# Under One Roof:

## New Governance Structures for Local Economic and Workforce Development

## Volume II

National Center on Education and the Economy
Workforce Development Strategies Group

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## Executive Summary

Eighteen months ago, the National Center on Education and the Economy released the first volume of Under One Roof: New Governance Structures for Local Economic and Workforce Development. This edition included five examples of regions where economic development and workforce development organizations, missions, resources, and activities underwent a structural reorganization to align efforts and bring resources under one organizational umbrella. The regional examples we highlighted were motivated by numerous factors, including increased competition for business attraction and retention, scarce resources, and the desire to create a demand-driven system that can better serve the needs of the local economy.

***This report profiles in detail three jurisdictions and explores the paths taken and common lessons learned across the sites.***

This publication generated much interest among communities across America concerned with pursuing similar arrangements for the benefit of the local economy. Therefore, the NCEE research team undertook a second study. Under One Roof, Volume II uncovers examples in Boston, Phoenix, and St. Lawrence County, New York. Once again, we met with key leaders in each region to understand the motivation driving the shift in governance structures, the nature of the changes, the enhanced capabilities that resulted from the changes, and the impact of these efforts. This review and Under One Roof, Volume I should be required reading for any community or region considering implementing similar measures.

Our intent is to provide insights for local government decision makers who are considering structural realignments of agencies and organizations. This report profiles in detail three jurisdictions and explores the paths taken and common lessons learned across the sites. The sites are geographically and economically diverse locations that represent a cross-section of communities and approaches, including a high-growth city in the southwest, an economically challenged, more rural community in the northeast, and an established urban center. Each case provides a varied look at how these areas have pursued governance changes depending on local circumstances, political and economic leadership and culture, and motivations. Each offers illustrations of how organizational and structural changes might energize and institutionalize partnerships among local economic and workforce development entities.

The sites were not selected because they represent what is often referred to as "best practice." Rather, they represent a few of the pioneers in the effort to use changes in governance structures and organizations as vehicles to enhance alignment of functions, strategies, and resources. They provide interesting models useful to other communities who are considering similar paths. And they offer insights to the challenges of integrating workforce and economic development organizations, which tend to operate very differently. Historically, workforce development has served disadvantaged individuals, while economic development typically has focused predominantly on business attraction and retention. The two very distinct organizational cultures add further complication. Persistent leadership is required to ensure that staff at all levels have a common understanding of a broader vision that recognizes the interplay between the worker pipeline and a healthy business climate and economy.

***Organizational realignments vary, depending on the impetus for the merger and local circumstances.***

Each case study provides a description of the local economy, a history of the merger or restructuring, a summary of joint activities pursued, a review of any obstacles faced in design and implementation, an assessment of the impact of the structural change, and a summary of lessons learned to date.

*Findings*

Once again, we find that there are varied approaches to restructuring local government to align workforce and economic development functions. Organizational realignments vary, depending on the impetus for the merger and local circumstances. In two of the cases, workforce and economic development agencies have been working in concert for a significant amount of time. In the third, change was much more recent. No matter when the reorganization was undertaken, each pursued a unique approach to ensure that the restructuring would result in improved practices. The strategies employed ranged from informal staff meetings and sharing of information via in-house newsletters, to devising a comprehensive plan that included conducting focus groups with community stakeholders.

The analysis and findings address cross-cutting insights from the examples organized around the following categories: drivers for change, ability to change, engagement of stakeholders, the restructuring process, and the impact achieved.

In two of the three cases, we observed that organizational structural change was prompted by challenges including high unemployment, cuts in funding or other budgetary constraints. In one instance, the leading driver for change was the need to meet the escalating employer demand for labor by building stronger connections to the business community and greater access to information regarding employer needs.

Once the decision to restructure had been made, the three communities took different approaches to ensure that the merger process unfolded as efficiently and effectively as possible. In one case, a significant amount of time was devoted to planning and preparation, which even included soliciting outside input from key stakeholders through a series of focus groups and surveys. This effort was designed to assuage community leaders that the merger with the economic development agency would not harm, and in fact, would benefit disadvantaged job seekers. In other instances, organizational leaders took a no-less serious, but more informal approach, to integrating staff and coordinating resources.

In all three cases, the mergers provided new opportunities to attract stakeholders' and partners' support and cooperation. Once workforce and economic development efforts aligned, they found that they were able to leverage new and complementary resources from a diverse set of partners, including higher education institutions, local

Chambers of Commerce, state economic development agencies, Manufacturing Extension Partnership programs, industry groups, and small business centers.

Our review determined that each of the three locations undertook a similar approach to the restructuring process. Boston first linked its workforce service agency, the Office of Jobs and Community Services (OJCS), with the Economic Development Industrial Corporation (EDIC) in 1990. Then in 1993, EDIC/OJCS was moved under the umbrella of the economic development agency, the Boston Redevelopment Authority (BRA). St. Lawrence County has an even longer history of incorporating workforce development into the Office of Economic Development with that merger occurring in 1981. Phoenix only recently chose to align workforce development with economic development. During a June 2004 retreat, city officials determined that the Phoenix Workforce Connection would move from the Human Services Department into the Community and Economic Development Department.

It is clear that the partners in these three cases have benefited from the synergy created. The union of workforce and economic development efforts in Boston has had a very positive impact on how resources are allocated to derive the most efficiency and generate results. To date, $15 million generated from increased economic development investments has funded more than 100 skill training programs. What makes Boston unique is the way it has integrated various funding streams and multiple job training initiatives to create a focused workforce and community development investment strategy. In Phoenix, thanks to the merger, workforce development issues are at the forefront of discussions about the city's economic health and competitiveness. This holistic approach appeals to businesses considering Phoenix for expansion, retention, or relocation. St. Lawrence County has built on the integrated structure of economic and workforce development to develop new markets and to enhance employer attraction efforts. Such tactics are critical to the economic health of a rural region that lacks a major commercial sphere and population center.

In NCEE's *Under One Roof, Volume I*, we noted a number of benefits to restructuring that would not likely have occurred in coordinated, but separate institutions: 1) improved problem-solving from holistic thinking; 2) consistency and alignment; 3) greater resources under one roof; 4) greater accountability; and 5) potential to institutionalize desired changes. These benefits are certainly present in the cases reviewed. We also noted some new impacts and opportunities in the three cases reviewed in this volume. These include the following:

> *An expanded reach through strategic partnerships.* Workforce and economic development partners that blend into a single organizational structure are able to form even broader partnerships with community organizations that have a similar strategic interest in working on behalf of the local economy. The merged organizations are better positioned to build strategic partnerships with business and higher education communities, thereby laying the necessary foundation to provide the hard-to-reach with more and better job opportunities.
>
> *Greater visibility and political prominence.* Workforce development issues are more likely to have the support of political leaders and tend to achieve greater standing when tied to economic development goals. While mergers benefit both sides, one of the biggest benefits for workforce programs is the political prominence gained by being connected to the local economic development agency.

***We noted a number of benefits to restructuring that would not likely have occurred in coordinated, but separate institutions.***

## Introduction

Across the country, there is a growing interest in aligning economic and workforce development functions, strategies, and resources. The motivations to enact organizational changes include the need to make better use of increasingly scarce resources and to respond to intensifying competition for attracting and retaining companies with high skill, high wage jobs. The sense is that combining forces helps advance a comprehensive strategy and approach to developing, nurturing, and retaining the talented workforce necessary to support industries critical to economic success.

While there are many examples of local efforts to align economic and workforce development around specific initiatives or collaborative efforts, relatively few local jurisdictions have gone so far as to reorganize economic and workforce development organizations and governance structures in order to bring their resources—including staff, funding, and organizational priorities—under one organizational umbrella.

This document is a follow-up to NCEE's Under One Roof Volume I which highlighted examples of new governance structures aligning workforce and economic development, and was published 18 months ago. Like its predecessor, it is intended to provide insights for local government decision-makers considering structural realignments of agencies and organizations. In this case, we profile in detail three jurisdictions and explore the paths taken and common lessons learned across the sites. The sites are geographically and economically diverse locations that represent a cross-section of communities and approaches, including a high-growth city in the southwest, an economically challenged, more rural community in the northeast, and an established urban center. Each case provides a varied look at how these areas have pursued governance changes depending on local circumstances, political and economic leadership and culture, and motivations. Each offers illustrations of how organizational and structural changes might energize and institutionalize partnerships among local economic and workforce development entities.

The sites were not selected because they represent what is often referred to as "best practice." Rather, they represent a few of the pioneers in the effort to use changes in governance structures and organizations as vehicles to enhance alignment of functions, strategies, and resources. They provide interesting models useful to other communities who are considering similar paths. And they offer insights to the challenges of integrating workforce and economic development organizations, which tend to operate very differently. Historically, workforce development has served disadvantaged individuals, while economic development typically has focused predominantly on business attraction and retention. The two very distinct organizational cultures add further complication. Persistent leadership is required to ensure that staff at all levels have a common understanding of a broader vision that recognizes the interplay between the worker pipeline and a healthy business climate and economy.

This publication is organized as follows: Following this introduction, each case example provides a description of the local economy, a history of the merger or restructuring, a summary of joint activities pursued, a review of any obstacles faced in design and implementation, an assessment of the impact of the structural change, and a summary of lessons learned to date. The volume concludes with a final section highlighting common features and lessons drawn from across the three cases.

We are indebted to the U.S. Department of Labor Employment and Training Administration for their support of this work.

## Case Study—

The Boston Redevelopment Authority

### I. Background

Boston has parlayed its strong economic resurgence—using fees charged to developers building within city limits—into a new funding stream in support of workforce development and job training. Because Boston's residential and commercial real estate are in such high demand, the city has been able to require developers to pay "linkage fees" that then finance job training programs for its lower skilled populations. The result is a highly effective community development strategy. This initiative combined with agency restructuring has generated a flexible source of revenue that contributes to Boston's workforce development efforts and overall approach to strengthening the local economy.

The Mayor of Boston, Thomas Menino, currently serving his fourth term, was first elected in 1993. He is one of the longest serving mayors in Boston's history and has made workforce issues a priority. Boston's skilled workforce has been key to spurring growth and ensuring the city's economic vitality. Boston's metropolitan area, with 3.2 million residents, is the economic hub of both the Commonwealth of Massachusetts and the New England region.

With Boston's economic turnaround over the past 15 to 20 years, more people want to live within the city limits, further contributing to the high cost of housing. The city is a highly attractive location for office buildings and hotels, resulting in the squeezing out of smaller industrial and commercial activities. And while many of the city's firms are succeeding and growing, employees with the right skill levels are in short supply.

## The Boston Redevelopment Authority

The current regional economic recovery began in late 2003 after almost three years of recession. Although once a manufacturing economy, Boston has shifted to a knowledge-based economy relying on its concentration of higher education and health care institutions as well as the financial, governmental, and business sectors. Boston gets a larger share of National Institutes of Health awards—over $1.6 billion in fiscal year 2005—than any other city in the country, reflecting the strength of its renowned hospitals and medical schools. Health services represent over one out of every six jobs within the city.

Its world-class educational, medical, and research institutions attract an exceedingly educated workforce. The city's percentage of college-educated residents is one of the highest in the nation (35.5 percent of residents held at least a bachelor's degree in 2000). Young professionals come to the city to attend school or to work; one in three Bostonians is between the ages of 20 and 34. Population figures from 2000 indicate half of the residents were White and half were minority. The city is also a major gateway for new immigrants. Immigrants account for the vast majority of labor force growth, and will continue to do so.

Unemployment rates in the city have recently been tracking pretty closely with the national rates (4.5 percent unemployment in the Boston metropolitan statistical area in August 2006). Yet, according to Harvard University's Civil Rights Project[1], unemployment rates for Metro Boston's Blacks and Latinos are well over twice as high as for whites. For those that have jobs, Blacks and Latinos are over-represented in lower-paying service jobs, relative to their share of the total workforce, and are greatly under-represented in professional and technical jobs.

The Boston Foundation's *Housing Report Card of 2005* named Boston as the most expensive metropolitan area in the country, outpacing Washington, DC, San Francisco and even New York City. Boston's cost of living is a challenge for working families looking to invest in or near the city.

[1] Nancy Mcardle. Racial Equity and Opportunity in Metro Boston Job Markets. December 2004. Harvard University Civil Rights Project.

## II. History of Agency Reorganization

Boston's workforce development system partners are known for their effective collaboration with the local business and education communities. These collaborations are not new, nor did they happen overnight. After the severe 1975 recession, political leaders reached out to key employers who held the promise of new job creation. In 1979, the Private Industry Council (PIC) was established by the Mayor to carry out provisions in the new federal workforce law. At the request of the Mayor, the then head of the State Street Bank chaired the PIC, a business-led organization that partnered with leaders from education, labor, higher education, the community, and government on workforce issues. The PIC has evolved with the changes in the workforce system and currently serves as Boston's workforce investment board, setting workforce policy.

Within the city government, the Office of Jobs and Community Services (OJCS) receives workforce development funding from the U.S. Department of Labor (Workforce Investment Act and other sources), HUD, and the Massachusetts Departments of Education and Transitional Assistance. The PIC and OJCS jointly plan and manage the spending of WIA formula funds, with the PIC Board providing final approval. Neither the PIC nor OJCS have staff located at the WIA-funded career centers. The career centers are chartered by the PIC and the Mayor and were originally selected through a competitive bidding process in 1996. The career centers are operated by three different partnerships: one is led by the Massachusetts Division of Career Services and the other two are led by community-based organizations.

During the tenure of former Mayor Ray Flynn (who held office from 1984 to 1993), OJCS was merged with the Economic Development Industrial Corporation (EDIC) in July of 1990 for budgetary reasons. The reduction of federal funds had drastically cut the OJCS budget and the agency was overspending. With OJCS in financial straits, the city integrated it with EDIC, a quasi-public agency with non-tax generated resources at its disposal. EDIC provides various tools and services to support the needs of entrepreneurs, industrial services, and workforce development. These include low-cost space for industrial purposes and financial resources to assist businesses with start-up or expansion.

The merger permitted OJCS to meet program requirements that exceeded the availability of federal dollars using EDIC's rent receipts collected from real estate holdings and industrial park tenants overseen by the agency. While the missions of the two agencies were theoretically linked, it was only later that they came together in practice; the initial impetus for the merger was simply financial.

In 1993, at the end of the Flynn administration, EDIC/OJCS was merged with the Boston Redevelopment Authority (BRA)—Boston's planning and economic development agency. The BRA is responsible for making recommendations on major construction and redevelopment activity and creating master plans for downtown and community economic development that address infrastructure needs. Again, the rationale for the merger was reduced costs to the city budget. Physically, OJCS offices remained separate from the BRA offices which are located with the Mayor's headquarters at One City Hall Plaza.

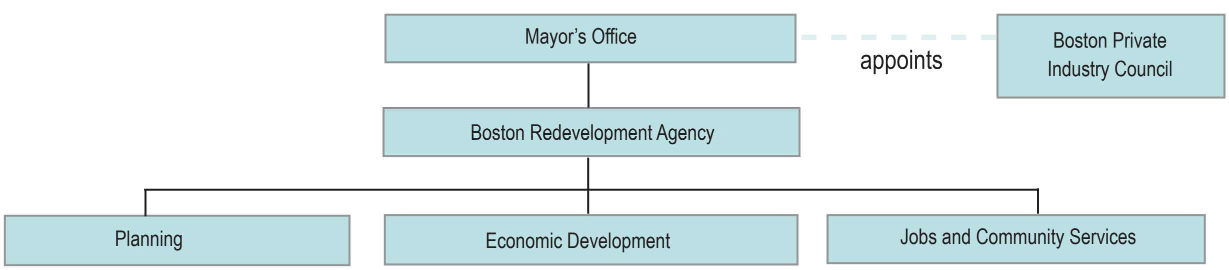
At the time of the second merger, the two agencies had distinctly different goals. The EDIC and BRA staff were focused on maximizing business investment and generating tax revenue for the city—whether or not the development promised high skill, high wage jobs. The OJCS, on the other hand, was solely concerned with upgrading the skills of Boston workers, matching them to well-paying jobs, and creating summer and other employment opportunities for young people. While there was some interest in aligning efforts, there were few truly joint initiatives.

When Mayor Thomas Menino came to office, he took the opportunity to streamline economic development efforts in the city. It has taken time for the BRA and OJCS to identify and support projects that would increase gross tax revenues while at the same time generating skilled jobs with clearly defined entry points for city residents.

## III. Organizational Structure of the Alliance

In January 2000, the Mayor appointed a new director to the BRA. The director serves on the Mayor's cabinet and is the Mayor's representative on the PIC. He came from the private sector, with a successful career in real estate management and marketing. When he came on board as head of the BRA, the director was not even aware that OJCS was under his purview. However, he quickly saw the value of integrating workforce development and economic development. For the past six years, he has set the expectation that the two divisions work to identify opportunities for mutual benefit.

The Mayor also has supported this approach, stating publicly, "I should tell you that Jobs and Community Services is located within our economic development agency, the Boston Redevelopment Authority. I believe that if we do not link job training with economic development, we will fail in our mission."[2] The Mayor has given the OJCS director his support and his ear, ensuring that OJCS has a strong political presence within the BRA.




The BRA director oversees a department of approximately 300 people, with OJCS making up 100 of those and bringing in more than $25 million in revenue (including adult occupational skills training, literacy, youth services, and support services).

Leaders from the BRA and OJCS have worked well together, integrating missions of the two entities. While there is no formal method for cross-training staff, individual people, with the support of organizational leadership, have made connections and seen the benefits. In the past year, OJCS staff have made a conscious effort to contribute

[2] Remarks of Boston Mayor Thomas M. Menino—New York City Workforce Summit. December 9, 2002. Center for An Urban Future.

**_Leaders from the BRA and OJCS have worked well together, integrating missions of the two entities._**

to the in-house newsletter as a way of informing BRA colleagues of their work. Big tasks like the Longwood Medical Area project (described below on page 26) brought the two divisions together. In most cases, an OJCS person is appointed to each development project, assuring the presence of the workforce system perspective and resources when discussing business retention or attraction efforts.

According to the BRA director and staff, OJCS is a valued partner because the staff provide tangible services to the community. Boston is very much a city of animated neighborhoods, representing its economic and ethnic diversity. Residents speak out on development proposals. The BRA finds it very beneficial to include OJCS in conversations with the community because OJCS has credibility with the residents and can help them to understand the benefits of new development in terms of jobs and training opportunities. Not only are the residents more likely to support new projects, but the BRA gains a much more sophisticated understanding of the human resource opportunities available in the community. OJCS training funds often are awarded to the highly visible community-based organizations (CBOs) that play a major role in providing workforce development services citywide.

The OJCS also has an important and long-standing relationship with the PIC; the two organizations develop various models of employer engagement to address workforce challenges facing the city. The current director of OJCS was hired in 1995 (not long after it was joined with BRA); and her predecessor became the deputy director at the PIC. OJCS and the PIC leaders work closely together and are responsible for co-planning workforce development policy and strategy citywide.

Using its role as the policy-making board, the PIC is able to attract and draw from a wide range of resources (including more flexible federal and state demonstration grants and money appropriated by the state legislature) to fund mutually agreed upon education and training efforts. An example of a state appropriation that has contributed to a more effective workforce in Boston is the funding that allows the PIC to hire and place career specialists in Boston secondary schools. The career specialists prepare and place students into non-subsidized private sector work experiences in the summer and during the school-year. The availability of welfare reform dollars and the imperative of placing welfare receipts in jobs put the OJCS/PIC in a central and active role in helping create welfare to work transitions. These resources resulted in the development of very successful models briefly described in Section V.

With OJCS as the financial agent, the Mayor deploys a whole array of resources via the PIC and personally selects PIC members who can act as strong advocates for improving education and training citywide. From its inception, the PIC has been chaired by prominent business leaders ranging from major bank presidents to the president of the Federal Reserve Bank of Boston. As health care is the key sector in Boston's economy, the current chair of the PIC is the president of Brigham and Women's Hospital who knows it is in the hospital's self-interest to collaborate with the workforce development system to prepare more workers with the right skills. This powerful combination of political and industry leadership has been critical to Boston's workforce development and economic success.

***Boston has the highest yielding linkage trust in the country, and it appears to be the only one with funds dedicated to workforce issues.***

## IV. Opportunities and Challenges

Boston's highly sophisticated industry sectors make it challenging to create workforce entry points. The labor market is dominated by the health care and life sciences, financial services, and higher education sectors in which most of the entry-level positions require some college experience or a degree. According to the Massachusetts Department of Workforce's Job Vacancy Survey (fourth quarter 2005), 45 percent of job vacancies in the greater Boston area required at least an associate's degree. And almost 50 percent of those job vacancies were management, technical, or professional jobs. City leaders are responding to this dilemma by articulating clear career pathways that include post-secondary training and education. The goal is to help youth and adults to be more aware of and prepared to access job opportunities that exist in these industries. By identifying entry-level positions (some with a health care or life science focus and others in more generic areas such as equipment repair or purchasing) and mapping education and training pathways, the city hopes to improve the job match for residents and employers.

There are also a number of equity issues when addressing the workforce needs of employers—new and existing—in Boston. The city is committed to moving low-income residents who are either unemployed or underemployed into well-paying

**_Boston has the highest yielding linkage trust in the country, and it appears to be the only one with funds dedicated to workforce issues._**

jobs in strong sectors. This requires the development and implementation of high quality, efficient training programs for potential candidates to ensure their readiness for employment. The BRA and OJCS have made use of a unique revenue stream and its bargaining power in city planning and development discussions to open up new opportunities for low-income city residents. These are discussed in detail on the following pages.

*Neighborhood Jobs Trust*

One very flexible revenue stream at OJCS' disposal is the Neighborhood Jobs Trust (NJT). In 1983, Boston's City Council passed a zoning ordinance requiring developers building within city limits to pay a linkage fee. In large part, this was in response to the organization of city residents who advocated for investment in Boston neighborhoods. The basic concept of a linkage fee program is that developers of large-scale commercial structures contribute fees (tallied per square foot of development) to other community needs such as housing stock, job training, public transportation, or child care.

By requiring developers to contribute to a fund, the City had a means of ensuring that large-scale real estate development benefited the outlying neighborhoods of Boston and their residents. The initial emphasis was on providing housing (originally assessed at $5 per square foot in excess of 100,000 square feet), but a fee to support job creation, job training and related services (assessed at $1 per square foot in excess of 100,000 square feet) was added once it became clear that jobs were as important to residents as housing.

Today, developers are assessed fees for neighborhood housing at $7.87 per square foot and fees used for job creation and training at $1.57 per square foot. Boston has the highest yielding linkage trust in the country, and it appears to be the only one with funds dedicated to workforce issues.

The City Council authorized the jobs portion of the trust to mitigate the extent to which Boston's low or moderate income residents lose employment opportunities or are unable to compete for new opportunities resulting from large-scale real estate development projects. The NJT, administered by OJCS, supports job training and retraining, employment counseling and job placement services, adult literacy and alternative education programs, and related supportive services aimed at low to moderate income residents. At least 20 percent of any jobs linkage payment must be reserved for appropriate services to the neighborhood(s) where the project is located.

Developers are required to pay half of the assessment in advance of construction. Then, if the developer is an employer that plans to occupy the space such as a hotel or hospital, it may choose to submit a proposal to use a portion of the funds paid into the NJT (typically not more than 50 percent would be made available) to establish an education and training program for its own workforce. In reality, most simply pay the fee without ever requesting funds. (Several programs funded by NJT are described later in the Section V.)

Each year, the three Trustees of the program consider programmatic priorities based on residents' needs, labor market conditions, and the availability to leverage other financial resources and services in the city. Once sufficient funds are available, the Trustees solicit proposals for these priorities using a competitive RFP (Request for Proposal) process. Since the director of OJCS is one of the three Trustees (the other two members represent the City Council and the Boston treasurer), the office has the opportunity to seed innovative education and training projects for entry-level workers that go beyond the needs of one institution or one community using this designated funding. "The Jobs Trust is a flexible source of funding that is important to have when federal and state programs just don't fit," said Mayor Thomas Menino. [3]

*The Community College Challenge*

As mentioned above, health care is the dominant industry sector in Boston. While there are plenty of Ph.D.s in the city, many jobs that require some post-secondary education or an associate's degree go unfilled. The Mayor understands that the city's challenge is to match lower-skilled Boston residents with these jobs in the middle by providing training pathways and other entry points.

[3] Remarks of Boston Mayor Thomas M. Menino—New York City Workforce Summit. December 9, 2002. Center for An Urban Future.

Yet, despite the high value of a two-year credential in the marketplace, the state community college system has a lower completion rate and lower transfer rate of students into four-year colleges relative to other states. According to 2004 data from the Integrated Postsecondary Education Data System of the U.S. Department of Education, only 16.6 percent of full-time Massachusetts community college students earn a degree or certificate within three years—a percentage well below the national average. There are myriad factors at play which vary greatly from school to school, including: course offerings that often make credit transfer unclear; little counseling for students; the high need for remedial coursework; little emphasis on practical or career-oriented skills; a weak relationship with the business community; and insufficient understanding of local workforce needs.

Much effort and attention has been paid to reforming the K–12 public school system. Given the economy of Boston and Massachusetts, there is an increasing recognition that there needs to be a responsive and high performance public system from K–16. An effective community college gateway is essential to providing opportunity for Massachusetts residents to access high demand jobs and to ensuring the workforce necessary for economic growth. The PIC and OJCS have undertaken research projects to understand how BPS graduates are faring in terms of college retention and graduation. In addition, the PIC and OJCS are undertaking pilot projects in partnership with the health care and financial services sectors to provide college retention support and an ongoing employer connection for graduates of the Boston Public Schools, who are attending college in Boston with the intent to major in a field of study related to that industry sector. Finally, the PIC and OJCS are developing a career awareness project focusing on 9th and 10th graders to help those students and their parents make more informed decisions about course taking and extracurricular experiences to prepare for college.

The PIC and OJCS are also undertaking a study to better understand the alignment between the demands of the local labor market and the outputs of the post-secondary system. The intent of this study is to develop partnership opportunities between high schools, businesses, and higher education to prepare students for high demand careers, as well as policy recommendations to improve performance and accountability of the public post-secondary system.

For businesses, working with community colleges and other post-secondary institutions is often done on a business by business basis. This approach is driven by the competitive nature of accessing skilled workers, particularly in high shortage areas. However, there are some examples of industry collaboration in bringing a community college or other post-secondary program onto the worksite, particularly when no one firm can provide the scale of demand necessary to justify an onsite program. More often, businesses collaborate with higher education to develop more proprietary programs to respond to their particular labor force demand.

*Business Expansion: Flexibility for the Benefit of the Public Good*

While it is common for city planners across the United States to consider transit and housing impacts when weighing development proposals, Boston's BRA takes a broader view and incorporates workforce development projections as well. For instance, in 2003 the BRA began developing a master plan for the Longwood Medical and Academic Area (LMA) of Boston, one of the world's most highly respected centers of medical and academic institutions employing more than 37,000 people.

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Hospitals and degree granting educational institutions are required by the Boston Zoning Code to have an approved Institutional Master Plan before they can undertake construction of new significant buildings or facilities. An Institutional Master Plan describes the size, location, and uses of each facility being developed within a 5 to 10 year period. The intent is to mitigate impacts on host neighborhoods and to enhance public benefits.

Interim guidelines established by the BRA required that institutions submitting development proposals not only need to detail square footage space requirements, but to project their labor and corresponding training needs. BRA's director made it clear that "not only would workforce need to be part of the conversation, it was as important as urban design, housing, and transit concerns."[4]

[4] Conversation with the BRA Director on April 5, 2006.

Under the interim guidelines, developers are required to provide:

1. Data on the number and percentage of current employees who are Boston residents, and the types of positions they hold

2. Current and projected staffing needs and

3. A description of the institution's existing workforce development activities

This data serves as a baseline measuring what institutions are doing already to support workforce development. For developers proposing buildings that exceed zoning requirements, there is flexibility in the ordinance which allows the BRA to take into account the public good of the proposed development. There needs to be general agreement that there is merit to exceeding the zoning requirements. An example of this balancing test is the cardiopulmonary center of the Brigham & Women's Hospital opening in 2008. Because the center would provide not only new jobs, but preventative services and care to residents in response to the public health issue of obesity, the hospital was given permission to build in (slight) excess of the zoning requirements.

These interim guidelines went into place in 2003 and are still in effect today. Using these guidelines, new growth has been approved in Longwood, generating major opportunities for economic and workforce development, including an anticipated 10,000 new jobs.

While this may seem burdensome, Boston's employers are generally sophisticated about workforce development matters and are familiar with the issues. Harvard University, for instance, provided a two-year grant to operate a one-stop satellite career center (available to all residents and employers) as an investment in the city and its labor market infrastructure. BRA and OJCS suggested to the university that this investment would help the university build relations with the local community and would generate resident support for Harvard's master building plan, which it was planning to unveil.

Cumulative experience suggests that developers and employers typically are not averse to these new requirements as they want to show good faith efforts to the communities in which they are expanding. Boston has since developed a similar approach for disposing of city-owned land parcels for development. Interested bidders are required to integrate workforce and job development goals into their proposals which are evaluated based on the overall benefit (including job growth) to the community.

## V. Impacts

While specific program impacts are cited below, the union of workforce and economic development efforts in Boston has, in general, had a very positive impact on how resources are allocated to derive the most efficiency and generate results. OJCS staff now have a real-time read on the labor market and are able to respond immediately to employer needs as companies and organizations enter or expand within the Boston area. This allows the agency to organize just-in-time training in a way that was not possible before.

***The union of workforce and economic development efforts in Boston has, in general, had a very positive impact on how resources are allocated to derive the most efficiency and generate results.***

*Neighborhood Jobs Trust*

Since 1998, funds generated from development deals for skill training programs in Boston amounted to $15 million, from which the city has created more than 100 programs. Because these funds are locally generated, they are extremely flexible and can be used for virtually any purpose. The city may choose to add NJT monies to projects currently funded by state and federal workforce dollars—especially to fund activities that may not be permitted by federal regulation—or they can support entirely new projects.

As an example, in 2001, Mayor Menino announced the First Step initiative dedicating $1.7 million in NJT funds to train and educate low and moderate income residents via 18 community-based organizations. The program was announced just at the time the local and national economy hit their peaks (unemployment was 2.6 percent in Boston in early 2001) and helped several hundred low- to moderate-income Boston residents access training and jobs during the recession that followed (unemployment

[5]Strengthening Boston's Workforce: A Report on the Neighborhood Job Trust's "First Step" Job Training Program. City of Boston Neighborhood Jobs Trust. 2004.

hit 5.4 percent in Boston by early 2003). Occupational skills training programs aimed at entry level workers were offered in the high-need industries of health careers, office skills, culinary arts and hospitality, and construction trades. Providers were paid based on performance and need to demonstrate that enrollees have been placed in jobs. Despite the difficult job market in 2002, when participants completed training, 64 percent of trainees found employment. The average wage was $11.08, which was above Boston's "living wage" of $10.96 for FY2004.[5] With the program's success, the Mayor allocated an additional $1.2 million, re-funding 15 of the original 18 programs. All told, 781 Bostonians were trained at an average cost of $3,800 per enrollee.

***When BRA leaders articulated the expectation and made it a criterion upon which proposals would be evaluated, they established a new standard citywide.***

*Longwood Medical Area Development*

Within the Longwood Medical Area, Brigham and Women's Hospital (BWH) is building a new cardiopulmonary center (mentioned earlier in Section IV) that will require 250 new tech service jobs—primarily operating room nurses. The hospital devised a plan to provide further education and training to incumbent workers in order to move them into these new jobs, with the intent of back filling the jobs vacated by newly trained staff with neighborhood residents. In addition, BWH set up a separate scholarship fund (which provided funding and release time) for the participating employees to accelerate their progress and readiness. The PIC began providing a fee-based business service for BWH a year ago to help the hospital with a career awareness initiative to "grow its own" workforce from within. Dr. Gary Gottlieb, president of BWH and PIC chair commented, "Mayor Menino's visionary commitment to developing a strong healthcare labor force composed of Boston's residents is essential to our ability to provide world class health care for our patients."[6]

Thanks to the interim guidelines originally established for the LMA, it is now commonplace for planners and developers across the city to discuss workforce implications upfront. While developers undertaking projects within the LMA initially complained, they eventually saw that by attending to and planning for workforce-related issues upfront, they had a much easier time selling their projects to residents in

[6]Boston Redevelopment Authority Press Release. Mayor Menino, The Boston Foundation Announce Workforce Development Plan, January 15, 2003.

the surrounding neighborhoods. When BRA leaders articulated the expectation and made it a criterion upon which proposals would be evaluated, they established a new standard citywide.

*Business and Community Partnerships*

In the Balanced Budget Act of 1997, Congress authorized the U.S. Department of Labor to award $3 billion in welfare-to-work grants, the only federal funds specifically designated for work-related activities for welfare recipients. The PIC and OJCS joined together to develop a plan on how best to spend the federal funding in support of welfare reform. The two organizations agreed to create business and community partnerships where employers in labor shortage sectors would guarantee a job to anyone who completed a job training program. CBOs, in turn, would provide retention services at the work site. The case manager, an employee of the CBO, worked closely with the new employee and her supervisor to anticipate potential issues that would affect retention and to work through issues that emerged in the first year of employment.

Fourteen partnerships were generated and over 700 people were placed in jobs. Anecdotal evidence from participating employers suggested that the retention rate of the welfare recipients who completed the job training program was higher than that of people hired through other sources. The retention services were credited with making a difference.

Several of these partnerships have been sustained by the businesses, and in some cases have been supported with the help of Neighborhood Jobs Trust funds. In fact, some of the partnerships that were created became the foundation for ongoing projects funded through a consortium of public and private funders, called SkillWorks. Among the partnerships that continue in some form today are Partners Health Care's Project Rise program, the TJMaxx and Morgan Memorial Goodwill Industry retail partnership and the Longwood Area hospitals and Jamaica Plain Neighborhood Development Corporation partnership called the Health Care Research and Training Institute.

*Building Careers Partnership: Career Exploration for Youth*

Mayor Menino has used Boston's desirability with developers to bring them and their contractors to the table with unions, BRA/OJCS, and the PIC with the purpose of designing a pipeline to bring youth into the building careers industry. The sector is facing the loss of a significant percentage of its workforce due to retirement. The Mayor personally asked major developers in the Boston area to commit to sending a senior manager to attend monthly meetings with the purpose of creating a Building Careers Partnership for youth. For two years, the group has been meeting to coordinate summer job opportunities, arrange job shadowing experiences, and reach out to young people who might not traditionally have entered the industry (in particular, minorities and women) to introduce them to jobs within the industry and career pathways.

**_Boston has designed a focused workforce and community development investment strategy pairing multiple initiatives and drawing on various funding streams._**

## VI. Lessons Learned

Boston has designed a focused workforce and community development investment strategy pairing multiple initiatives and drawing on various funding streams. The BRA/OJCS structural relationship may not have been essential to this endeavor, but it has been extremely valuable to facilitating the process. Having OJCS involved in discussions with developers ensures that the job training and job access needs of city residents are considered and valued. BRA alone could not have represented the neighborhood constituencies in the same way.

In fact, the BRA director insists on having OJCS approve development agreements. If the agencies had remained separate, such a requirement would have been unlikely. Even if required, it might simply be pro-forma as workforce development leaders would likely be reluctant to hold up a development deal. However, with OJCS integrated within the BRA structure, the agency has a real voice and an ability to insist on certain commitments.

The two partners benefit from the synergy. OJCS's community connections and focus on upgrading worker skills and providing career access points for youth and adults helps BRA to attract and retain employers in the city. The Planning Office staff in particular note the benefit of understanding what it takes to establish a pipeline of workers to generate a healthy business climate. OJCS, in turn, has an opportunity to play a role in BRA's efforts to generate new jobs for the city's workforce. The funds contributed by developers can be invested flexibly and strategically in skill development.

The Mayor has been able to use this collaboration for the benefit of the entire city. The OJCS has played a key role in building community support for development projects downtown, which generate tax revenues and economic growth. The BRA is able to tout its workforce development initiatives and their impacts when working with the business sector

***The Mayor has been able to use this collaboration for the benefit of the entire city.***

City leaders outside of Boston would be wise to recognize the cornerstone role that workforce development and skill building play in attracting and retaining businesses. The alliance invites creative responses, as the OJCS director commented, "It's a missed opportunity if economic and workforce development are not on the same team and working in close proximity."[7]

Similarly, the way that Boston has taken advantage of the strong competition for scarce development rights could be imitated by other cities and towns. The city devised a unique approach that requires developers to be responsive to needs beyond the physical factors of housing and transportation into the socio-economic areas of education and training. Other places that have high demand for a limited amount of property (or already-established institutions looking to expand) might construct similar arrangements. While the scale of Boston's leverage may be hard to replicate in other cities, certainly the method could be adopted.

[7] Phone interview, June 7, 2006.

## Case Study—

St. Lawrence County (NY) Office of Economic Development

### I. Background

St. Lawrence County is situated on the Canadian border in northern New York State, on the "periphery of both the state and national economies," as described in its economic development profile. It is rich in natural resources—abundant supplies of water, timber, zinc, and talc—which provided incentives for the location of industries, including aluminum, automotive, zinc mining, and paper. The land is also suitable for agriculture, with approximately one quarter of it being farmed. St. Lawrence County ranked as the nation's 33rd largest milk producing county in the U.S. in 2000.

The county is largely rural, with a land mass of 2,685 square miles—twice the size of Rhode Island—that comprises five percent of New York state. Its population, however, is only 0.5 percent of the state's and is dispersed among 32 towns, 13 villages, and one city. Five population centers, ranging in size from 7,000 to 15,000, comprise more than half of the 111,931 person population.

The size of the population has remained relatively stable since 1990, albeit with slight declines measured in 2000 and 2003. Absent real growth in previous decades, the County's population in 2000 was essentially the same as in 1960, compared with population growth of 13 percent in New York State during the

[8] St. Lawrence County Profile, 2000. Found at http://slcida.com/profile.php

same period.

The economic history and strengths of the five main population centers vary significantly. Massena was the location for traditional industry and remains home to the county's largest private industrial employers (Alcoa and General Motors). Canton/Potsdam now has four universities. Ogdensburg is the site for most of the new Canadian businesses that are attracted to the county because of its proximity to the border and Ottawa; Gouverneur is home to the mining industry and near the army installation Fort Drum. The Clifton/Fine area is the site of a paper mill that closed in 2000 (and that may re-open in the near future).

Ninety-four percent of the population is White, with Black/African Americans making up just over 4%, and Hispanics just under 2 percent. During the 1990s, the unemployment rate ranged from just over 5 percent to highs of 8.6 percent and 7.8 percent in 1992 and 1993, respectively. In the early 1980s, the period when the economic and workforce development functions merged, the unemployment rate stood between 7.6 and 8.6. It finally began a steady decline in 1985.

In recent decades, manufacturing, mining, and agriculture have declined in the county as they have nationally. Such factors as manufacturing's growing need for access to transportation, the paper industry's use of artificial compounds in place of wood fiber, and the uneconomical price of zinc extraction contributed to the closure of plants and mines in St. Lawrence County, causing significant losses of good jobs. In a positive, recent development, the rapid rise of the price of zinc over the last few years has prompted re-opening of the zinc mines. Equally promising is the decision by a group of investors, including the former manager of the mill, to acquire the paper mill's facility with plans to re-open it in the near future.

Despite this good news, the narrow industrial base has provided few alternatives for re-employment in jobs comparable in wages and skill to those that were lost, and the county's ongoing challenges of geography, infrastructure, and demographic issues, has constrained the ability to attract new industry. The result has been

[9] County unemployment in 12/06 was 4.9%, compared to NY's 3.8%; in 2004, St Lawrence County's rate was 7.1% to NY's 5.2%, but in 2002, the county's rate of 6.5% was only slightly higher than the states 6.3%. NY State Department of Labor. Found at www.labor.state.ny.us/workforceindustry data/index.asp.

underemployment and/or unemployment at rates that range from somewhat to significantly higher than those of New York State as a whole. [9]

The steep decline in manufacturing employment—28.1 percent from 1990–2003—has been offset by job growth in the education, health care, government, and retail sectors. Many of these new jobs, however, do not offer the high wages and benefits of the previous jobs in manufacturing, and many also are part-time and contingent.[10] The dairy industry's decision to improve productivity with the use of new technology and training has increased milk production, but also has resulted in a significant drop of 27.3 percent in dairy farm employment from 1997–2002.

The government sector dominates the County's economy. In 2002 it provided 29.4 percent of the jobs and 35 percent of the earnings for County workers. Second was health care and social assistance, providing 13.5 percent of the jobs; although only 11.1 percent of earnings. Retail has 13.1 percent of the jobs but only 8 percent of earnings. Next is manufacturing, with 11.4 percent of the jobs and 18.6 percent of earnings. Finally, educational services, with the highest ratio of jobs to earnings: 9.7 percent to 22.2 percent. In summary, government, manufacturing, and education account for over 50 percent of the County's nonagricultural employment and contribute 76.7 percent of the nonagricultural earnings.

In 2004, most employers who participated in the county's Economic/Workforce Development Summit, with the partial exception of the health care sector, seemed to agree that they were likely to maintain but not to expand their workforces. They were much more concerned with worker skill mismatches and the aging of their employees.[11]

In 2000, about 41 percent of the County's workforce had at least some college experience, compared with 51 percent in New York State as a whole. Most of the

[10] From 1990-2003: Education up 46 percent (2900 to 4600); health care up 40 percent (4000-5600); government up 10.2 percent (10,800-11,900); professional and business services up 38.5 percent (1300-1800); retail up only 2 percent (4000-4800). Employment data is from St. Lawrence County, State of the Workforce Report 2004 (2/05).
[11] St. Lawrence County, State of the Workforce Report – 2004. February 2005.

**_What is unique is that the merger in St. Lawrence County occurred more than 25 years ago, and it remains integrated today._**

difference can be traced to the differential among people with a bachelor's degree or higher, about 16 percent in St. Lawrence County, 27 percent in the state. The lower rates among the county's residents reflect the failure to retain many of the young people who come to the county to attend one of the five colleges or universities that are located there—a pool of potential residents that college towns in other areas have tapped.

The greatest barrier St. Lawrence County faces in terms of sustaining and growing its economy lies in its geographical distance from markets and population centers, compounded by the absence of ready access to transportation. There is no passenger rail terminal, only two small airports, and no nearby access to Interstate highways. The existing surface road connection is a four-lane, limited access highway.

The absence of a central population base also inhibits attraction of new business. The workforce pool is too dispersed to provide the needs of a large company establishment. Service companies, such as food and retail, have little incentive for establishing new locations because there is insufficient concentration of population to provide a profitable market. In addition, there are few options for entertainment or other social activities, which has a dampening effect on the willingness of business owners and managers to transfer and young people to remain.

## II. History of Agency Reorganization

The reasons for merging economic and workforce development in St. Lawrence County are typical of many of the local examples of such mergers. What is unique is that the merger in St. Lawrence County occurred more than 25 years ago, and it remains integrated today.

The Industrial Development Agency (IDA) and the Office of Employment and Training combined responsibilities, functions, funding, and staff in 1981. The IDA was, and is, responsible for economic development. Created in 1971 by New York State legislation, its purpose was to promote, encourage, attract, and develop job and recreational opportunities and economically sound commerce and industry in St. Lawrence County. Its authority includes constructing and owning industrial sites and buildings, administering loan packaging and industrial revenue bond financing, and providing a variety of tax-reduction incentives. Since its creation, the IDA has approved 131 projects totaling over $700 million.

The Office of Employment and Training had responsibility for workforce development in the County until the 1981 combining of the economic and workforce development responsibilities. Since then, two federal laws have been enacted to oversee workforce development, superseding the Comprehensive Employment and Training Act (CETA), which was in force in 1981 during the merger. The Job Training Partnership Act (JTPA) was enacted in 1983 and was followed by the Workforce Investment Act (WIA) of 1998 that came into force in 2000. JTPA had operated through local Private Industry Councils, not unlike the Workforce Investment Boards that exist today.

The determination to merge the IDA and the Office of Employment and Training was driven both by high unemployment rates—9.6 percent in 1981, 10.4 in 1982—and by significant cuts in federal employment and training program funding in 1981 by the incoming Reagan Administration. The result was a newly integrated economic and workforce development agency, the Office of Economic Development (OED).

The staffing and funding conditions within the St. Lawrence County economic and workforce development agencies provided an opportunity for mutual benefit. Because the county is largely rural, it was relatively well-funded by federal and state economic development dollars, but its staff of fewer than ten employees lacked capacity to expand their focus of activity. On the other side, the workforce development agency was much larger with about 40 staff, but had lost resources in the funding cuts. Joining forces would enable the organizations to provide comprehensive, mutually supporting services to potential and current clients, both employers and job-seekers.

Discussions about and the decision to merge the two organizations lasted a relatively short time. This was due, in large measure, to the leadership of the head of the Office of Economic Development, the interest of many of the staff in the workforce development agency, and the championship of several members of the County Board of Legislators. The process appears to have been quite informal, and largely driven by the agency staff, not Boards. The merger was formally approved by the County Board in 1981.

***The goals for the merger and its implementation were intended to provide a seamless and comprehensive array of services to the customer, whether job seeker or employer.***

The implementation of the merger also proceeded relatively smoothly: the OED director took the opportunity very seriously and the lead workforce development staff were equally supportive. The workforce development offices were moved to the same building as the OED in order to co-locate staff. At the time of the merger, 31 positions were eliminated between the two agencies and 23 were recreated within the OED.

The goals for the merger and its implementation were intended to provide a seamless and comprehensive array of services to the customer, whether job seeker or employer. The OED's stated purpose and goals reflect this determination:

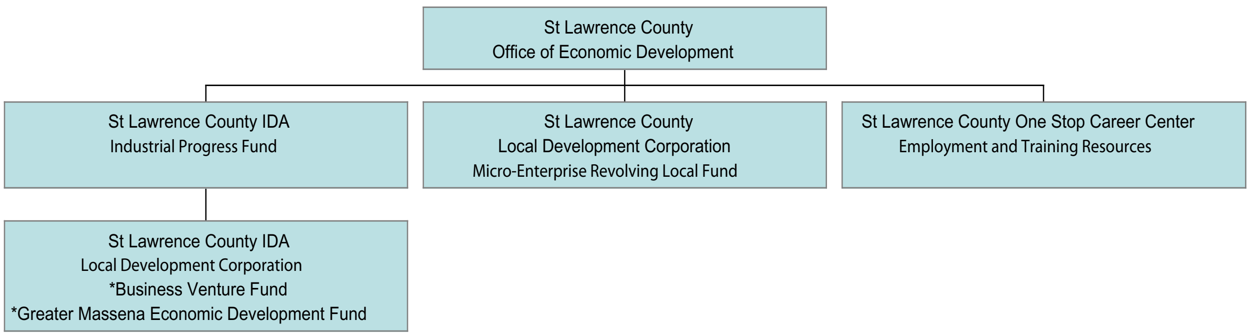
***Purpose:*** The creation of conditions within St. Lawrence County that encourage business investment and improvement of incomes.

***Goals:*** Retention of existing businesses; expansion of existing businesses; attraction of new businesses; jobs retention and creation

***Activities:*** Marketing to businesses within the county and externally; coordination and alignment of available local, state, and federal resources; management of the One Stop Career Center and funds; and business advocacy as a member of the NY State Economic Development Council

**III. Organizational Structure**

The IDA and the One Stop Career Center each has its own Board, mandated by the state for IDA and the federal government for the Workforce Investment Board. The IDA's Board of Directors includes representatives from local business, labor, and the County Board of Legislators. The Local Development Corporation shares the Board of the IDA, however, the Micro-Enterprise Revolving Loan Fund has its own board. The individual Boards do not meet together formally, although there is regular communication via individual Board members or via the OED staff, which Board members view as sufficient interaction to remain informed.




The IDA Board has authority to make the majority of the funding decisions, giving it significantly more flexibility in determining priorities and new projects than the Workforce Investment Board, regulated by the U.S. Department of Labor and Workforce Investment Act. This flexibility allows the IDA to develop initiatives that have assisted in attracting business, including a number of Canadian companies, to the Ogdensburg Commerce Park, located near the Ogdensburg-Prescott Bridge that links St. Lawrence County to the Ottawa area.

The OED oversees and staffs economic and workforce development functions and initiatives through the two organizations, the Industrial Development Agency and the county's One Stop Career Center. It is noteworthy that the Executive Director has been a member of the staff since the merger of the agencies, offering invaluable historical perspective as well as a point of seamless integration between economic and workforce services. The OED staff of about 25 (down about 15 positions over the past five years) are employees of the county and are cross-funded.

There is, unsurprisingly, a challenge in coordinating all of these people. The staff meets each week with representatives from each section, to facilitate the integrated economic and workforce development perspective. When more formal cooperative work is necessary for a particular initiative, the OED's deputy director spends

***The staff meets each week with representatives from each section, to facilitate the integrated economic and workforce development perspective.***

[12] St. Lawrence-Lewis Board of Cooperative Education Services (BOCES); Vocational and Educational Services for Individuals with Disabilities, and the St. Lawrence County Chamber of Commerce, Department of Social Services, Office for the Aging, Youth Bureau and Veterans Services.

additional time in coordination.

In addition to the traditional service agencies , the One Stop Career Centers in New York State also now include representatives from the state Department of Labor. This recent integration is designed to eliminate duplication of services by federal and state agencies.[12]

The IDA partners with local developers and the state in their efforts to attract new business to the county. The IDA's ability to integrate workforce development options as part of an incentive package to prospective business (eliminating the necessity for meeting with a separate agency to learn about workforce services) makes a more effective presentation.

The IDA also is partnering with the local college community in Potsdam to develop business attraction opportunities in the newer Potsdam Commerce Park. These sites offer industrial shell buildings, with turnkey features, such as office build-outs and amenities, enabling companies to move into offices without delay.

The Workforce Investment Board (WIB) faces many of the same challenges as its peers around the county: limited understanding of the detailed government requirements of the Workforce Investment system and lack of clarity about its role. National constraints that have an impact on WIA funding also have influenced the Board's view that most of the funding decisions are guided not by the Board and its strategy, but by WIA regulations.

St. Lawrence County has witnessed a steady decline in federal funding from WIA since 2000, which frustrates development of new initiatives. During a 2005 strategic planning session, Board members expressed concern about developing a detailed plan because of the lack of information about funding levels available under the Workforce Investment Act, given the uncertainty of the Act's re-authorization. The Board has continued the strategic development process throughout 2005 and 2006, including co-sponsoring the 2006 Economic Development and Workforce Summit.[13]

[13] St. Lawrence County. Economic Development and Workforce Summit Report, June 28, 2006.

The Workforce Investment Board members express confidence in the staff, both in its support of the One Stop Career Centers and WIB and also its connections to the county and economic development activities. The ability of staff to serve as a link to other stakeholder groups is certainly due to the integrated functions and staff under the OED.

**_The OED is pursuing greater integration with other community stakeholders and state agencies._**

Two recent changes have the potential to influence the WIB's perspective and role. One is the new chair of the WIB Board, who represents a major corporation and one of the county's largest employers, and may be able to offer a different perspective than business representatives from smaller employers. Second is the near-completion of the two-year strategic planning process overseen by the OED.

## IV. Opportunities and Challenges

*Opportunities*

The OED is pursuing greater integration with other community stakeholders and state agencies. The OED meets periodically with the county Chamber of Commerce, the majority of whose members have fewer than ten employees. These meetings provide an opportunity to inform the chamber's members about the OED's services. The OED also regularly meets with groups of developers from the county's communities and the state. One important partner is CITEC Manufacturing & Technology Solutions, a not-for-profit economic development organization and a Manufacturing Extension Partnership (MEP) center.

More recently, the OED has begun to work more closely with the colleges and universities. Closer connection to the marketing and development activities of the colleges and universities offers options for mutually supportive activity and initiatives. Recently, one of the small companies that took advantage of CITEC and OED assistance to create a business plan has developed an additional product that is an outgrowth of work with CITEC and Clarkson University's advanced materials center. As the R&D capabilities of the local universities have expanded and achieved national recognition, the OED has begun to explore working in collaboration with the university communities to encourage retaining graduates and/or faculty and researchers in the county.

The current consolidation of the NY State Department of Labor personnel into the county's One Stop Career Center offices has had growing pains, but ultimately it may provide additional marketing strength and access to periodic state and/or federal opportunities for special programs or new initiatives.

The OED has a close relationship with the state's economic development arm, Empire State Development Corporation. Maintaining these relationships has the potential for enhancing the county's ability to gain funds for critical infrastructure, such as broadband connections throughout the county. While a new highway tops the county's list, information and communications technology (ICT) capacity also can provide access for companies and individuals to offer and get jobs that are not located in the county. It also provides an additional incentive for small companies to develop and or relocate in an appealing environment.

*Challenges*

However successful the merger of economic and workforce development functions in St. Lawrence County, the county's location, lack of transportation infrastructure, and dispersed populations forestall using many strategies that have been implemented in other locations.

***The longevity of the OED as a single entity enables it to operate smoothly and with flexibility***

Limited access to transportation systems clearly has an impact on the ability to recruit manufacturers who rely on import and export of supplies and products; however, the absence of one or more centers of sizeable population—and potential labor force—also contributes to the difficulty in attracting larger employers. Further, the differences in the profiles of the current business and industry in each of the five towns make it difficult to develop and pursue a unified economic development strategy, or a particular industry sector strategy, for the county as a whole.

The skill base of current workers and the number of potential employees with sufficient levels of education and skill are being eroded by the aging of the existing workforce, the underemployment of workers who previously held skilled jobs in manufacturing, and the departure of young people to other areas. The loss of manufacturing jobs and the growth of jobs in health care and education have resulted in a mismatch between the skills of the available labor force and requirements for new jobs. In the 2006 Summit survey, 87 percent responded that the labor force “needed to improve”—one of the top four issues impacting the county’s future.

***One of the key benefits of integrated functions is the shared responsibility for business development and service.***

Certain of these characteristics, location for one, cannot be changed, and the OED already is implementing strategies to take advantage of the county’s proximity to Canada and the benefits of cheap power. The longevity of the OED as a single entity enables it to operate smoothly and with flexibility, without the uncertainty of a new organization. Each of its components and staff understand not only the workforce and economic development functions, but also how they can work together.

On the other hand, this longevity can make it difficult to look at challenges with a different perspective. In other regions, the development of new entities that merged economic and workforce development functions has energized and engaged broad stakeholder communities and generated a level of focus and support that OED’s longtime existence may preclude by its very success over time.

### V. Impacts

One of the key benefits of integrated functions is the shared responsibility for business development and service. The staff view the functions of economic or workforce development—for employers or for job-seekers—as an integrated process and describe them as such.

At this time, there is only one position formally designated for business development and marketing .[14] Because each member of the integrated staff knows about both economic and workforce development services and incentives, employers can learn about the full range of services from any staff member.

The One Stop Career Center, in particular, benefits from the ability of each staff

[14] The office anticipates an additional staff person once the current efforts to align services by New York State’s Department of Labor and local WIA activities are complete.

***OED emphasizes its role as the "central labor exchange".***

member to describe the full array of services, because employers often consider workforce development only in the context of business relocation, expansion, or strategy. In interviews with several small companies that had located to St. Lawrence County, the individuals commented that they were unaware of the services offered by the One Stop Career Center, prior to their initial discussions about economic development incentives.

The OED team's integration of workforce development options as part of the early discussions enabled these companies to take immediate advantage of the One Stop Career Center's services. In these cases, the One Stop Career Center's staff knowledge of the labor pool informed both its recruitment and screening services and enabled the companies to open much more quickly than otherwise.

In one example, a small chain of "big box" stores investigated opening stores in St. Lawrence and two nearby counties. The Industrial Development Agency provided information and access to local funding sources and subsequently connected them to the One Stop Career Center. The manager was able to define the training requirements for each position and within a few hours, the Center staff had developed recruitment parameters and begun the process. Most of the jobs were filled within a few days.

The majority of training services provided by the One Stop Career Center is on-the-job training (OJT), which accounts for approximately 60 to 70 percent. There are several reasons for this. Many employers want to use their own techniques and on-the-job training makes that worthwhile for them (their costs are reimbursed). There also are few private training providers in St. Lawrence County, and the cost and/or requirements of developing and introducing new training courses is significant.

OJT also serves a particular purpose, and incentive for business location, for Canadian companies that rely on the OED for guidance in U.S. and New York state labor law and regulations. In describing the OED's services to a Canadian company with potential to locate the OED emphasizes its role as the "central labor exchange" for the county. Canadian companies find the OED's recruitment and referral services valuable because they may avoid advertising in foreign newspapers for workers, and because if the company has an individual who has been referred, the company can use OJT funds for training.

One project that benefited from integration occurred in 2000, when the paper mill in Newton Falls was closed. Because of the alignment of both workforce and economic development functions, the OED was able to combine maintaining economic potential and serving the needs of laid-off workers: In order to protect and maintain the mill's buildings and infrastructure in anticipation of a potential buyer, the OED hired some of the newly unemployed workers as guards, while providing training for new jobs

***An important component in attracting and retaining companies in St. Lawrence County is the OED's ability to leverage the technical assistance and programs offered by local development partners.***

The strategy of protecting the paper mill has paid off with a new consortium of investors who plan to re-open the mill and hire almost 100 workers. The OED worked with the consortium to develop incentive financing and recently introduced them to the One Stop Career Center staff to discuss recruitment processes. The Center will serve as the mill's human resources function until the company has developed its own.

Another reason for this concentration in OJT may be a response to occasional assertions by local employers that training programs offered by the One Stop and its partners have not kept pace with the changing needs of work. There also has been some concern about continuing investment in training people for occupations that do not pay a living wage at the expense of offering skills to suit jobs of the future.

An important component in attracting and retaining companies in St. Lawrence County is the OED's ability to leverage the technical assistance and programs offered by local development partners. These include CITEC (the Manufacturing Extension Partnership (MEP) for the region), local colleges and universities, the Small Business Development Center (SBDC), and Empire State Development. Each has capabilities that help companies improve their operations and other aspects of the business that enable success, and often provide important complementary components to those offered by the OED.

CITEC Manufacturing & Technology Solutions is the designated MEP center for the North Country region, serving all manufacturing and technology companies operating in Clinton, Essex, Franklin, Jefferson, Lewis, or St. Lawrence counties. CITEC is a not-for-profit economic development organization that receives significant financial support from the New York State Office of Science, Technology and Academic Research (NYSTAR) and the National Institute of Standards and Technology MEP. CITEC's programs include: strategic planning, marketing, manufacturing process improvements, lean enterprise, competitive assessments, energy and utility efficiencies, human resources training and funding access.

OED and CITEC staff communicate regularly about current projects and potential joint activities; a CITEC representative frequently is included in OED development meetings. OED includes information in its economic development discussions about the business-directed training offered by CITEC. A senior executive in CITEC worked in the OED at the time of the merger in 1981 and that personal relationship between the two organizations reinforces the value of cooperation and coordination. CITEC also serves as a useful intermediary between the university community and OED as they begin to explore partnership opportunities. The OED's close collaboration with the MEP is not only a significant advantage, it also is unusual among economic and workforce development organizations in many other locations.

OED and the Small Business Development Center in Canton also work closely together, particularly in serving the needs of small start-up companies looking for micro-financing. The Director of SBDC even serves on the WIB Board. In general, the OED refers each Micro-Enterprise Revolving Loan Fund applicant to the SBDC, which is of particular assistance in working with the company to ensure that it has a business plan and one that is practical and realistic. CITEC offers some of the same services as the SBDC, but the SBDC services are free.

A recent example of collaboration among the OED, CITEC, and the Small Business Development Center occurred in response to a New York State Department of Labor RFP (Request for Proposal). The state initiative was designed to encourage development of business strategy and planning among small companies that frequently lacked capability to do so. The motive for the RFP resulted from the incidence of companies using state funds for training that often appeared to have little connection to improvements in the business.

Representatives from OED and CITEC took the initiative to visit seven to eight small and medium-sized companies that might benefit from this RFP. Four of the companies responded, and ultimately, at least two small manufacturers launched a major expansion that was an outcome, at least in part, of the strategic plan they developed. During the expansion, OED staff helped the companies find funding for workforce development. Subsequently, they have continued to seek assistance from CITEC and the OED.

The MEP's regional connections, including regional economic development groups, also help to keep the OED and St. Lawrence County abreast of new plans and events and possible marketing opportunities. Both the OED and CITEC are members of the North Country Alliance, the organization of the five North Country counties. The OED partners with Empire State in offering financial incentive to a potential company that combines loan and grant options from each organization.

One component of the business services role of One Stop Career Center field representatives is troubleshooting for individual clients. In the process of doing so, they often come across opportunities to make connections to other organizations, such as other federal and state government entities. One individual commented that, in this regard, the OED serves as a clearinghouse for the variety of services available to companies.

Much of St. Lawrence County's marketing and economic development focuses on Canada, particularly Ottawa. Plattsburg, with its close proximity to Montreal, also competes successfully against St. Lawrence County. The main draw for Canadian businesses is market access to the U.S., for example, potential sales to the defense industry. In addition, proximity to major markets in the northeastern United States and in the Montreal-Toronto corridor of Canada offers access to supplies, company headquarters, and customers.

In one example, a company in the Industrial Park was foundering and at risk of laying-off employees or even shutting down. The OED connected them to CITEC, the MEP center, which was able to provide advice and assistance to the company and resulted in its retention as a tenant and employer. In this instance, the close working relationship between the IDA, CITEC, and the One Stop Career Center helped to coordinate layoff aversion activities.

***The consistency in leadership and the confidence that stakeholders have in that leadership is unquestionably valuable.***

## VI. Lessons Learned

Without a doubt, the merger of the economic and workforce development agencies in St. Lawrence Counties benefited from having staff in each agency that understood the potential and accepted the benefits of combining functions. Equally important was the championship of members of the County Board of Legislators and the full Board's willingness to act relatively quickly and without significant restrictions in authorizing the merger.

The initial and continued success of any organization of this type depends in large measure on the leadership and the relationship of the senior executive with the County Board. In the case of St. Lawrence County, the Executive Director has been an employee of the OED from the very beginning, although not always in his current position. Because his contract is with the County Board, whose membership changes periodically, there is a regular process for performance review that serves to inhibit complacency.

The consistency in leadership and the confidence that stakeholders have in that leadership is unquestionably valuable. In this case as well, the senior management team expresses awareness of the necessity to re-examine their processes in order to avoid becoming stagnant or continuing activities or behavior only because it is familiar. There is nonetheless the risk in such longevity that its very success and smooth operation could forestall new perspectives or new energy for addressing old problems.

Because the merger of the economic and workforce development functions took place over 25 years ago, the communities and stakeholders appear to have grown comfortable with this arrangement. It may be that this circumstance has made instituting the more formal structures and mandated cooperation (common in locations with newer mergers) seem unnecessary. By the same token, the agencies and boards appear to be heavily dependent on individual staff to maintain collaboration and without these in place, the smooth operation might falter.

***The challenge for the Office of Economic Development here is to ensure that there is opportunity to develop new perspectives and to initiate changes.***

The significance of the staff in this instance raises two questions: Does its role play down the importance of engaged and active Board members? And, is the value of the tension typical of many Board-staff relationships, which can lead to new perspectives or re-examination of familiar challenges, lost in the prevailing equilibrium? The challenge for the Office of Economic Development here is to ensure that there is opportunity to develop new perspectives and to initiate changes, without disrupting the value of the existing knowledge, experience, and personal networks of the boards and staff.

St. Lawrence County serves as an example of a rural region that has limited assets and numerous challenges. The economic circumstances under which the initial merger took place have not altered in any real way; although this is an outcome of economic changes that have played out across the U.S., as well as the geographical and infrastructure issues particular to the county. Nonetheless, building on the integrated structure of economic and workforce development, the county has succeeded in using the combined incentives of the two to develop new markets and to enhance the attraction to employers for location in St. Lawrence County. These include both an aggressive use of flexible financial incentives, the adaptation of workforce funds to the interests of existing and new business, and collaboration with other public and private sector economic development organizations.

It is clear that combining the focus, funding, and oversight of multiple federal, state, and local agencies has made a significant impact in the county's ability to take maximum—and rapid—advantage of opportunities. Further, as the five colleges and universities continue to gain recognition, external support, and visibility, the surrounding communities will benefit. This change will provide the OED with the opportunity to develop partnerships with the higher education sector as a new component in its strategies for attraction of new employers and jobs.

## Case Study—

Phoenix Workforce Connection

### I. Background

The city of Phoenix, capital of Arizona and the Maricopa County seat, is one of the nation's fastest-growing cities, having increased in population by more than two-thirds since 1980. Between 2004 and 2005, it experienced the largest population growth of any U.S. city, reaching nearly 1.5 million residents. Ranking sixth in population based on 2005 U.S. Census Bureau data, Phoenix likely has surpassed Philadelphia for fifth place. (Encompassing 515 square miles, however, Phoenix has the lowest population density of the ten largest cities.)

Increasing immigration over the last decade—indeed, a tripling of the city's foreign-born population—largely accounts for the city's dramatic growth. Three-quarters of the newcomers are from Mexico and many are young adults, which has contributed to a resident population that is younger than the national average. A large influx of young domestic migrants (ages 25–34) during the 1990s has also made Phoenix a mobile city.

Phoenix enjoys an economy that is strong, diversified, and growing at a much faster pace than that of the nation. In 50 of the last 54 years, job growth in the Phoenix-Mesa MSA (comprising Maricopa and Pinal Counties and including the city of Scottsdale) has been positive. For instance, the region posted a 5.2 percent jobs gain between October 2005 and October 2006, compared to 1.4 percent for the nation. Historically, the region has had an unemployment rate far lower than the national average, 3.6 percent in 2006 compared with 4.6 percent nationwide.

## Phoenix Workforce Connection.

Driving the regional economy are the trade, construction, and service industries, especially tourism, business and professional services, educational and health services, and the state and/or local government sector. Various high-technology and aerospace industries are a growing presence in the region. The area's business-friendly environment (e.g., Arizona is a "right to work" state with no corporate franchise tax) has attracted numerous corporate and regional headquarters, such as Motorola, Honeywell, Phelps Dodge, and American Express, and it supports a burgeoning call center sector. Over the next decade, regional employment is forecast to grow most rapidly in the health services industry, while the greatest number of jobs created will be in lower-wage retail and related service occupations.

Phoenix has one of the highest homeowner rates (60 percent) in the country, and among the lowest housing costs, with a cost of living that is slightly lower than the U.S. average. Latinos and African Americans, however, own homes at far lower rates (48 percent and 41 percent, respectively) than either Whites or Asians/Pacific Islanders (68 percent and 58 percent, respectively). Phoenix's income levels match those of the nation, while its poverty rate is slightly higher, having increased over the 1990s from 15 to 16 percent while the nation's declined from 13 to 12 percent. Wide disparities by race and ethnicity also persist; the poverty rate for Latinos (28 percent) and Blacks (24 percent) is over three times the rate for Whites (about 7 percent).

On key measures of educational attainment, Phoenix falls below national averages. For instance, less than a quarter of Phoenix adults possess a bachelor's degree, and just over three quarters hold high school diplomas (a situation that has increased the city's reliance on out-of-state migration for a large share of its more highly skilled workforce). While the proportion of college graduates increased in the 1990s, that of high school graduates decreased. Moreover, the variation by race and ethnicity is troubling: only six percent of Latinos and 15 percent of Blacks hold college degrees, compared to 29 percent of Whites and 41 percent of Asian/Pacific Islanders.

Compounding the challenges schools face in reducing such disparities is a growing language gap, brought on by record immigration and a sharp increase in the number of non-native English speakers. By 2000, the percentage of the city's population ages five years and older who spoke a language other than English reached 32 percent, with 27 percent speaking Spanish and the remainder speaking other Indo-European or Asian/Pacific Islander languages. Seventeen percent of the city's population (and 15 percent of Spanish-speakers) reported speaking English less than very well. Statewide, children who have difficulty speaking English comprise one of the fastest-growing segments of the state's school population.

***Phoenix's booming economy has been a leading driver for change in the city's workforce and economic development systems.***

## II. History of Agency Reorganization

Phoenix's booming economy has been a leading driver for change in the city's workforce and economic development systems. Significant employment growth, low unemployment (averaging between 3 to 4 percent annually), and severe labor shortages in key industries have created pressures on city officials to align workforce and economic development in order to manage and sustain economic growth. On the workforce development side, officials realized that meeting the escalating employer demand for labor would require a massive push to build the needed skills into the existing workforce while growing the skills pipeline. This effort, in turn, would require stronger connections to the business community and greater access to information regarding employer needs. Hence, the city's workforce division was primed for a sustained shift to a demand-driven system built on active partnering with the private sector and the targeting of industry clusters. At the same time, workforce leaders knew that this period of nearly full employment provided the best opportunity in years for the agency to fulfill its traditional mission of serving the community's least advantaged members.

***To compete against cities like Denver, Austin, and Seattle, with access to far greater development resources, Phoenix has realized that it increasingly must rely on the strengths of its workforce.***

On the economic development side, officials recognized that workforce quality would play an increasingly critical role in their business attraction, retention, and expansion efforts. While the region benefits from wide availability of land, the state of Arizona does not provide a tax abatement mechanism, thus limiting the city's economic development toolkit. To compete against cities like Denver, Austin, and Seattle, with access to far greater development resources, Phoenix has realized that it increasingly must rely on the strengths of its workforce. Particularly given the educational deficits noted above, it became clear that the economic development system would benefit from fortifying its ties to the workforce development agency, a

Phoenix Workforce Connection.

> ***The PWC understood that moving to a demand-driven workforce system would require deep structural change***

partner with significant resources for activities such as workforce training, gathering labor market information, and conducting cluster analyses. For instance, the Phoenix Workforce Connection (PWC) commissioned a Workforce and Innovation Study, that examined five key regional clusters, and co-funded the Greater Phoenix High Tech Manufacturing Workforce Study to assist The City of Phoenix's Community and Economic Development Department (CEDD) in developing a strategy for growing local businesses in the demand industries. Businesses, too, stood to gain from an agency reorganization through increased access to such information and to workforce services.

The Phoenix Workforce Connection, still part of the city's Human Services Department (HSD) in the year 2000, generated the idea of restructuring city agencies to integrate workforce and economic development and thereby address the needs of both entities. (Economic development officials acknowledge that the push to restructure originated on the workforce development side, suggesting that any lobbying by the economic development department to "take over" another city department would not have been favorably received.) The PWC understood that moving to a demand-driven workforce system would require deep structural change, largely due to the influence of its employer-led Workforce Investment Board (WIB), which years earlier began discussing the possibility of moving workforce programs out of the Human Services Department and into the Community and Economic Development Department.

It was not until a Board retreat in June 2004, however, that the merger concept crystallized and garnered a unanimous vote in favor of the proposed changes.[15] For many members, the necessary spark was the realization that the missions of the human services and economic development agencies were related, though very different. The HSD's primary objective was to provide a safety net of services to community residents and help them achieve self-sufficiency. The PWC also aimed to serve those most in need, but its overarching vision was to build a workforce to help businesses compete while promoting economic growth. To do so, it would need to meet regularly with industry executives, mortgage lenders, and small business owners, not HSD's typical

[15]During a June 2004 retreat, the PWC Board approved the following strategic initiative: "Align workforce development systems with economic development by moving the Phoenix Workforce Connection to the Community and Economic Development Department (CEDD) from the Human Services Department (HSD)."

partners. Hence, the Board concluded that effective collaboration between the workforce development and economic development communities required that the PWC and CEDD become part of a single agency.

In a parallel development, the Phoenix City Council had been exploring the possibility of change within the city's development agencies for several years. PWC Board members were in contact with the City Council during this period, which facilitated a meeting to develop consensus on the direction of the restructuring effort and contributed to the lack of controversy surrounding the Council's and Mayor's final approval of the merger.

To ensure that the merger process unfolded as efficiently and effectively as possible, the PWC invested significant time in its planning and preparation. Beginning in July 2004, the PWC convened a transition team composed of PWC Board members and staff from the City of Phoenix's Personnel Department, Budget and Research Department, the CEDD, and the HSD. This team drafted a comprehensive plan to move the workforce division from one department (HSD) to another (CEDD), soliciting input from key business, economic development, workforce development, and education stakeholders through a series of focus groups and surveys. The CEDD Director also met with PWC Executive Committee Board members, WIA youth and adult program contractors, and One-Stop Career Center staff to discuss expectations for the new structure.

***To ensure that the merger process unfolded as efficiently and effectively as possible, the PWC invested significant time in its planning and preparation.***

For instance, over the course of a year, the PWC conducted numerous focus groups with community-based providers to gain their insights on the upcoming move, while seeking to convince this somewhat skeptical group of CBO staff and community leaders of the benefits of such change. The PWC argued, for instance, that not only would its move from the social services agency to the economic development department not jeopardize its commitment to those historically left behind, but it would in fact enhance its capacity to serve those most in need. This was because the PWC would gain greater access to city resources and staff and become better positioned to build strategic partnerships with the business and education communities, thereby laying the necessary foundation to provide the hard-to-reach with more and better job opportunities. The PWC's other traditional clients, such as dislocated workers, also stood to benefit from the agency's strengthened position within the city. Indeed, to address the needs of all residents for good jobs, focus group attendees generated the idea of building career lattices in demand industries such as bioscience and healthcare and drafted plans for several pilot projects.

Moreover, throughout the transition period, the PWC provided regular status and progress updates to PWC Board members and staff, contracted program providers, the Phoenix City Council Subcommittee, and the CEDD Advisory Board. The PWC also conducted several activities to foster communication among PWC and CEDD staff about the realignment and educate them about the mission and objectives of each CEDD division, identifying commonalities, differences, and opportunities presented by the merger. Finally, to reflect the new mission and vision of the PWC, the Board revised its by-laws and committee structure, consolidating and reducing a number of committees, and developed work plans to accomplish the new goals and objectives.

One month prior to the formal CEDD-PWC merger on July 1, 2005, the PWC invited key stakeholders (including CEDD management staff) to a PWC Board retreat to facilitate the new alignment of workforce and economic development in Phoenix. Attendees produced 21 action items regarding governance, strategic direction and operations/service products, each to be further developed and implemented through subgroups. Notably, the Board shaped the action items to reflect and support the broader, regional goals set forth in Phoenix's 2003–2006 Economic Development Plan, namely:

1. Create and retain high quality jobs focusing on key business sectors.
2 .Foster an environment for entrepreneurial growth.
3. Revitalize the urban core of Phoenix.
4. Expand the city's revenue base.
5. Pursue improvement in foundations that support economic vitality.
6. Improve the quality of life for Phoenix residents.

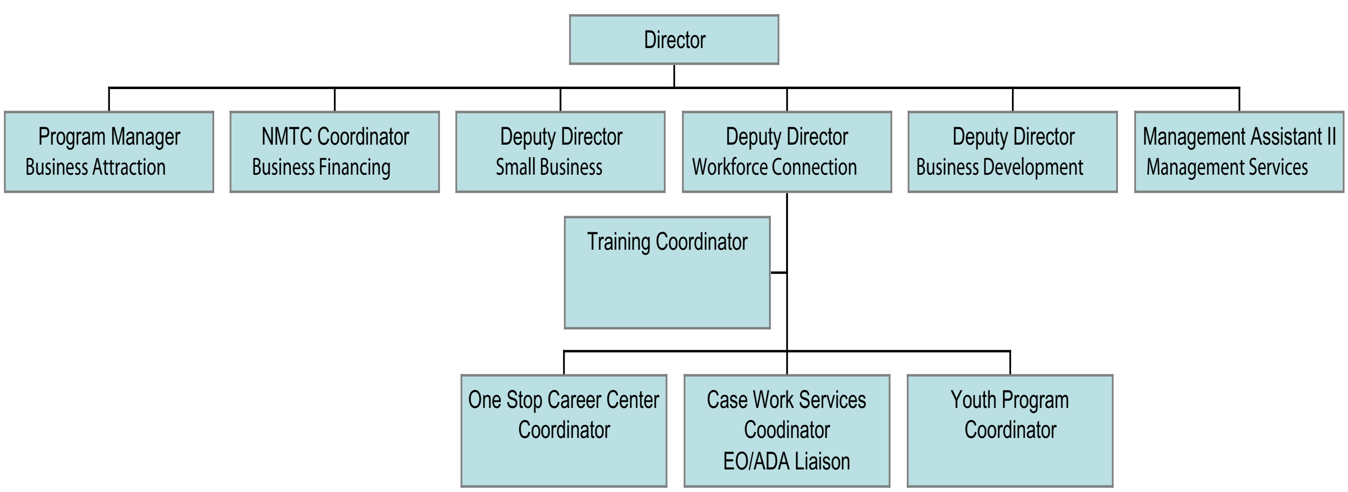
The newly restructured CEDD has indicated its intention to incorporate these goals into all aspects of its work. Early on, the department drafted a new mission statement:

> The CEDD stimulates economic activity by offering a diverse range of value-added business and workforce solutions to build, revitalize, and sustain a quality community for Phoenix businesses and residents.

During the current phase (July 2005–January 2007), which involves ongoing implementation and system improvement, the PWC Board has strategically recruited twelve new members, including company executives and representatives from key industry groups. Workforce leaders claim that such individuals likely would not have been recruited prior to the reorganization. By April 2006, the CEDD had implemented approximately 75 percent of its reorganization strategy. The final component of the implementation strategy involves integrating the targeted cluster industries into the One Stop Career Center system.

## III. Organizational Structure

With the addition of the Phoenix Workforce Connection, the City of Phoenix's Community and Economic Development Department is now composed of six divisions: 1) Business Attraction; 2) Business Financing; 3) Small Business; 4) Workforce Connection; 5) Business Development; and 6) Management Services.



Phoenix Workforce Connection.

> ***The PWC's vision is to "become a high value network of choice for building a workforce to keep business competitive and sustain economic growth."***

The largest of these divisions is the PWC (also known as the Workforce Connection Division or WCD), employing approximately 53 staff. The PWC's vision is to "become a high value network of choice for building a workforce to keep business competitive and sustain economic growth." Its One Stop Career Center system is composed of two comprehensive centers where all required partners are co-located (or have electronic linkages to their respective sites) and one affiliate center. In addition, 12 community-based organizations operate satellite centers, representing an additional 14 access locations for customers. The PWC's other major component, the Business Services unit, offers recruitment and training analysis to meet the start-up, expansion, or retraining needs of companies, as well as customized training and an array of business services.

The other five divisions of the CEDD, employing approximately 35 people in total, implement the department's two primary economic development functions: business retention/expansion and business attraction. Collectively, the divisions offer services that fall within five categories: business assistance, business site selection, international business assistance, redevelopment opportunities, and small business assistance. Importantly, the department's Business Assistance Programs brochure describes the array of business program offerings and lists Workforce Services first.

The PWC's incorporation into CEDD generated a number of organizational changes, the most significant of which was the transfer of four PWC Business Services representatives and one Rapid Response team member to the CEDD's Small Business Division (SBD); these staff members now report directly to the SBD director. The move was designed to strengthen the link between the workforce system and the small business community by ensuring that staff members with a background in workforce development are always present at meetings with business customers. The repositioning of PWC staff into the SBD also aims to increase support to small businesses by expanding the division's toolkit, which now includes a range of workforce-related services such as labor market information (LMI), applicant referral and screening, and recruitment and technical assistance. Reflecting this organizational change, the division's Small Business Assistance Program explicitly incorporates workforce development as a key program component alongside more traditional business services like financial assistance, business site selection, an incentive zone locator, and a Management Technical Assistance (MTA) program, which provides small businesses with access to private business consultants at no cost.

The staff transfer from PWC to SBD sparked a major change involving the SBD's Business Retention and Expansion (BRE) program, in which SBD staff members visit and interview local businesses to gather information about their needs and to inform them of relevant city services. During the interviews, staff members conduct surveys using the Synchronist System (a software tool for analyzing and reporting company information) to better understand the needs of companies considering expansion or relocation. Prior to the reorganization, only one or two SBD staff undertook such employer visits, an insufficient number for outreach to all targeted businesses. With the addition of the five workforce development staff, the division decided to train all staff (now numbering 15) to conduct the visitations and manage a portfolio of businesses. The training ensures that SBD staff can provide companies with information on available workforce programs. The division also revised the Synchronist System survey to include additional questions that probe the business community's experiences with workforce issues, such as those relating to the availability, quality, stability, and productivity of the local workforce.

## IV. Opportunities and Challenges

Soon after the merger became official, the Director of CEDD drafted a document titled The First 100 Days Implementation Plan. The Director recognized that an important challenge facing the newly restructured agency would be to understand and address the cultural differences between workforce and economic development, particularly since the PWC was moving from a social services-oriented environment to a business-oriented one. Containing 20 action items, the CEDD implementation plan outlined steps for managing expectations among agency leadership, frontline staff, PWC Board members, and CBO contractors, and for building a foundation for ongoing communication among the various stakeholders. For example, the plan proposed the convening of multiple staff and provider meetings to discuss organizational changes, reporting functions, and priorities in the new agency. It also instructed the CED management team (including PWC managers) to hire an

***The Director recognized that an important challenge facing the newly restructured agency would be to understand and address the cultural differences between workforce and economic development.***

Phoenix Workforce Connection.

***The implementation plan also sought to create shared work practices and performance standards reflecting the department's expanded mission.***

Organizational Development consultant to help manage the merger and facilitate meetings with the entire department to develop a new mission, a new vision, and new values.

The implementation plan also sought to create shared work practices and performance standards reflecting the department's expanded mission. For example, it directed the CEDD to undertake a review of the differences in performance measurements and indicators by funding source, as well as to develop common indicators demonstrating return-on-investment. It also required each division to develop a quarterly work plan to support the six goals and associated strategies set forth in the City of Phoenix's 2003–2006 Economic Development Plan (referenced in Section I, above). For example, regarding the ED Plan's second goal (Foster an Environment for Entrepreneurial Growth), the PWC's action item during a particular quarter was to connect with community organizations that provide information and entrepreneurial opportunities through the One Stop Career Center System, and its desired outcome was to provide a venue for individuals to develop entrepreneurial opportunities. The PWC held seven entrepreneurial workshops that period, thereby exceeding its benchmark of hosting one activity per quarter. PWC leaders note that crafting such a work plan was a first for the workforce agency since its former organizational home, the city's Human Services Department, did not require one.

***The CEDD conducted extensive staff training as a strategy for improving the merger implementation process.***

Moreover, the CEDD conducted extensive staff training as a strategy for improving the merger implementation process. For example, to help PWC staff understand the nature of CEDD's economic development work, the Small Business Division staged what it called a road show, in which SBD staff traveled to the different One Stop Career Center locations to explain their work. In addition, the CEDD management team created a training program for all current and new employees, dubbed the Economic Development University, which is designed to familiarize staff with the work of various divisions and cross-train a number of staff in the multiple functions. The department has held the training twice already, and intends to do so every six months or whenever a critical number of new staff have joined the department

The department also has increased its business services and professional development training for the agency's One Stop Career Center service providers, including training on the department's new systems, policies, and procedures. Initially, some of the service providers had expressed reservations about the merger, fearing that the needs of industry would trump those of the community's more disadvantaged job seekers. Other providers, particularly those who continued to view funding as an entitlement, felt alienated by the PWC's increasing business orientation and emphasis on performance; indeed, the PWC had begun to add performance measures in all provider contracts. The CEDD sought to allay providers' legitimate concerns regarding the potential for a revised agency mission that would leave the disadvantaged behind. They invited providers to several roundtable sessions in which they could voice their concerns and offer suggestions regarding the merger process. Numerous providers expressed satisfaction with the degree of cooperation that such sessions have engendered, as well as with the seeming willingness of the reorganized PWC to take greater risks, leverage more funding, and pursue innovation on behalf of its more disadvantaged client pool. A number of these providers continue to gather monthly at roundtable sessions, which PWC staff report are becoming much more business focused.

***Agency leaders set out to create a targeted industry cluster strategy that would further integrate the work of the PWC and CEDD.***

Having thus laid a foundation for ongoing dialogue among key stakeholders, the newly reorganized department developed a number of strategies to align workforce and economic development which draw inspiration from the PWC's two operating principles: system integration and partnerships. These strategies include an ambitious cluster initiative, training programs for adults and youth in the healthcare industry, and regional collaborations. Each is described in turn.

<u>Cluster Coordination Team</u> In response to the PWC Board's call to build a demand-driven workforce system, agency leaders set out to create a targeted industry cluster strategy that would further integrate the work of the PWC and CEDD. During its June 2006 retreat, the PWC's Full Board approved an Industry Cluster Work Plan that aims to align the PWC Adult, Dislocated Worker, and Youth programs with the needs of the region's demand industries (agency leaders describe this experience as contributing to a "bonding" among board members). In particular, the Work Plan

gives priority to those clusters previously identified as central to the city's economic growth—namely, healthcare, biosciences, advanced business services, aerospace, hi-tech manufacturing, and IT/software—while choosing health care as the strategy's initial focus. At the heart of the Work Plan are two components, a Cluster Coordination Team (CCT) and an allocation plan for the use of WIA training funds.

The CCT is charged with implementing the cluster strategy and catalyzing increased collaboration between the economic and workforce development divisions. The team consists of staff from the PWC, the Small Business Division, and the Maricopa Community College District, thus joining together separate divisions and partner organizations. To maximize resources, the CCT has proposed that an "integrated service delivery model" guide cluster activities in three primary areas: 1) coordination and training; 2) employer visits; and 3) talent pool focus.

First, the Cluster Coordination Team has conducted training to communicate the cluster plan's mission and objectives to all CEDD divisions, One Stop Career Center supervisors and frontline staff, and youth and adult contractors, among other stakeholders. It facilitated two healthcare career forums to educate staff and the larger community on opportunities in the field, and has developed several partnerships with healthcare associations and employers to increase awareness of industry needs and create pilot programs. For example, the CCT recently formed the Abrazo Healthcare System Pilot program, an incumbent worker training partnership between CEDD and the Phoenix Health Plan, TMC Imaging Center, and six area hospitals. The six-week training program will train approximately 20 Certified Nursing Assistants to become Certified Monitor Technicians. In addition to boosting the wages of program graduates—from $10/hour to $14/hour, an increase of 29 percent—the program promises to help ease the nursing shortage by reassigning Monitor Technician duties from Registered Nurses to the newly trained Certified Nursing Assistants. A matching Employed Worker Training Grant in the amount of $10,000 funds the program.

Second, the Cluster Coordination Team has sought to enhance internal and external communication and coordination between and among divisions and partners. For instance, the CCT has increased information flows between the One Stop Career Centers and Small Business Division (SBD) by directing that staff members from each division who participate in the SBD's employer visitation program (the Business Retention and Expansion (BRE) program) share project status reports and employer and talent pool lists. CCT members from the SBD also must attend One Stop Career Center supervisor meetings. During the fall of 2006, staff members conducted 30 employer visits focused on the healthcare industry and provided follow-up workforce assistance services to 12 employers. Further, of these 12, two employers posted job positions in the Virtual One Stop Career Center System (the state's online job seeker and workforce services system); hiring results are pending in 19 candidate referral cases.

Staff members from the PWC and the Finance Division also have begun collaborating on providing workforce information and resource referrals to businesses acquiring information through the Phoenix New Markets Loan Program. Regarding external linkages, the CCT has developed several partnerships with healthcare associations and employers to assess industry needs and explore pilot program opportunities. It also facilitated a number of community awareness events, including four healthcare career forums to educate the community and staff on current educational and career opportunities in the healthcare field. For example, 60 high school students attended a healthcare forum at the Latino Institute Conference, which the CCT had geared toward youth.

Marketing is the final arena in which the CCT promotes an integrated service delivery model. For instance, the CCT has merged economic development and workforce resources to increase marketing and media coverage of healthcare opportunities to youth and adults by placing advertisements on the city's cable channel and Spanish language radio, and through community-e-blasts. The CCT also crafted a marketing and outreach tool that showcases the occupational backgrounds and training qualifications of local WIA youth- and adult-funded participants seeking opportunities in the healthcare industry. Prior to the CEDD reorganization, One Stop Career Center staff had repeatedly urged their Small Business Division counterparts to promote the area talent pool during employer visits. These requests often went unheeded because SBD staff lacked information about the workforce's qualifications. With both divisions now working side-by-side, the cluster team could develop an outreach tool that bridged the information gap. At present, the tool is a one-page handout presenting the 18 healthcare occupations for which participants are qualified or in training, such as biomedical equipment technologists, medical radiographers, and licensed practical nurses. The team intends for all CEDD staff providing business services to use this tool, which it also has disseminated to key stakeholders in the community.

The second major component of the CEDD cluster strategy is a Funding Allocation Plan whose aim is to ensure that adequate financial resources exist to meet training requirements in the targeted industry clusters and other clusters with occupations in demand. Authorized training includes occupational, on-the-job, and employed worker customized training. The plan establishes an incremental increase in the percent of WIA funding earmarked for training individuals in targeted cluster occupations, with a corresponding decrease in funding allocated for non-cluster occupational training. For instance, during the period from July 2006 to July 2007, funding for cluster training is set to rise from 50 to 70 percent, while funding for other training will decline from 50 to 30 percent. In addition, the proposed plan includes a template for expanding the coordinated cluster strategy to other industries, such as bioscience.

<u>Youth Initiatives</u> PWC leaders have viewed the transition to the CEDD and the ensuing focus on cluster strategies as a prime opportunity to better connect to the youth and emerging workforce to support their preparation needs. Noting a systemic bias in favor of adult participants, agency and community program leaders seized on the reorganization to better align adult and youth programs by providing both groups with opportunities to obtain career pathway training in the targeted industry clusters. Thus far, the CEDD has partnered with the city's Human Services Department, GateWay Community College, the Arizona Hospital and Healthcare Association, and other industry partners to develop the Summer Youth Healthcare Initiative for WIA-eligible youth, consisting of a combination of college instruction and paid work experience. Upon successful completion of the program, students may enroll in short-term certification programs in a variety of healthcare occupations, including Hospital Central Service Technician, Health Unit Coordinator, and Certified Nursing Assistant, or may transfer the credits to longer-term educational programs. A similar

CEDD-led partnership has developed the Summer Youth Entrepreneurial Program, which provides students with real world experience and classroom education in business, management, finance, and soft-skills.

CEDD leaders and service providers assert that the agency's new cluster strategy provides an important mechanism for increasing system connections to youth through closer alignment of adult and youth programs. They recognize, however, that emphasizing training for high-growth industries to the exclusion of others may limit opportunities for some youth who need time to explore alternative interests and occupations in non-targeted industries. A key challenge, then, is to balance the long-term interest in promoting regional economic development clusters with the shorter-term interest in providing individual youth (and adults) with alternative choices, as well as meeting the needs of businesses in the non-targeted industries.

***The agency's new cluster strategy provides an important mechanism for increasing system connections to youth through closer alignment of adult and youth programs.***

<u>New Partnerships and Collaborations</u> Through its alignment with the CEDD, the PWC has gained direct access to numerous agencies offering workforce assistance to businesses through job creation and retention programs. These include the Arizona Department of Commerce, the Greater Phoenix Economic Council, the Small Business Development Center, the Arizona Small Business Association, and various Chambers of Commerce. The PWC aims to build a system in which these entities routinely sponsor joint activities and share responsibility for outcomes. The PWC also has increased its links to the Maricopa Workforce Connections (MWC), the Arizona Department of Economic Security (DES), and a host of industry groups with the aim of promoting regional industry clusters and developing a regional approach to workforce-system building through efforts to align programs, streamline processes, and leverage resources. For instance, the partners recently embarked on a process to streamline and standardize business customer processes. This effort to align services involves regular meetings between business services staff of the named agencies, focus groups with agency staff, and process-mapping sessions. In the next phase, the partners will conduct focus groups with businesses to help expand the scope of service delivery into other areas of local business activities.

Phoenix Workforce Connection.

In addition, the PWC and MWC attended a joint board retreat and training session in May 2005, focused on issues related to branding, as well as the creation of regional initiatives with the education, economic development and workforce communities. The partners drafted a document outlining tactics and timelines for implementation of the proposed initiatives, and committed to convening a Regional Workforce Summit in April 2007. In preparation, the partners have commissioned a State of the Workforce report, and contracted with consultants to conduct several employer surveys and focus groups, the analysis of which will become available online.

Finally, to promote information sharing during business visits conducted by the Business Retention and Expansion (BRE) program, PWC and MWC staff members have formed teams to conduct follow-up with employers and develop Customized Workforce Assistance Plans, where appropriate.

***Workforce development issues are now at the forefront of discussions about the city's economic health and competitiveness over the coming five to ten years.***

### V. Impacts

According to CEDD leadership, one of the most significant impacts of the merger is that workforce development issues are now at the forefront of discussions about the city's economic health and competitiveness over the coming five to ten years. Moreover, the effort to take a more holistic approach to workforce issues has ensured that the workforce development community is a full partner in initiatives to provide value to businesses considering Phoenix for expansion, retention, or relocation. In part, this is because the PWC has gained greater access to the Mayor's and City Manager's Offices than it had under the Human Services Department. The PWC also has become a regular partner in regional collaborations with the industry and education communities, as well as with its economic development counterparts at the local level. Now engaged during business attraction and business services meetings, the PWC is better equipped to gather information on employer needs, not only from new businesses moving into Phoenix, but also from existing businesses that utilize CEDD services for expansion or relocation.

As a result of the reorganization, PWC leaders point to a significant increase in customized recruitment activities for businesses, including job fairs, single employer on-site recruitments, and outreach to specific employers. In an effort to become "more than just a place for job orders," the One Stop Career Centers have emphasized business services and activities to increase the number of employers entering the centers. For instance, the PWC has sponsored several well-attended seminars on topics of interest to employers, such as immigration, conducting employee background checks, and employment law and the hiring process. Employer participation on panels for industry cluster presentations also has markedly increased through the division's re-orientation efforts.

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The CEDD has documented an increase in workforce assistance provided to businesses as a consequence of employer visitations conducted by the Business Retention and Expansion program of the Small Business Division (which, as noted, now includes the five PWC staff members who joined the division pursuant to the merger). In follow-up to the visits, BRE team members have assisted a number of businesses with recruitment, job fairs, and customized training—in total, the division reports that it has delivered 311 workforce services to businesses, including recruitment and training.

For example, as a result of BRE visits, the CEDD has provided a bundle of services to IPOWER, the nation's fourth-largest Web site hosting company, which relocated its headquarters to Phoenix in the fall of 2006. In partnership with GateWay Community College, the CEDD provided the company with free customized management and supervisory training through the CDBG-funded Enterprise Community Training Grant program. In addition, since IPOWER is located on the city's light rail line, which is undergoing heavy construction, the SBD offered the company marketing and promotional services through its light rail transit (LRT) construction program. The LRT program assigns an advocate to the affected company to provide no-charge consulting and business needs assessment services. After visiting IPOWER, the advocate assigned Organizational Development and HR Consultant (from the SBD's Management Technical Assistance program) to assist the company's HR Director with developing job descriptions and pay ranges, and to address other workforce-related matters. The SBD attributes the LRT program's success in responding to the company's workforce needs to the inclusion of former PWC staff in the BRE program. Moreover, the PWC has offered recruitment assistance to IPOWER, which has hired 250 new employees. Finally, SBD staff provided technical assistance to the company for its grand opening, including inviting a range of economic and workforce development stakeholders to attend the ceremony.

***Successfully integrating workforce and economic development requires ongoing education and communication with and among all stakeholders.***

The SBD's Management Technical Assistance program also has referred businesses to workforce staff for recruitment and on-the-job training assistance, while PWC Business Services representatives have partnered with the department's Business Attraction program on several projects that have led or will lead to the creation of hundreds of new jobs. Finally, the department's marketing and outreach efforts now include a variety of workforce events, such as Arizona's largest job fair and Workforce Partnership Awards Breakfast, co-sponsored by CEDD. The divisions also share marketing and information materials. For example, the department's employment center profiles, which are descriptions of 13 geographic areas within the city that CEDD has targeted for business retention, attraction, and expansion, now include information on PWC services and One Stop Career Center locations.

## VI. Lessons Learned

Successfully integrating workforce and economic development requires ongoing education and communication with and among all stakeholders. This is especially the case when the workforce development program must shift from a social services orientation to a business-driven paradigm. Accordingly, prior to the merger, the agencies directly involved (the PWC, CEDD, and Human Services Department) joined staff from other city offices on a transition team to develop a comprehensive merger plan, while also soliciting input from all major stakeholders through a series of focus groups and surveys. Once the merger took effect, the director of the new agency convened numerous facilitated and one-on-one sessions with department staff, WIB members, and service providers to discuss expectations for the new structure and develop shared goals and practices. Ongoing staff training and forums for communication with local and regional partners are necessary for improving both intra- and inter-organizational collaboration.

As CEDD leaders claim, an "essential ingredient" to successful agency realignment is the willingness to review, evaluate, and measure each system process based on new goals and objectives, including return-on-investment. By enhancing organizational capacity in this way, the department believes that it can gain greater access to city resources and build the strategic partnerships necessary to better serve its dual customers, including those most in need of better job opportunities.

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Moreover, as a result of its new holistic approach to development, the department has established tighter connections to the youth and emerging workforce. By providing not just adult but also youth participants with opportunities to obtain career pathway training in the city's targeted industry clusters, the department has begun the process of aligning adult and youth services, an effort that eludes many workforce development programs.

Finally, the agency reorganization has provided a foundation for strengthening its connections to external agencies and partners. The addition of the PWC has enabled the CEDD to increase its links to workforce development bodies like the Maricopa Workforce Connections and Arizona Department of Economic Security, with the aim of developing a comprehensive and regional approach to the workforce system. The CEDD merger also has increased the PWC's direct access to economic development and industry groups, enhancing its pursuit of a demand-driven system. The CEDD's industry cluster strategy perhaps best exemplifies the new comprehensive approach to workforce and economic development, with a decision-making body, the Cluster Coordination Team, composed of staff from the workforce and small business divisions, as well as the Maricopa Community College District.

## Conclusions

***The primary conclusion that emerges after reviewing the three communities' examples is that there are varied approaches to restructuring local government to align workforce and economic development functions.***

As in *Under One Roof, Volume I*, the primary conclusion that emerges after reviewing the three communities' examples is that there are varied approaches to restructuring local government to align workforce and economic development functions. The three areas highlighted were motivated by diverse factors and chose organizational realignments that fit their local circumstances. The time periods in which these played out also vary dramatically. In one case, the restructuring is fairly new and the effects have likely not been fully realized. In the others, the mergers took place in the early 1980s or early 1990s, giving the communities more time to see the advantages of organizational change and to allow the aligned functions to become embedded in the common practice or status quo. In each, a wide range of approaches were pursued to ensure that the restructuring, once launched, would yield desired results. They focused on strategies and tactics ranging from informal staff meetings and sharing of information via in-house newsletters to devising a comprehensive plan that included conducting focus groups with community stakeholders.

This section is intended to highlight cross-cutting insights from the examples organized around the following categories: drivers for change, ability to change, engagement of stakeholders, the restructuring process, and the impact achieved.

*Drivers for Change*

**_In each case, local elected or agency officials were motivated to action to improve outcomes and effectiveness._**

In two of the three cases, we observed that organizational structural change was prompted by challenges including high unemployment, cuts in funding, or other budgetary constraints. In one instance, the leading driver for change was the need to meet the escalating employer demand for labor by building stronger connections to the business community and greater access to information regarding employer needs. In each case, local elected or agency officials were motivated to action to improve outcomes and effectiveness.

*Ability to Change*

Once the decision to restructure had been made, the three communities took different approaches to ensure that the merger process unfolded as efficiently and effectively as possible. In one case, agency leaders devoted a significant amount of time to planning and preparation that even included soliciting outside input from key stakeholders through a series of focus groups and surveys. This effort assuaged community leaders that the merger with the economic development agency would not harm, and in fact, would benefit disadvantaged job seekers. In other instances, organizational leaders took a no-less serious, but more informal approach to integrating staff and coordinating resources.

*Engagement of Stakeholders*

**_In all the cases, the mergers provided new opportunities to attract stakeholders' and partners' support and cooperation._**

In all the cases, the mergers provided new opportunities to attract stakeholders' and partners' support and cooperation. Once workforce and economic development efforts aligned, they found that they were able to leverage new and complementary resources from a diverse set of partners, including higher education institutions, local Chambers of Commerce, state economic development agencies, Manufacturing Extension Partnership programs, industry groups, and small business centers.

*Restructuring Process*

Our review determined that each of the three locations undertook a similar approach to the restructuring process. Boston first linked its workforce service agency, the

Office of Jobs and Community Services (OJCS), with the Economic Development Industrial Corporation (EDIC) in 1990. Then in 1993 EDIC/OJCS was moved under the umbrella of the economic development agency (the Boston Redevelopment Authority, known as the BRA). St. Lawrence County has an even longer history of incorporating workforce development into the Office of Economic Development with that merger occurring in 1981. Phoenix only recently chose to align workforce development with economic development. During a June 2004 retreat, local officials decided that the Phoenix Workforce Connection would move from the Human Services Department into the Community and Economic Development Department.

*Impact Achieved*

These communities illustrate the broad range of ways in which the organizational restructuring spotlighted in this report can advance efforts to coordinate workforce and economic development to achieve common goals. The nature of the impact can include benefits regarding joint strategic planning, funding accessed, enhanced business services and activities, as well as broader changes in organizational culture and business practices and processes.

It is clear that the partners in these three cases have benefited from the synergy created. The union of workforce and economic development efforts in Boston has had a very positive impact on how resources are allocated to derive the most efficiency and generate results. To date, $15 million generated from increased economic development investments has funded more than 100 skill training programs. What makes Boston unique is the way it has integrated various funding streams and multiple job training initiatives to create a focused workforce and community development investment strategy. In Phoenix, thanks to the merger, workforce development issues are at the forefront of discussions about the city's economic health and competitiveness. This holistic approach appeals to businesses considering Phoenix for expansion, retention, or relocation. St. Lawrence County has built on the integrated structure of economic and workforce development to develop new markets and to enhance employer attraction efforts. Such tactics are critical to the economic health of a rural region that lacks a major commercial sphere and population center.

***These communities illustrate the broad range of ways in which the organizational restructuring spotlighted in this report can advance efforts to coordinate workforce and economic development to achieve common goals.***

***The merged organizations are better positioned to build strategic partnerships with business and higher education communities, thereby laying the necessary foundation to provide the hard-to-reach with more and better job opportunities.***

In NCEE's first volume of *Under One Roof*, we noted a number of benefits to restructuring that would not likely have occurred in coordinated but separate institutions: 1) improved problem solving from holistic thinking; 2) consistency and alignment; 3) greater resources under one roof; 4) greater accountability; and 5) potential to institutionalize desired changes. These benefits are certainly present in the cases reviewed. We also noted some new impacts and opportunities in the three cases reviewed in this volume. These include the following:

***While mergers benefit both sides, one of the biggest benefits for workforce programs is the political prominence gained by being connected to the local economic development agency.***

> *An expanded reach through strategic partnerships.* Workforce and economic development partners that blend into a single organizational structure are able to form even broader partnerships with community organizations that have a similar strategic interest in working on behalf of the local economy. The merged organizations are better positioned to build strategic partnerships with business and higher education communities, thereby laying the necessary foundation to provide the hard-to-reach with more and better job opportunities.
>
> *Greater visibility and political prominence.* Workforce development issues are more likely to have the support of political leaders and tend to achieve greater standing when tied to economic development goals. While mergers benefit both sides, one of the biggest benefits for workforce programs is the political prominence gained by being connected to the local economic development agency.

# Appendix

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