focuses on meeting the specific needs of employers, and provides job seekers with the education, training, and skills necessary to acquire those jobs.

(2) High-demand jobs don't always equal "good" jobs. Even if every high-demand job in the county were filled, a high number of workers in those jobs would be earning far below an economic security wage. Plainly put, the jobs being created are not the kinds that create a vibrant, sustainable economy for Montgomery County.

Just because a job seeker lands a high-demand job doesn't mean he or she is getting paid a wage high enough to live in the county.

(3) Education Matters. Earning a living in Montgomery County requires education beyond merely a high school diploma. It is vital, then, that the county encourage high school students and graduates to pursue some form of postsecondary education, whether it's a four-year degree, an Associate degree, or a certification program.

(4) Montgomery County needs to invigorate its economy. On its current trajectory, the county is not doing enough to stimulate growth in the desirable high skill, high paying sectors.

Just because a job seeker lands a high-demand job doesn't mean he or she is getting paid a wage high enough to live in the county. Filling all the high growth and high-demand jobs is job placement, not workforce development—and it's definitely not economic development.

Filling high-demand jobs is an important start, but it's not enough to create the kind of vibrant economy to grow and sustain Montgomery County.



# Findings

## ENVIRONMENTAL SURVEY OF COUNTY WORKFORCE DEVELOPMENT PROGRAMS

Montgomery County residents presently have access to a wide variety of workforce development programs, offered by a group of providers. For this report, SkillSmart conducted a comprehensive environmental survey of more than a hundred county programs. In doing so, a number of trends among providers, programs, and target populations were noted:

### No one “owns” workforce development.

While the Workforce Investment Board, by statute, “oversees” the Federal portion of the county’s workforce investment system, and—again by statute—operates the county’s One Stop providers, there is no true owner of the greater system of organizations providing services, with no organizational or systemic accountability. Services are delivered by a wide range of government, non-profit, for-profit and education providers, with varying approaches to workforce development, differing targeted populations, and different degrees of focus on employment. There is a marked lack of coordination between providers, as well as overlapping services, that could be mitigated with either a systemic or organizational overseer.

### For many organizations, employment is only part of it.

While most organizations identify “workforce development” as one of their goals, for most, job placement is only a small part of what they do. Whether it’s teaching resume writing, interviewing, proper attire—the so-called “life skills”—or providing access to child care or education programs, the county’s many organizations provide a web of much-needed services that can lead to a job. There are fewer organizations, however, that concentrate strongly on employment.

### Services do not appear to be aligned with the needs of employers.

Few organizations, even those with a strong focus on job placement, have a meaningful or direct relationship with employers.

### Most programs are targeted at youth.

Most programs offered in the county tend to have targeted populations. However, a vast majority of programs are targeted specifically at youth, whether they’re for helping them attain a GED, learning life skills, or bringing ESOL students up to English proficiency.

## Montgomery County actually spends quite a bit on workforce development.

Taken as a whole—including more than a hundred sources in county government, MCPS, Montgomery College, Federal and the private/non-profit sectors—Montgomery County and its service providers presently spends upwards of \$50 million in workforce development initiatives.

## Underemployed populations are one of the most underserved.

While there are an abundance of programs targeted at youth, one of the most underserved populations are those who are underemployed—that is, those who are in jobs far below their education or skill level.

## Programs are clustered in the Silver Spring area.

Most of the programs serving Montgomery County have a tendency to serve populations located in the Downcounty region, particularly the Silver Spring area and the I-270 corridor.

## Data on funding and number of clients served/placed is not readily available.

It was often difficult to determine how much money was being spent on these programs, how many people were receiving workforce services, and how many had been successfully placed in any kind of employment, especially given that many organizations incorporate workforce as one of many services. Such information is most likely collected and reported, but is not readily available.

## There are few clear “career pathways” programs available.

While most providers cite the need to provide students or job seekers with a career pathway, there are few comprehensive career pathway programs widely available in the county. While federal law defines the term “career pathway,” it is still a relatively new concept, and many organizations are still working on their design and implementation.



# Findings

## MODEL PROGRAMS AND PRACTICES

In surveying model programs around the United States, it quickly became clear that there is no single “off the shelf” model program that can or should be duplicated in Montgomery County in its entirety. Some programs, for example, take place in areas with populations that are much too small to be replicated on a scale necessary for an area as large as Montgomery County. Other model programs serve less diverse populations, while still others are in areas in which a high percentage of the population are employed in a single sector, instead of the more dynamic economy of Montgomery County. Scalability remains one of the county’s major challenges when adapting model programs or practices.

That said, we were able to identify a number of “model characteristics”—that is, program elements, structures, or practices that generally transcend population size, demographics, or employer, and which may be adopted as part of an approach to constructing a model program in Montgomery County:

### Employers and educators are actively engaged.

Successful programs are both demand- and supply-driven: they directly coordinate with employers for a true understanding of the specific needs of those employers. At the same time, successful programs work seamlessly with educators to ensure job seekers have ready access to the education and training necessary to meet that employer’s need.

### Think regionally.

Economies don’t stop at the county borders; neither should a workforce development program. Many model programs, in fact, cater to a region or to a regional economy, recognizing that the employers and employees in a given area may not reside in one specific geographic location.

### Coordination matters.

Beyond regional collaboration, many successful programs cite the advantage of having one organization—a so-called “umbrella entity”—overseeing or coordinating the entire workforce development system. This overseer doesn’t necessarily manage or administer individual programs or distribute funding, though that can certainly happen; rather, in many cases, it serves as a facilitator, whether it’s moving job seekers seamlessly from one service provider

to another, for example, serving as a common point of interaction for employers, or ensuring employers and educators make meaningful connections so educators can better align education and training programs with the specific needs of employers.

### **Be active, not passive.**

It is not enough to move people into high-demand jobs, especially since many of these jobs don't pay a sustainable wage. If a local economy doesn't have the right kind of high-demand jobs, the workforce development system should be proactive and work with the appropriate economic development organizations to recruit or attract them. Regions can no longer wait for the good jobs to come to them; nowadays, if you want it, go get it or cultivate it.

### **Be specific.**

The effectiveness of employer involvement greatly depends on their ability to be as specific as they can about skills and training. It is not enough for an employer to demand that job seekers have "better math skills," for example, or insist that colleges produce students with "technical skills." Nor can educators develop and provide training aimed at a generic "health care industry." When it comes to workforce development, details matter. Identifying specific skill sets drives educators to develop and implement education and training programs that meet those specific needs.

### **Combine and coordinate funding sources.**

Funding for workforce development activities comes from a wide variety of sources, both public and private. Yet, for the vast majority of workforce development programs, funding comes almost solely from the public sector, whether it's from the federal, state, or local government—or some combination of the three. Meanwhile, some have used relationships with employers to leverage private investments in workforce development, whether through private donation or in-kind services such as space or software licenses. In other cases, non-profit organizations have worked independently of government to identify and address the workforce development needs of a particular population or group of employers.



# Recommendations

The county's workforce development system must be fundamentally restructured, to meet the needs not only of job seekers without four-year degrees, but every job seeker and every employer.

While this report will be providing several options regarding the reconfiguration of the overall structure of the county's workforce services, there are two prerequisite changes—identified in this report as “foundational recommendations”—that must be made either before or in tandem with any restructuring of the workforce development system, regardless of target population. These foundational recommendations are critical to the underlying integrity of the county's workforce system.

## FOUNDATIONAL RECOMMENDATIONS

### The County must have a clear economic development strategy.

Too often, stakeholders are unclear of the county's economic priorities—and those operating within the present workforce development system don't know what the terms mean or understand their place within it. The county must define its terms, its goals, its priorities—and it must do it with specificity, all the way down to kinds of jobs, employees, and salaries it wants. Stakeholders and service providers need this kind of direction and specificity so they know how to align their programs to ensure the desired outcome: a job seeker with meaningful employment that pays sustainable wage.

### Regardless of structure, someone needs to own the system.

Ownership of the workforce development system is bigger than an organizational chart, with someone or something in the center through which everything must flow; economic development requires the active participation of employers, educators, stakeholders, service providers, and job seekers, working together toward a common, defined objective. Ownership of the system, then, isn't about control; it's about cooperation. A coordinating entity, whether it's an agency or an individual, is needed to bring together all stakeholders in a meaningful way that isn't bound by bureaucracy or funding stream. What is more likely needed—structurally, at least—is a coordinating entity or facilitator to ensure a single point of entry for employers, a seamless integration of services among providers, and the “multiple doors, single hallway” approach demanded by job seekers.

## STRUCTURAL RECOMMENDATIONS

Regardless of which of the three options below the county chooses to pursue, we believe any structural changes to the county's workforce development system should embrace "hallmarks of an integrating organization." In this case, we can refer back to the six best practices described in Section 5. As a reminder, these are:

1. Employers and educators should be actively engaged
2. Think regionally
3. Coordination matters
4. Active, not passive
5. Be specific
6. Combine and diversify funding

With these in mind, we offer three options for the county to restructure its workforce development system:

### **Establish a task force to restructure the county's workforce development system.**

Any task force must lay out very specific goals, processes, and deliverables, all revolving around the county's specific economic development needs. For such an approach to work in Montgomery County, it will be critical that the county take into account many of the issues discussed in this report, including the county's current jobs trajectory, the nature of its high-demand occupations (both current and desired) and the county's unique demographics. The selection of members for the task force is vital as well, especially as the task force itself—or some iteration thereof—could ultimately serve as the coordinating entity for the county's workforce development system.

Given the recent interest in workforce development issues, we believe the county presently has an enormous opportunity to significantly reform its system in a timely manner.

A task force, while a good start, may cost the county some of the considerable momentum that has grown around these issues, as it will take time to appoint and coordinate the activities of a task force, and additional time to implement any of the task force's recommended structural and policy changes.



## Restructure the system to consolidate all workforce development programs and services under a single office of Workforce Development and Continuing Education.

This new organization will not only connect and coordinate all aspects of workforce services, but will also own, operate, and oversee all workforce development programs and activities in the county. With a single overseeing entity, curricula, course offerings, and certification programs can be more quickly and closely aligned with the specific needs of employers. Such integration is critical to addressing the skills gap; by placing oversight for all education and training programs under one roof, the county can make better connections between what is taught and what employers are looking for.

Such an office could be housed in several locations, but we would recommend it be a new component of Montgomery College. With three campuses serving the county's upper, central, and lower regions, as well as two training centers for workforce development and continuing education, Montgomery College already has substantial infrastructure to support workforce development activities across the county. And with thousands of employees and an annual budget in excess of \$300 million, the college clearly has the necessary resources, as well as the staff and management structure, to manage the county's workforce system. With this infrastructure already in place, including a mechanism for receiving and allocating funding, Montgomery College could begin administering the system almost immediately.

This option provides a beneficial structure, as well as an opportunity to provide meaningful and comprehensive services for the workforce development system's customers: employers and job seekers. Employers need a regular pipeline of well-trained employees they can hire—and they require a dynamic and flexible system that can regularly change and adapt to meet their evolving needs. Job seekers, meanwhile, must be able to obtain a job that pays enough to permit them to live in the county—no matter where they enter the system.

We understand that this approach may not be perfect. It involves a large organization, and large organizations—even those with the best intentions—often have an entrenched bureaucracy, reducing the ability for the system to flex or adapt as quickly as needed. And as just one piece of an overarching organization, there may be times when the administering agency is competing within the overall organization for time and resources. Given time, however, the administering agency could be spun off from the college as a completely independent entity.

## Restructure the workforce delivery system to flow through MC<sup>3</sup>, a central “career collaborative.”

This option creates a new facilitating entity, which this report refers to as the Montgomery County Career Collaborative (MC<sup>3</sup>), to act as a mediator and facilitator for all of the current stakeholders in the workforce system, from employers through the WIB and service providers to the job seeker. This option establishes MC<sup>3</sup> as the overall facilitator of the workforce system; under this structure, all existing administrative functions and funding streams remain in place.

Under this model, employers would have one single point of contact with the workforce system. Job seekers, meanwhile, can enter the system at nearly any point—through education providers, service providers and community organizations, or One Stops—and be assured the services they receive from any stakeholders will be seamlessly coordinated by MC<sup>3</sup>.

And with MC<sup>3</sup> as a facilitator between the job seekers and employers, service providers and educators will have direct access to employers, as well as immediate, real-time information on employers’ needs and desired skill sets. The involvement of a central conduit will also ensure that all stakeholders understand their roles within the system, overcoming the current disconnect in the workforce system when stakeholders have no clear understanding of what workforce development is, or what their role in the system might be. The county has experience with similar models that have yielded successful outcomes in the Primary Care Coalition and the Montgomery Coalition for Adult English Literacy.

A central platform ensures that all stakeholders understand their roles within the workforce system, helping to eliminate disconnect between stakeholders.

This approach is both pro-active and the least disruptive, since the current administrative and fiscal structures can remain in place for most of the stakeholders in the workforce system.

Further, this pro-active approach embraces five of six of the identified best practices. Employers and educators are actively engaged with the system. With a single point of entry, employers are more inclined to provide input that is detailed and specific. Services are fully coordinated through MC<sup>3</sup>, as are resources. While funding may or may not ultimately flow through MC<sup>3</sup>, resources and activities of service providers are more visible, which should result in less duplication of services, making the system more cost effective. This particular structure does not include an overtly regional component; however, the underlying economic development strategy should ideally provide a framework for how the county’s structure interacts with other localities.



# Conclusion

Right now, the county has an opportunity to provide meaningful and comprehensive services for the workforce development system’s customers: employers and job seekers. Employers need a regular pipeline of well-trained employees they can hire—and they require a dynamic and flexible system that can regularly change and adapt to meet their evolving needs. Job seekers, meanwhile, must be able to obtain a job that pays enough to permit them to live in the county—no matter where they enter the system.

Americans... want the respect and dignity of a full-time, good job.

- Jim Clifton, Gallup Chairman

Gallup polling repeatedly shows that American’s cite jobs and unemployment—not immigration, not ISIS, not health care—as the number one issue facing the country. “Americans aren’t looking for part-time, crappy jobs, and they aren’t looking for more free time to paint or read,” said Gallup

chairman Jim Clifton. “They want the respect and dignity of a full-time, good job.”<sup>1</sup>

Montgomery County residents deserve that respect and dignity.

Montgomery County’s economy demands flexible, pro-active leadership, creative thinking, and a new culture of communication and coherence. It demands a new workforce development system. It demands new economic development.

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<sup>1</sup> Jim Clifton, “Opinion: The U.S. Economy: Kidding Ourselves,” Gallup, February 25, 2014.



# Addressing Workforce Development in Montgomery County: An Economy at a Crossroads

JANUARY 2015

Montgomery County asked for this report to include:

1. an environmental scan of career pathways and workforce development programs in Montgomery County;
2. the identification of county industries, and occupations within those industries, that are in high demand;
3. the identification of model program services, both in Montgomery County and other jurisdictions;
4. recommendations on workforce services that are employer focused, that lead to employment without a degree, the costs of such services, changes to existing programs based on new federal law, and how to improve coordination of services inside and outside county government; and
5. provide facilitation and outreach to key stakeholders.

The county's economy appears to be robust and thriving, and yet, there is cause to be seriously concerned about Montgomery County's economic future.

It has become clear that Montgomery County lacks a truly functional, coherent workforce development system.

1. New York
2. Dallas
3. Houston
4. Los Angeles
5. Miami
6. Atlanta
7. SF-Oakland
8. Boston
9. Seattle
10. Phoenix
11. Chicago
12. Minneapolis
13. Philadelphia
- 14. Washington, DC**
15. Detroit

# 115,000

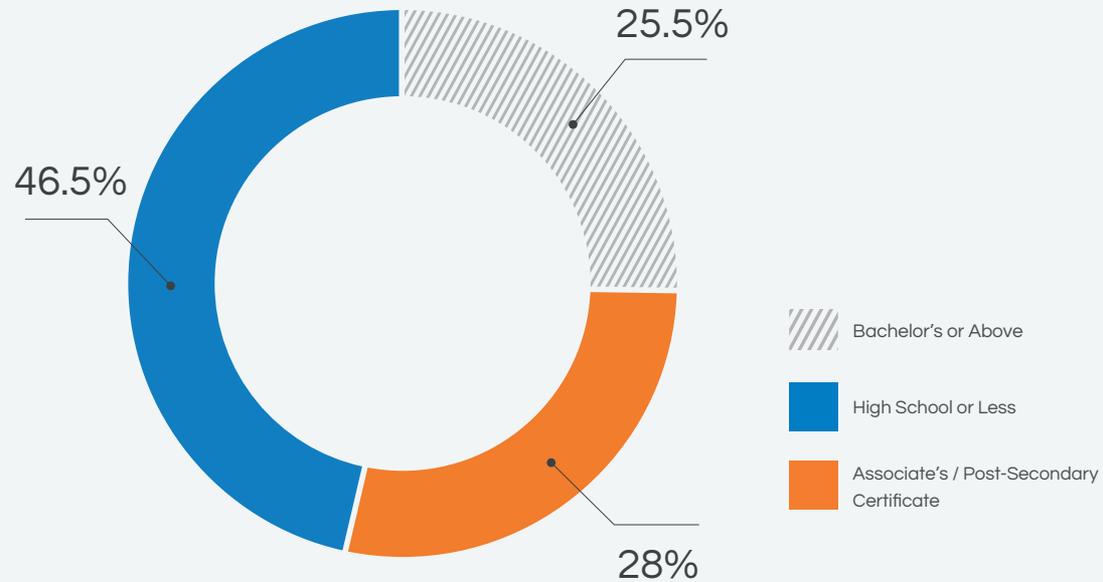
The number of high-demand jobs the county will see over the next decade, many requiring only a high school diploma or less and largely not paying a sustainable wage.

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To achieve true economic growth, Montgomery County must create the right kinds of jobs, and prepare its population to fill them.

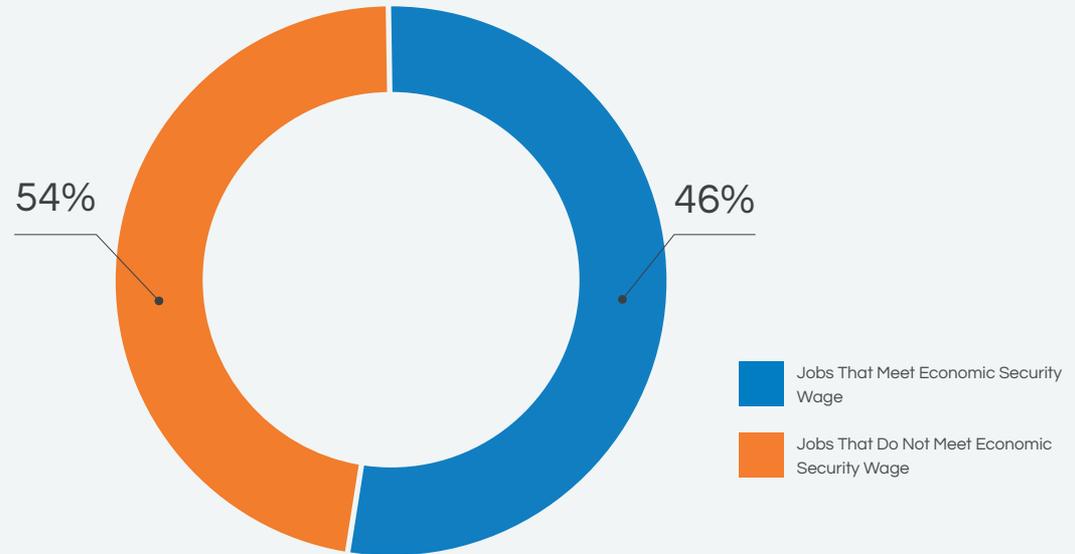
# 75%

of the high-demand jobs in the county will only require less than a four-year degree, in the next decade.



< 50%

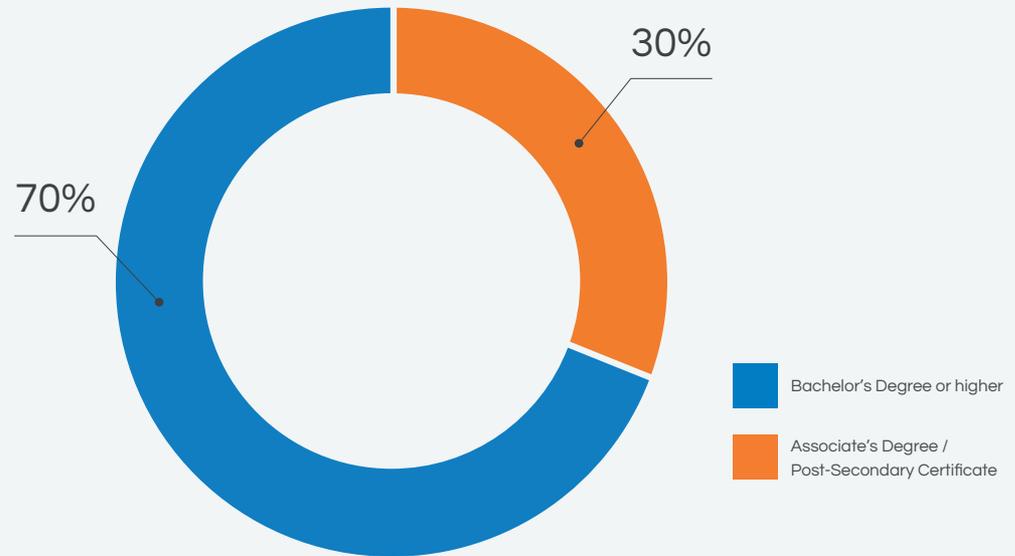
of the top 50 high-demand jobs pay enough to live in Montgomery County.



Current projections show that 3/4 of the job openings created in the County over the next decade are not the kinds of jobs that will make for a sustainable economy in the county.

# 30%

of the County's high-demand jobs that pay a livable wage can be acquired with an Associate degree or less.



These jobs equate to about 22,000 job openings over the 10-year period in the county.

There are 7 high-demand jobs requiring an Associate Degree or less that pay an economic security wage:

Occupational Title	Total Job Openings	Median Wage	Degree Held
Registered Nurses	9,359	\$34.04	Associate's Degree
Business Operations Specialists, All Other	3,120	\$39.44	Associate's Degree
General and Operations Managers	3,036	\$60.06	Associate's Degree
Computer Support Specialists	2,071	\$27.15	Associate's Degree
Licensed Practical and Licensed Vocational Nurses	1,564	\$24.48	Post-Secondary Certificate
Computer Systems Analysts	1,508	\$40.02	Associate's Degree
Executive Secretaries and Administrative Assistants	1,422	\$30.37	Associate's Degree

# Montgomery County programs addressing career pathways and workforce development.

## No one “owns” workforce development.

Services are delivered by a wide range of government, non-profit, for-profit and education providers, with varying approaches to workforce development, differing targeted populations, and different degrees of focus on employment.

## For many organizations, employment is only part of it.

The county’s many organizations provide a web of much-needed services that can lead to a job. There are fewer organizations, however, that concentrate strongly on employment.

## Services do not appear to be aligned with the needs of employers.

Few organizations, even those with a strong focus on job placement, have a meaningful or direct relationship with employers.

## Most programs are targeted at youth.

A vast majority of programs are targeted specifically at youth, whether they’re for helping them attain a GED, learning life skills, or bringing ESOL students up to English proficiency.

## The County actually spends quite a bit on workforce development.

Montgomery County and its service providers presently spends upwards of \$50 million in workforce development initiatives, including more than a hundred sources.

## Underemployed populations are one of the most underserved.

One of the most underserved populations are those who are underemployed—that is, those who are in jobs far below their education or skill level.

## Programs are clustered in the Silver Spring area.

Most of the programs have a tendency to serve populations located in the Downcounty region.

## Data on funding and number of clients served/placed is not readily available.

It is difficult determine how much money was being spent on these programs, how many people were receiving workforce services, and how many had been successfully placed in any kind of employment.

Montgomery County can look to several model programs throughout the country as best practices for developing its own career pathway platform.

These programs and practices have common themes that make them successful in developing a skilled workforce.

[Seattle-King County Workforce Development Council](#) works closely with employers to address specific worker shortages in well-defined industries, and then partners with educators and others to develop the workforce to fill shortages.

[Apprenticeship 2000 program in North Carolina](#) recruits candidates as early as their junior year in high school for a four-year technical training program in which participants receive an AAS degree in Mechatronic Engineering Technology, an apprenticeship certification, and are guaranteed a job after graduation.

[Walla Walla Community College](#) in Washington has begun pro-actively altering, adjusting, and fine-tuning its courses in response to the changing needs of employers—a demand-driven approach to curricula.

The Apprenticeship 2000 program works because of the active involvement and commitment of employers and a community college system willing to offer an academic program directly aligned with the specific needs of employers.

**Northern Rural Training Consortium** consists of the eleven northern-most counties in California, merging their localized workforce boards and One Stop centers into a unified, comprehensive workforce development system.

**LA Hi-Tech** prepares students for careers in IT occupations, with the goal of filling more than a quarter of the region's IT jobs. The consortium regularly engages employers to review program outcomes and provide direct input into training needs.

**SkillSource** serves 2 million people and provides a variety of programs serving targeted populations, including veterans, the disabled, and formerly incarcerated individuals. The consortium addresses regional shortages in nursing, routing revenue from the Virginia General Assembly and health care providers to area colleges and universities to enhance their nursing programs.

Many model programs, in fact, cater to a region or to a regional economy, recognizing that the industries and employees in a given area may not reside in one specific geographic location.

[Northern Rural Training Consortium](#) consists of a workforce program in which providers, and their funding, are overseen and administered by a single entity. It serves as that administrator for several funding streams. Job seekers, for example, can be moved seamlessly from community colleges offering the accreditation or training needed for a specific employers, over to a service provider specializing in life skills, on to a specialist who will help secure child care services for the employee's children, and then into a high-demand.

Appointing an umbrella agency recognizes the critical need for a single point of contact for all customers of the workforce system—not only employers, but also job seekers and education providers.

[Louisiana FastStart](#) is a statewide program administered by the Louisiana Department of Economic Development. The program is intensely employer-focused, with one overarching goal: seeking out new or expanding companies and encouraging them to relocate to Louisiana. FastStart provides companies with customized employee recruitment and screening, and will even train workers and develop appropriate programs at Louisiana technical colleges—all at no cost to the companies themselves. In return, the companies must commit to creating at least fifteen (15) new, permanent manufacturing jobs, or at least fifty (50) new, permanent service-related jobs.

[ReadySC](#), an initiative of the South Carolina Technical College System, works with sixteen technical colleges in the state to develop and implement training programs for new or relocating companies. provides these services at no cost to the companies, on the condition that the company creates permanent, well-paying jobs for South Carolina residents.

*The Economist* has lauded FastStart as the nation’s “most notable statewide workforce development initiatives.” Others have positively referred to it as “a training program on steroids.”

[Berks County \(PA\) Workforce Investment Board](#) has developed a partnership with employers and the local community college that relies on employers identifying specific worker and skill shortages in Berks County region.

[Kansas WorkforceOne](#) workforce investment board—a regional collaboration comprised of 62 counties in central and western Kansas—was also able to respond to a major employer’s need for skilled personnel, and develop a training program with the local community colleges.

[HempsteadWorks](#) is a collaboration between the Town of Hempstead, and Hofstra University, to better identify and address worker and skills shortages. Since 2003, this collaborative effort has provided customized training through Hofstra University for nurses and other positions specifically identified by health care providers in the region.

The effectiveness of employers’ involvement depends on their ability to be as specific as they can about skills and training to drive educators to develop and implement education and training programs that meet those specific needs.

[Fund for Our Economic Future](#) in northeast Ohio is a philanthropic collaboration dedicated to advancing economic growth and equitable access to opportunity through research, civic engagement, and grant making, with over \$100 million in funds since its inception in 2004, through grants and donations from private donors and foundations.

[WorkSystems](#) in Portland is a non-profit WIB that works to improve the quality of the workforce in the City of Portland and its surrounding counties; it has successfully applied for and received federal funding, including an \$8.5 million grant from the U.S. Department of Labor and in-kind services from tech firms, which have donated licenses for training in IT.

[Milwaukee Workforce Investment Board](#)—an employer driven 501(c)(3), and one of the most successful organizations in the nation at raising funding from disparate sources—had a 2014 budget of \$19.5 million, of which \$699,000, or four percent, came from non-government sources.

Montgomery County presently spends upwards of \$50 million in workforce development initiatives through more than a hundred county government, MCPS, Montgomery College, Federal and private/non-profit sources.

The county's workforce development system must be fundamentally restructured, to meet the needs not only of job seekers without four-year degrees, but every job seeker and every employer.

- 1) Whose needs are not being met by the present system?
- 2) Why isn't the current system working for them?
- 3) What does successful economic development look like?
- 4) What do employers need from the system?
- 5) What do employees and job seekers need from the system?

## The county must have a clear economic development strategy.

The county must define its terms, its goals, its priorities with specificity, all the way down to kinds of jobs, employees, and salaries it wants.

## Regardless of structure, someone needs to own the system.

A coordinating entity is needed to bring together all stakeholders in a meaningful way—a coordinating entity or facilitator to ensure a single point of entry for employers, a seamless integration of services among providers.

## The county's workforce development system should embrace "hallmarks of an integrating organization."

1. Employers and educators should be actively engaged
2. Think regionally
3. Coordination matters
4. Active, not passive
5. Be specific
6. Combine and diversify funding

## Establish a task force to restructure the county's workforce development system.

Lay out very specific goals, processes, and deliverables, all revolving around the county's specific economic development needs, accounting for the county's current jobs trajectory, the nature of its high demand occupations (both current and desired) and the county's unique demographics.

Given the recent interest in workforce development issues, we believe the county presently has an enormous opportunity to significantly reform its system in a timely manner.

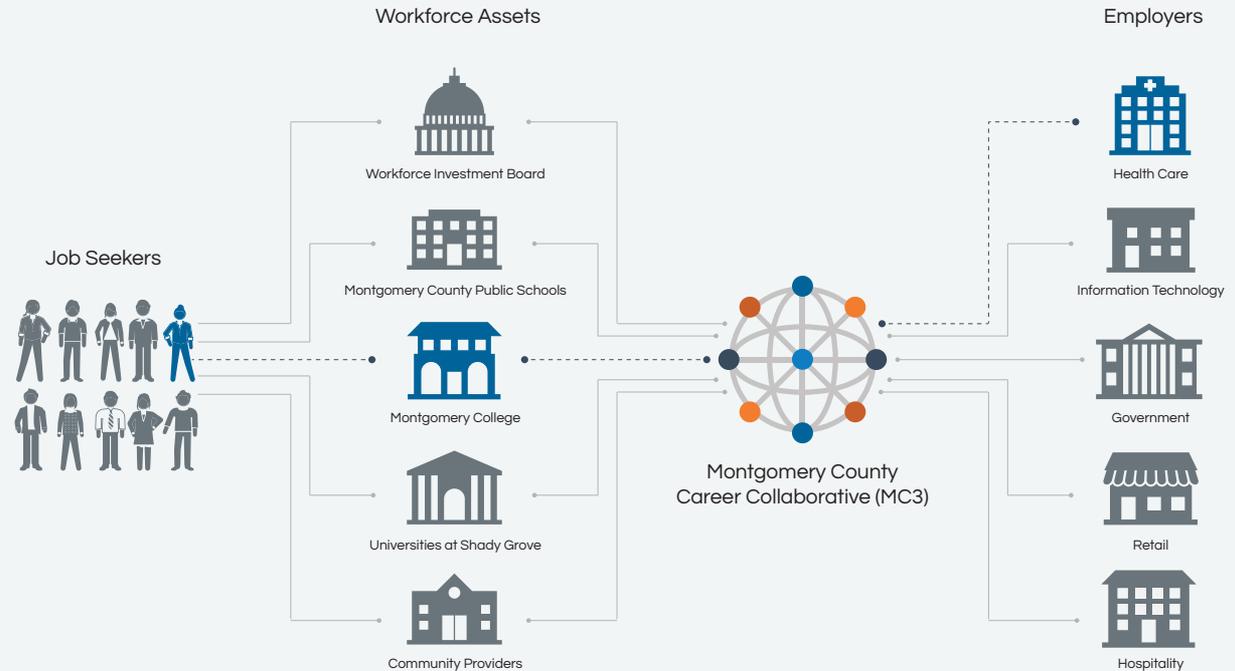
Restructure the system to consolidate all workforce development programs and services under a single office of Workforce Development and Continuing Education.

With a single overseeing entity, curricula, course offerings, and certification programs can be more quickly and closely aligned with the specific needs of employers. Such integration is critical to addressing the skills gap; by placing oversight for all education and training programs under one roof, the county can make better connections between what is taught and what employers are looking for.

This option can provide a beneficial structure, as well as an opportunity to provide meaningful and comprehensive services for the workforce development system's customers: employers and job seekers.

Restructure the workforce delivery system to flow through MC<sup>3</sup>, a central “career collaborative.”

This option acts as a mediator and facilitator for all of the current stakeholders in the workforce system, from employers through the WIB and service providers to the job seeker.



This option establishes MC<sup>3</sup> as the overall facilitator of the workforce system; under this structure, all existing administrative functions and funding streams remain in place.

## EMPLOYERS

need a regular pipeline of well-trained employees they can hire through dynamic and flexible system adapts to meet their evolving needs.

## JOB SEEKERS

must be able to obtain a job that pays enough to permit them to live in the county—no matter where they enter the system.

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Integrating a new workforce development system like MC<sup>3</sup> can create new economic development. It's good for employers, for job seekers, and for the County.

Right now, the county has an opportunity to provide meaningful and comprehensive services for the workforce development system's customers: employers and job seekers.

# Addressing Workforce Development in Montgomery County: An Economy at a Crossroads

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