

Preparing Minnesota for the New Economy—Without Leaving Anyone Behind

The Citizens League's research report, *From Jobs for Workers to Workers for Jobs: Better Workforce Training for Minnesota*, was the fourth in a series of recent reports focused on how to prepare Minnesota for the new economy without leaving anyone behind. The League's work in this area began with the *Compete Globally, Thrive Locally* report in 1996, which was followed by a study on the quality of research programs and graduate education at the University of Minnesota in 1997 and a landmark report on the region's labor shortage, entitled *Help Wanted: More Opportunities Than People*, in 1998.

All of these reports highlight a major transformation taking place in the global economy. In the most dramatic shift since the industrial revolution, information-based industries are displacing manufacturing as the principal engine of economic activity. Growth is now driven by high technology and knowledge-based businesses, and a region's economic success rests on capturing those sectors. The premium paid for skills is rising rapidly.

In Minnesota, this "new economy" faces an additional challenge: a long-term shortage of workers. Combined, these two economic trends are exerting unique pressures on both employers and workers. Employers cannot find the skilled workers they need to prosper and workers without skills are watching their wages dwindle.

The central message of the League's work in this area is that for this region to stay competitive given these major economic trends it must shift its economic development strategies from pure job creation to improving the productivity, working conditions and skill training of employees in all segments of the economy. We must work with the under employed as well as those outside the labor market.

This presents a unique opportunity for all Minnesotans to realize the benefits of the new economy. Given the desperate need for skilled workers, market demand can be expected to reduce or remove discriminatory barriers to employment. Employers simply cannot afford to discriminate on the basis of race, age or gender. But employers will continue to hire workers on the basis of both hard and soft skills.

Therefore the public, private and nonprofit sectors must come together to address the economic and educational barriers to high-paying employment — by supporting job skills training in high demand fields, operating public transit programs that provide low-income individuals with access to jobs, and supporting working families through stable and affordable housing, health care and child care.

The League's *Think Globally, Thrive Locally* report highlighted several factors critical to Minnesota's success in the global economy. The number one factor identified was the availability of a highly talented, productive and innovative workforce. The report urged the state to dramatically reduce economic development spending on location incentives, real estate development subsidies and direct subsidies to individual firms. In its place should be increased investments in human capital and basic infrastructure. The report also called for a redesigned safety net for workers dealing with new economic realities - beginning with portable health insurance and pension benefits.

The League's next report, *A Competitive Place in the Quality Race: Putting the University of Minnesota in the Nation's Top Five Public Research Universities* found that in order to support a knowledge-based, global economy in Minnesota, the University of Minnesota must play a key role in research and development, as well as technology transfer to key industries. The Citizens League believes the University must establish clear priorities in its research and graduate education programs and commit the resources necessary to support those priority areas. In order to do so, the League recommended the development of a new University-state-industry partnership, called the NorthStar Research Coalition, to finance and support significant investment in these research areas.

In another follow-up to the Global report, the League took a more in-depth look at the issue of the region's labor shortage in the report, *Help Wanted: More Opportunities Than People*. This report echoed the call to move away from economic development tools such as location incentives and real estate subsidies, and to abandon the singular focus on jobs, jobs, jobs. Instead, it argued, the state's efforts must shift to addressing a labor shortage by preparing residents to fill the numerous job vacancies that currently exist. We must undertake this up-skilling of our existing workforce before the problem corrects itself - with businesses moving out of the state or importing the skilled workers they need, while low-income Minnesotans continue their struggle to find living-wage jobs.

The fourth and most recent report in this series, *From Jobs for Workers to Workers for Jobs: Better Workforce Training for Minnesota*, found that Minnesota's workforce training systems need to be redesigned, placing more emphasis on upgrading the skills of existing workers to take advantage of the numerous openings in high-wage jobs. This will require greater coordination of the state's numerous workforce training programs and new incentives for the MnSCU system to meet the needs of today's economy. Meanwhile, current K-12 students need greater access to career counseling in order to better understand the opportunities that exist in today's market, as well as the education and skills required to take advantage of those opportunities.