

Ohio

THE OHIO SKILLS BANK: Powering Skill Growth...Region by Region

November 2007

Prepared by:



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Ohio
Skills Bank

Ohio Skills Bank Core Working Group

John Colm, WIRE-net
George Coulter, Center for Community Solutions
Judith Crocker, MAGNET
Beth Dominic, County Commissioners Association of Ohio
Barbara Endel, Workforce Strategy Center
Dennis Franks, Pickaway-Ross Career and Technology Center
Michael Harlow, KnowledgeWorks Foundation
Jon Honeck, Policy Matters Ohio
Bill Lafayette, Columbus Chamber of Commerce
David Megenhardt, United Labor Agency
Martin McGann, Cleveland Clinic Foundation
Rosie Picklesimer, Workforce Connections
Don Plotts, North Central State College
Bob Scarborough, Great Oaks Career and Technical Center
Jean Scholz, Ohio Hospital Association
Jim Shanahan, Lorain County Community College
Linda Stacey, Lucas County Improvement Corporation
Cheryl Subler, County Commissioners Association of Ohio
Roy Vanderford, Thomas P. Miller & Associates
Jeff Weber, Workforce One Investment Board of Southwest Ohio
Ruth Yorston, Columbus Chamber of Commerce
Bobbie Garber, Community Research Partners
David Altstadt, Community Research Partners
Shon Bunkley, Community Research Partners

Ohio Skills Bank State Agency Working Group

David Burns, Ohio Department of Education
Dee Delaney, Ohio Board of Regents
Keith Ewald, Ohio Department of Job and Family Services
Tom Fellrath, Ohio Department of Job and Family Services
Jane Forrest-Redfern, Ohio Department of Job and Family Services
Marvin Hayes, Office of the Governor
Anne Hill, Office of the Governor
Robert Johnson, Ohio Board of Regents
Bruce Madson, Ohio Department of Job and Family Services
Barb Nicol, Ohio Department of Education
Linda O'Connor, Ohio Department of Job and Family Services
Lisa Patt-McDaniel, Ohio Department of Development
Wendy Patton, Office of the Governor
Denise Pottmeyer, Ohio Department of Education
Steve Schoney, Ohio Department of Development
Terry Thomas, Ohio Department of Job and Family Services

Ted Strickland
Governor



Helen E. Jones-Kelley
Director

30 East Broad Street Columbus, Ohio 43215-3414
jfs.ohio.gov

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Dear Fellow Ohioans:

On behalf of the many partners who make up the statewide leadership of the Ohio Skills Bank, I am pleased to present you with this exciting new initiative.

Governor Strickland and Lieutenant Governor Fisher's TurnAround Ohio plan addresses many of the challenges facing the State of Ohio and its citizens. The Ohio Skills Bank is one of the major new workforce initiatives coming out of this plan.

Our state is not unique from others in that we are still adjusting to the new realities of the global knowledge economy. We also are not unique in that our many regions are making their adjustments based upon their specific economies. Ohio's neighbors, as well as other states, embrace regional planning as a way to make this important shift and align workforce programming with economic development goals at the same time. This "sector strategy" program model brings key regional industry groups together with service providers to determine common workforce needs and design shared education and training solutions.

A growing body of research is showing that this approach works. Sector strategy programming accomplishes the goals of meeting critical regional workforce needs, building regional strategic planning capacity and fostering meaningful linkages upon which stronger public-private partnerships can be built. TurnAround Ohio acknowledges this research and suggests that Ohio should travel a similar road.

The State of Ohio is investing considerable resources - both talent and treasure - into this program as a sign of its commitment to seeing the Ohio Skills Bank succeed. In the end, though, our regions will need to come together and forge consensus to achieve success. We encourage our regions to look at the Ohio Skills Bank as the opportunity that it is: A meaningful tool to shape their future and improve the lives of Ohioans.

I wish you the best and look forward to congratulating you on jobs well done.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry M. Thomas", written over a circular stamp.

Terry M. Thomas
Chief Workforce Development Officer
Assistant Director, Ohio Department of Job and Family Services

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1. Ohio Skills Bank: a Sector Strategy Approach

The future of jobs growth in Ohio is in investing in our regional strengths and in making sure we have the most educated, highly skilled workforce possible.

—Governor Ted Strickland, June 4, 2007

The Ohio Skills Bank (OSB), a key component of Governor Strickland’s TurnAround Ohio plan, is an initiative to invest in regional strategies that integrate workforce and economic development activities. The OSB is designed to support regional partnerships in analyzing critical occupation and skill shortages of key industries within regional labor markets and devising solutions to address these shortages, primarily through workforce education, training, and industry-recognized, portable credentialing. The long-term goal of the OSB is to transform the core business practices of state and local workforce and economic development systems by impacting how resources are spent and how stakeholders are interacting.

As part of the OSB initiative, the state will provide: 1) funding for research, planning, and initiative implementation; 2) data and information; and 3) training and technical assistance. This will enable regions to design and implement workforce-driven solutions that systemically address the economic challenges facing Ohio.

Addressing Ohio's economic and workforce challenges

Aligned with the State of Ohio's workforce development goal's (Figure 1), the OSB addresses the following key economic and workforce challenges facing Ohio:

- **An economy that is underperforming relative to national benchmarks.** From 2003-2006, total payroll employment in Ohio grew by only 0.8%, compared with 4.7% nationwide. Ohio added only 43,600 jobs during this period, instead of the nearly 256,300 net jobs needed to keep pace with U.S. job growth (Ohio Department of Job and Family Services).
- **The shift to a knowledge-based economy.** Growth rates over the 2004-2014 period are 13.5% for those occupations requiring any level of postsecondary training, compared to 4.9% for those occupations that require only on-the-job training or related work experience (Ohio Department of Job and Family Services).
- **Employers experiencing skilled workforce shortages, with high wage, high skilled jobs going unfilled.** A 2003 survey by the U.S. Chamber of Commerce found that 41% of Ohio employers reported having a hard or very hard time finding qualified workers (The Workforce Alliance).
- **Workers requiring additional education and skill development to increase their value to employers and their earning potential.** About 80% of those who were in Ohio's labor force in 2002 will still be in the labor force in 2012, yet 45% of adults of prime working age—over 2.1 million Ohioans—have no post-secondary education (Population Reference Bureau).
- **Lack of alignment between the workforce needs of employers and workforce development, education and training, and human services systems.** Ohio's workforce education and training programs have historically been spread across 28 different programs in 5 state agencies, and a similar lack of alignment is found at the local level (Community Research Partners).

Figure 1. Ohio's Workforce Development Goals

1. **By 2011**, Ohio will meet the projected demand for high-skill, high demand workers by increasing and retaining by 10 percent the number of Ohioans who earn a degree or complete a postsecondary program in relevant fields. **By 2015**, Ohio will increase the number of workers educated and retained in these fields by 15 percent.
2. **By 2011**, Ohio will increase the percentage of its adult population (aged 25 to 49) enrolled in undergraduate higher education by more than five percent. **By 2015**, Ohio will match the national average in the percentage of its adults in undergraduate education by increasing enrollments by 15 percent.
3. **By 2011**, Ohio will demonstrate that its workforce development system is truly demand-driven by achieving at 15 percent increase in the utilization of the state's workforce development assets by employers in high-skill, high-growth industries. **By 2015**, use of the system's assets by these employers will increase by 25 percent. **By both dates**, these employers' documented levels of satisfaction with the services received from and the responsiveness of the state's workforce development system will show measurable improvement.
4. **By 2011**, Ohio will match or exceed the national average increase in wage growth—a goal that will be met by focusing on the state's economic strengths. **By 2015**, Ohio will still be at or above the national average increase in wage growth.

These goals benchmark against FY2007 levels.

Recognizing Ohio's diverse regional economies

The Ohio Skills Bank initiative is modeled after sector strategies that have been implemented in a number of states in the region (e.g. Indiana, Illinois, Michigan and Pennsylvania) and represent best practices in the alignment of state workforce and economic development systems (NGA Center for Best Practices, 2006). These strategies are industry-specific, regional approaches to workforce needs that build partnerships of employers, education and training providers, organized labor, economic development organizations, and supportive service providers to address the workforce needs of employers and the training, employment, and career advancement needs of workers.

Sector strategies differ from traditional state education, workforce, and economic development programs in a number of ways (Figure 2). Most notably, rather than funding training projects for individual employers, sector strategies empower regions to use data and research to identify and address the workforce needs of multiple employers within an industry sector. The initiatives are managed by regional partnerships that bring employers in the same industry together to undertake an in-depth analysis of their workforce needs as they relate to their specific regional economies. The goal of a sector strategy is to promote long-term system change in local economic development and workforce systems to produce the skilled workers needed now and in the future for targeted industries. These strategies are intended to boost state and regional economies, employers, and workers, and to enable communities to be more competitive in the regional, national, and international economies.

Figure 2. Key Elements of Regional Sector Strategies

1. Multi-employer	Competitors within an industry work together to design solutions to common workforce needs.
2. Creating a bridge	Industry—labor—workforce development—education and training—economic development—human services
3. A clear “line of sight”	Key industries→occupation and skill shortages→ root causes→ solutions
4. Knowledge-driven	Local partners work together to collect and analyze economic and labor market data and gather “first person intelligence” from key stakeholders.
5. Drilling down	Identified problems and solutions are specific and deep.
6. Dual customers	Solutions are developed that benefit both employers and workers.
7. Multiple investors	A variety of state and local resources are brought together to address workforce gaps.
8. System change	Innovative programming to systemically fixes the root causes of workforce shortages.

Core values of the Ohio Skills Bank

The design of the Ohio Skills Bank initiative is based upon what state leaders have learned from the experiences of other states in implementing regional sector strategies, as well as the following set of core values:

- Demand-driven alignment of workforce development with regional economic development goals
- Transforming how resources are spent and how stakeholders are doing business
- Regional empowerment
- Employers must have the workforce necessary for economic success
- Diverse workers must have the capacity to obtain skills necessary for economic independence
- Customer-friendly systems and solutions
- Multi-disciplinary partnerships
- Rigorous, data-driven planning
- Flexibility and innovation in solution design
- The state as the convener and stimulus

The next sections describe how these values are incorporated into the design of the Ohio Skills Bank.

2. Process and Timeline

The four sequential steps of the Ohio Skills Bank process are depicted in Figure 3. Steps 1-3 will take place from November 2007-September 2008, and Solutions Initiatives will be implemented beginning in October 2008.

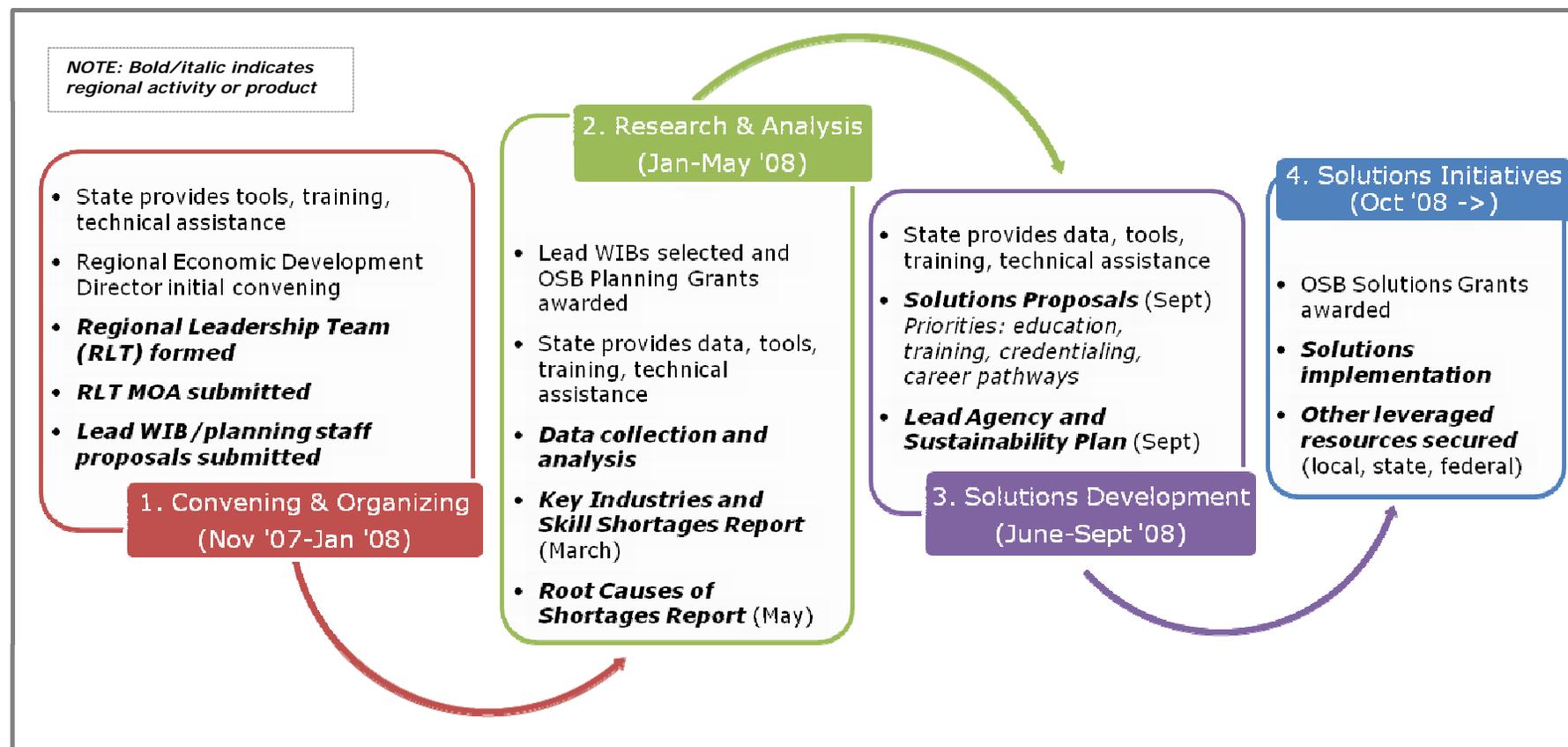
Step 1. Convening and Organizing—Regional Leadership Teams (RLT) are formed

Step 2. Research and Analysis—RLTs designated, Lead WIBs selected, and planning grants awarded; RLTs examine data to identify key industries, occupation and skill shortages, and “root causes” of shortages

Step 3. Solutions Development—Solutions are designed to address the root causes of skill shortages at the regional level

Step 4. Solutions Initiatives—Solutions are funded and implemented

Figure 3. Ohio Skills Bank Process and Timeline 2007-2008



3. Geography and Roles

Regional sector strategies have several common design features, but states have chosen to implement these in a variety of ways. The design features of the Ohio Skills Bank described in Sections 3 and 4 are based on: 1) a review of the experiences of other states; 2) Governor Strickland's TurnAround Ohio Plan; 3) the unique characteristics and history of economic development and workforce development in Ohio; 4) recommendations from previous Ohio task forces, commissions, and policy research addressing workforce and economic development issues; and 5) the input of key stakeholders, including an inter-agency staff work group, the Ohio Skills Bank Core Working Group, and the Ohio Workforce Coalition.

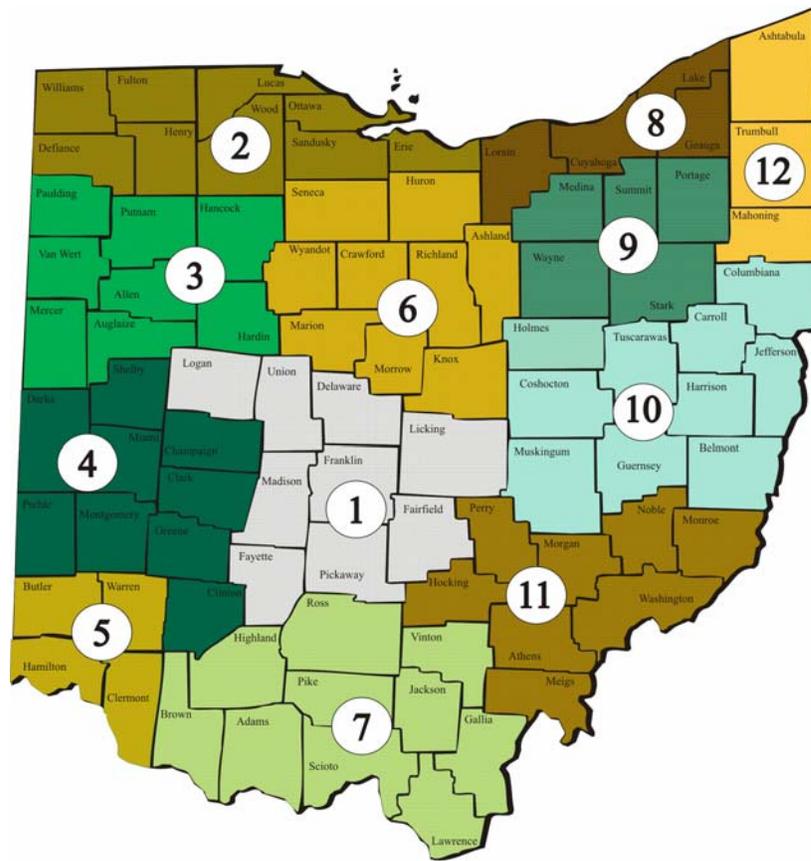
This section describes the following features of the OSB initiative design:

- Geographic regions
- State of Ohio role
- Opportunities for involvement
- Regional Leadership Team
- Roles of key regional stakeholders

Geographic regions

- 1) **Ohio's 12 Economic Development Regions serve as initial OSB geographic regions.** The 12 Economic Development Regions (Map 1) will be the geographic areas for Step 1, Convening and Organizing, and in Step 2, Research and Analysis, for the development of the Key Industries and Skill Shortages Report. Initially established in the early 1990's, these regions reflect the state's regional landscape, cultures, and economic makeup, and established local community and economic development relationships.
- 2) **State criteria for use of alternative geographic regions.** The state's preferred geography for the Ohio Skills Bank initiative is the Economic Development Region, or combination of these regions, unless there is significant data provided that supports the case for a different configuration. The rationale for use of an alternative geography should include the region's economic and labor market research, stakeholder interest and participation, and realities "on the ground." The state will work with the Regional Leadership Teams to assure that: 1) the geography of a region is data-driven; 2) to the extent practical, there is full geographic coverage of each Economic Development Region; 3) there are not competing, overlapping OSB sector-based initiatives within a geographic area; and 4) the size of the regions are large enough to encompass a true regional labor market, but not so large as to prohibit effective stakeholder participation and effective solutions implementation. Changes in regional boundary maps must be supported by the RLTs from all affected regions.

Map 1. Ohio's Economic Development Regions



Region	Counties	Region	Counties
Region 1 Columbus	Franklin, Delaware, Union, Logan, Madison, Fayette, Pickaway, Licking, Fairfield	Region 7 Chillicothe	Ross, Highland, Brown, Adams, Pike, Scioto, Vinton, Jackson, Gallia, Lawrence
Region 2 Toledo	Lucas, Fulton, Williams, Defiance, Henry, Wood, Ottawa, Sandusky, Erie	Region 8 Cleveland	Cuyahoga, Lorain, Lake, Geauga
Region 3 Lima	Allen, Putnam, Paulding, Van Wert, Mercer, Auglaize, Hardin, Hancock	Region 9 Akron	Summit, Medina, Wayne, Portage, Stark
Region 4 Dayton	Montgomery, Miami, Shelby, Darke, Preble, Champaign, Clark, Greene, Clinton	Region 10 Cambridge	Guernsey, Holmes, Coshocton, Muskingum, Tuscarawas, Carroll, Harrison, Belmont, Jefferson
Region 5 Cincinnati	Hamilton, Butler, Warren, Clermont	Region 11 Marietta	Washington, Morgan, Perry, Hocking, Athens, Meigs, Noble, Monroe
Region 6 Mansfield	Richland, Huron, Seneca, Wyandot, Crawford, Marion, Morrow, Knox, Ashland	Region 12 Youngstown	Mahoning, Trumbull, Ashtabula

State of Ohio role

- 1) **An inter-agency initiative.** Just as the regional OSB initiatives will be driven by multi-disciplinary partnerships, state OSB activities involve staff from multiple state entities. The agencies and offices involved in the OSB include:
 - **Ohio Board of Regents (OBR).** Coordinating the alignment of regionally-determined post-secondary education and training outcomes
 - **Ohio Department of Development (ODOD).** Fostering regional stewardship through Regional Leadership Teams, offering strategic policy-level counsel on Ohio's economic development goals
 - **Ohio Department of Education (ODE).** Coordinating the alignment of regionally-determined secondary education and training outcomes
 - **Ohio Department of Job and Family Services (ODJFS).** Administering federal Workforce Investment Act (WIA) funds, procuring regional fiscal agent and planning services, providing data and analysis tools, offering training and technical support for the regional, demand-driven planning process
 - **Office of the Governor.** Ensuring alignment of OSB activities with the strategic goals of the State of Ohio, encouraging interagency collaboration and promoting alignment of state resources with OSB outcomes in support of regionally-determined goals
- 2) **Regional Economic Development Director as initial convener.** ODOD's Regional Economic Development Directors (REDDs) will serve as the conveners of the initial regional meetings during the organizing phase of the OSB. Participants in the initial convening will identify the membership of the Regional Leadership Team and the RLT Coordinator. The REDD is a required member of the Regional Leadership Team. The inter-agency state staff team will assist the REDDs in indentifying regional stakeholders to be invited to initial OSB meetings.
- 3) **WIA funding for planning and initiatives.** The state plans to provide the following funding, from Workforce Investment Act (WIA) Governor's Discretionary funds, to support the costs of regions undertaking the OSB activities:¹
 - **Planning Grants.** A total of \$3 million in Planning Grants will be available statewide in early 2008 for Step 2, Research and Analysis and Step 3, Solutions Development.
 - **Solutions Grants.** Beginning in late 2008, approximately \$5 million a year, for three years, is expected to be available for Solutions Grants that address identified occupational and skill shortages at the root cause level (see Section 4 for the state's priority industries and occupations). These will be allocated

¹ State allocation of WIA funds for the OSB is contingent on the availability of federal funding to the state.

through a competitive grant process. Regions will also be encouraged to access and use other state funds as applicable to support Solutions Initiatives.

- 4) **Selection of Lead WIBs and planning staff.** Lead WIBs and planning staff (see descriptions later in this section) for each region will be selected through a competitive process managed by the Ohio Department of Job and Family Services, using selection criteria that place significant weight on the endorsement of the Regional Leadership Team.
- 5) **Resources, tools, training and technical assistance.** The state will help build the capacity of the regions to undertake the required OSB activities by providing data and research; guidebooks and tools; group learning opportunities (workshops, webinars, conference calls, list serves); and individual technical assistance. Participation in group learning activities by RLT members and/or designees will be a requirement of the OSB initiative.
- 6) **Coordination of OSB with other state programs, funding, and initiatives.** The interagency state staff group will take steps to coordinate and integrate Ohio Skills Bank activities with other state and regional programs, funding, and initiatives in order to minimize duplication and strategically focus state resources on addressing the workforce skill shortages identified through the OSB process. Additional information about coordination activities and opportunities will be provided as part of the state's OSB training and technical assistance activities.

Opportunities for involvement

An important goal of the Ohio Skills Bank process is to encourage and support the participation of regional stakeholders from multiple sectors, perspectives, and geographic areas. Because there are differences in the capacity of individual stakeholders to commit time and resources to the process, particularly in the research and planning phase, the OSB process provides a variety of participation opportunities, all of which are important to its success (Figure 4).

Figure 4. Opportunities for Participation in the Ohio Skills Bank Process

Role	Description
Regional Leadership Team member	A participant in the lead regional policymaking group during the 9-month OSB research and planning phase. Requires a commitment to actively participate in RLT meetings, where policy-level guidance will be offered to planning staff and where sign-off on reports/proposals to the state will occur. May participate in planning activities as time and interest permit. Should promote the facilitation of consensus among diverse stakeholders. The RLT may choose to disband after the planning process is complete and a Lead Agency that meets OSB requirements is selected to oversee implementation.
Lead WIB/fiscal agent	Fiscal agent for receipt of WIA funds. Responsible for fiscal accountability, including budget review, financial reporting, contracting, and assurance that WIA spending is in compliance with state and federal requirements.
RLT subcommittee/task force member	Opportunity to expand participation in RLT activities. Requires commitment to actively participate in completing a specific task. Examples of subcommittees may include: industry-specific analysis; solutions development; sustainability resource development; collecting “local intelligence” (interviews, surveys, focus groups).
Share knowledge and opinions	Participate in a focus group, interview, or survey process. Share research and data.
Planning partner	Experts who provide day-to-day management of the OSB at the regional level. Planning staff will conduct data analysis and first-person field research. They will advise RLT members on their findings, ascertain RLT policy direction, and draft required reports in alignment with that direction. May be staff of a local organization, educational institution, or consulting firm.
Implement solutions	A variety of organizations may implement new, expanded, or re-engineered Solutions programming funded with OSB WIA funds and other funding sources.
Lead agency	An organization, operating under the “workforce intermediary” model, that coordinates Solutions implementation and ongoing demand-driven analysis and system change activities.

Regional Leadership Team

- 1) **Regional Leadership Team role.** The Regional Leadership Team is the overarching regional policy group for the Ohio Skills Bank initiative. The RLT will: 1) drive OSB policy for their region; 2) sign off on grant applications and reports to the state; 3) actively participate in OSB processes and activities; 4) oversee the work of the planning staff; 5) oversee production of required OSB work products; 6) identify local matching/leveraged funds; and 7) engage in initiative reporting and evaluation. The RLT will also make a recommendation to the state for the selection of the Lead WIB and planning staff for their region.
- 2) **RLT tenure.** In order to participate in the OSB process, **a Regional Leadership Team must be created no later than January 18.** Following the completion of the 9-month research and planning phase, the RLT may choose to disband after a Lead Agency that meets OSB requirements is selected to oversee implementation.
- 3) **Regional Leadership Team composition.** The RLT is a multi-disciplinary partnership of individuals who represent the leadership of the region's employment and training continuum. The RLT should include diverse, multi-cultural members from the following sectors or organizations: employers or industry groups; employee or labor representation; workforce development; education and training (including, but not limited to, adult basic/career-technical education and higher education leadership drawn from the EnterpriseOhio Network); chamber of commerce/economic development; local government; and faith- or community-based organizations. The following are other specific RLT composition requirements:
 - **Required members:** In addition to leaders from the sectors described above, the WIB fiscal agent (see below), and the REDD are required RLT members.
 - **Geographic representation.** The RLT must include at least one member from each county within the region. This may be a person who: 1) resides within the county; 2) heads a business, institution, or organization within the county; or 3) is a local elected official in the county.
 - **Maximum size.** Successful OSB planning will require active participation by all members of the RLT, and the group must be small enough to move quickly and make decisions. Therefore, the maximum size RLT that will be designated by the state is 16 members. *Broader participation in the OSB process is important as well, and this can be achieved through subcommittees, task forces, surveys, and focus groups coordinated by the RLT (see Figure 4). The RLT must make active engagement of relevant stakeholders in their region a top priority to ensure a fully-informed process.*
 - **Selection process.** ODOD Regional Economic Development Directors, who will convene initial regional OSB meetings, will work with key stakeholders to design an inclusive, open, and fair process to assure that key stakeholders are represented on the RLT and that the members selected are committed to actively participate in the process. This process may include, but is not limited to: 1)

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- establishing a selection/nominating committee; 2) soliciting applications for membership; or 3) asking key stakeholders to nominate members.
- 4) **State designation of RLT.** The state will designate each Regional Leadership Team upon receipt of a memorandum of agreement (MOA), signed by all members of a properly-composed RLT, agreeing to carry out the required activities and fulfill the roles and responsibilities of an Ohio Skills Bank Regional Leadership Team. Although designated by the state, the RLT is a group of volunteers, coming together to carry out specific tasks over a defined period of time. As a result, a Fiscal Agent that has the administrative and legal capacity to carry out the fiscal and staff functions of the OSB, at the direction of the RLT, will be designated by the state for each region. (For more information on the Fiscal Agent and Planning Staff, see "Roles of key regional stakeholders.")
- 5) **RLT decision-making process.** The level of consensus of RLT members around solutions strategies will be considered when reviewing OSB Solutions Grant applications. Unanimity may be difficult to achieve in all instances, but the state will consider affirmative signoff by at least three-fourths of RLT members as a reasonable indication of consensus.

Roles of key regional stakeholders

- 1) **Employers.** The success of the Ohio Skills Bank is dependent upon multiple employers within an industry sector working with other regional partners to identify root causes of skill shortages and develop innovative, cost-effective, and sustainable methods to address shortages. As such, employers will be members of the Regional Leadership Team, and broader employer “field intelligence” will be gathered during the Research and Analysis and Solutions Development steps. Solutions will be implemented in close collaboration with employers (e.g. designing new education and training systems), while others may be implemented primarily by employers (e.g. recruitment and retention activities). To the extent that they benefit from the Ohio Skills Bank, employers will be encouraged to provide resources for long-term RLT sustainability or solutions implementation activities.
- 2) **Public workforce system.** The organizations that comprise Ohio’s public workforce system will have key roles in the OSB initiative. These are outlined below:
 - **Fiscal agent.** Within each region, one Workforce Investment Board (Lead WIB) will be selected by ODJFS through a competitive procurement process to serve as the OSB fiscal agent for receipt of WIA funds. In its role as the fiscal agent, the Lead WIB will be responsible for fiscal accountability, including budget review, financial reporting, and assurance that WIA spending is in compliance with state and federal requirements for the OSB initiative across the entire region. A designee from the Lead WIB will be a member of the RLT. The Lead WIB will retain the services of the planning staff, or may propose the use of existing WIB staff to undertake planning functions for the RLT.
 - **Each WIB or One-Stop System serves on at least one Regional Leadership Team.** *Each WIB or One-Stop System must be a member of at least one RLT; however, a WIB or One-Stop System is not required to be on every RLT within its geographic service area.* Because there are a total of 30 WIBs/One-Stop Systems in Ohio, but only 12 RLTs, some RLTs will include more than one WIB/One-Stop System (i.e., the Lead WIB plus one or more others that serve the geographic region). Similarly, some WIBs/One-Stop Systems may serve on more than one RLT. Staff of ODJFS will be available to provide technical assistance to facilitate the optimal statewide participation of WIBs and One-Stop Systems on RLTs.
 - **Other workforce system roles.** Aligning state workforce systems with industry skill shortages is a key goal of the Ohio Skills Bank initiative. It is expected that the components of Ohio’s public workforce system—Workforce Investment Boards, One-Stop operators, and local government agencies—will be actively involved in all steps of the OSB process, including lending their expertise to analysis of skill shortages, identification of root causes of shortages, and design and implementation of Solutions Initiatives.

- 3) Education and training institutions.** A top priority of the OSB initiative is to devise workforce education, training, and industry-recognized, portable credentialing solutions to industry skill shortages. To accomplish this, representation from workforce education and training institutions is required to be actively involved with the RLT. The broader education and training community are expected to be involved in both the Research and Analysis and Solutions Development steps. This includes 2-year and 4-year colleges, adult career-technical education centers, ABLE programs, and industry training providers. It is anticipated that education and training providers, working closely with employers, will be the principal organizations implementing Solutions Initiatives. This may include accessing new funds through the OSB, as well as redirecting existing funding streams to implement regional OSB initiatives.
- 4) Planning staff.** The initial steps in the OSB process require a significant amount of data collection and analysis on the part of the RLTs. Although the state will provide data, training, and technical assistance, RLTs are expected to work with planning staff possessing the expertise and capacity to provide staff support for the RLT's research and analysis activities and assist in producing the required reports. The planning staff may be in-house staff of one of the RLT members, Lead WIB or another community organization, a private consulting firm, or an educational institution. Selection of the planning staff will be undertaken concurrently by ODJFS as part of the competitive process to select the Lead WIB.

4. Activities and Products

This section describes the following features of the OSB initiative design:

- Selecting target industry sectors, occupations, and skills
- Determining root causes of skill shortages
- Developing innovative solutions supported by long-term sustainability plans
- Measuring and evaluating performance

The state will be a partner in these OSB activities, not only by providing funding, but also by providing data, training, and technical assistance. For the OSB activities described in this section, the state will provide:

- Customized demographic, economic, and labor market data
- Information on state funding, programs, and institutions
- A standardized format for collecting and analyzing data and reporting research findings
- Curriculum and tools to assist in carrying out the process and content of each activity, including classroom training to initiate each step in the process, and follow-up webinars and conference calls.
- Individual technical assistance

It is not necessary, however, to start “from scratch.” It is anticipated that regional OSB processes, in addition to mining data provided by the state, will build upon a foundation of existing local research and planning activities. Regional Leadership Teams are encouraged to make use of local research and data and engage subject matter experts and stakeholders who have worked on similar initiatives in the past.

Selecting target industry sectors, occupations, and skills

- 1) **State industry and occupation priorities.** The state is interested in having regions focus on the industries addressed by the state's Third Frontier initiative (biosciences, power and propulsion, instruments-controls-electronics, IT, and advanced material technology fields), as well as advanced manufacturing, advanced energy, and broadly defined STEMM occupations (science, technology, engineering, mathematics, medicine) that are expected to drive regional economies in the 21st century. However, regions are not limited to addressing these areas, provided that the industries selected are economically viable within the region and meet the definition of a "cluster of opportunity" described below.
- 2) **Target industries selected by Regional Leadership Teams.** Step 2, Research and Analysis, will produce each region's selected target industries. The RLTs will use their planning staff to analyze government economic and labor market data and information and data from industry associations and other relevant sources, and gather the perspectives of employers and other key stakeholders through interviews, surveys, and focus groups. This data will be used to identify industries that represent "clusters of opportunity." Based on a model developed by the California Regional Economies Project (California Economic Strategy Panel), these are characterized as industries in:
 - **Export-oriented sectors.** Export-oriented, geographically-concentrated, and interdependent industry sectors with growth potential, characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. These sectors are widely considered to be the "driver" or "foundational" elements of regional economies that generate new wealth for regions as opposed to simply recirculating existing wealth.
 - **Population-driven sectors.** Sectors that provide employment opportunities and career potential for regional residents, as well as those that provide essential services needed by the region's population.
 - **Incumbent vs. emerging sectors.** The OSB planning process can take RLTs down a path that leads to investigation of emerging industries that are worthy of public support. This is not discouraged; however, Solutions programming should be scaled to the anticipated occupational and skill demand over the short- and near-term. Incumbent industries with large target occupational shortages should be the priority focus.
- 3) **Occupation and skill shortages selected by Regional Leadership Teams.** Step 2, Research and Analysis, will also produce each region's assessment of priority occupation and skill shortages within the target industry sectors. Factors in selection of skill shortage priorities may include:
 - Scale, impact, growth potential, and urgency within the regional economy
 - Employer and other key stakeholder interest and participation

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- Availability of resources for solutions initiatives
 - Ability to train/retrain dislocated workers
 - Potential to attract or fill high wage, high skill jobs
 - Potential for skill and income advancement for low-wage incumbent workers
 - Potential to create employment opportunities for populations with barriers to employment (e.g. non-English speakers, persons leaving public assistance, ex-offenders)
 - Potential for long-term, systemic change in how resources are spent and stakeholders are doing business

Determining root causes and solutions

- 1) Clear “line of sight” between skill shortages, root causes of shortages, and solutions.** An important part of the Research and Analysis step in the OSB process is the identification of root causes of skill shortages, undertaken in collaboration with representatives of the targeted industry. Often in planning processes there is a tendency to jump quickly to problem solving without fully considering all potential causes of the problem. To assure that root causes are fully explored, the RLTs will be required to submit a Root Causes Report. A separate Root Causes analysis will be required for each sector-industry combination examined. Solutions Grant proposals will be required to describe the connection, or “line of sight” between the root cause analysis and clearly defined, executable solutions (Figures 2 and 3).
- 2) State priority is for solutions that focus on education and training.** Improved and expanded workforce education and training targeted to high-demand occupations is the key to addressing the skill shortages of Ohio employers. Providers may include, but are not limited to, adult basic education programs, community colleges, adult career-technical education centers, and 4-year institutions. Priority for award of state OSB Solutions Grants will be for: 1) systemic change in local education and training programs; 2) production of industry-recognized certificates, portable credentialing, and degrees in priority skill areas; and 3) initiatives that provide low-wage, low-skilled workers with education and training to advance to higher-skilled, higher-wage employment. *Because the currently-identified source of funding for OSB Solutions Grants is WIA Discretionary funds, solutions activities using these funds must conform to guidelines and allowable activities of the Workforce Investment Act.*
- 3) Multiple, targeted, and innovative solutions.** Regions are encouraged to develop packages of multiple, innovative solutions that address selected root causes of skill shortages (Figure 5). However, OSB is not intended to produce a laundry list of all conceivable programming. Rather, the goal is to produce strategic, targeted solutions. This may mean, for example, that for small, but critical shortages, small scale solutions are most appropriate.
- 4) Resource assessment.** As part of the assessment of root causes and development of solutions, RLTs should identify existing resources (i.e. funding, staff, facilities, programs) currently available in the region that could be redeployed or used more effectively to implement education and training solutions.
- 5) Other solutions.** As a result of the OSB research and solutions planning process, it is expected that regions will identify a range of potential initiatives to create a workforce system that addresses the demand of key industry sectors. Examples of these include supportive services (e.g. transportation, child care, housing, health care), workforce recruitment and retention activities, and entrepreneurship programs. Using the reports generated in the Research and Analysis step, regions are encouraged to identify other local and state funding sources to implement initiatives that do not fit the priority solutions definition for OSB Solutions Grants.

Figure 5. Potential Solutions to Root Causes of Skill Shortages

<ul style="list-style-type: none">• Increase career awareness• Develop career paths• Design formal training programs• Provide upgraded training• Increase training capacity• Improve student retention and completions (industry-recognized certificates, credentials, degrees)• Increase affordability and access to education/credentialing solutions• Develop worker recruitment and retention initiatives	<ul style="list-style-type: none">• Increase marketing efforts• Improve screening of trainees• Increase worker support services• Develop mentoring programs• Create bridge programs• Develop incentives to retrain older workers• Address needs of special populations (ESOL, low literacy, learning difficulties)• Adopt family friendly employment and workplace policies• Increase wages and benefits
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Assuring sustainability

- 1) Regions identify an OSB lead agency using the “sector intermediary” model.** State OSB Planning Grants are intended to jump-start the regional OSB process. However, long-term success and system change is dependent on RLTs identifying and coalescing around a lead partner that can manage multiple solutions strategies, engage key stakeholders, and conduct ongoing data analysis and research to assess changing conditions. The lead agency should meet the definition of a “sector intermediary”—an organization with a deep understanding of local workforce issues that can: 1) focus on dual customers (employers and workers) and facilitate linkages between trained workers and employers within an industry; 2) coordinate services and programs for workers and employers; 3) integrate funding streams; and 4) generate ideas and innovative approaches to respond to the needs of employers and workers. A variety of organizations can act in this role, including employer organizations (chambers of commerce, trade associations); labor-management partnerships; economic development organizations; educational institutions; WIBs and One-Stop Systems; and faith- and community-based organizations.
- 2) Regions develop plan to secure sustainability funding over time.** In addition to identifying a lead OSB agency, RLT’s are expected to develop a funding plan to secure regional resources to support costs associated with OSB work over time. If solutions are identified that meet the needs of both employers and workers, it is expected that the multiple stakeholders in the community would value them enough to sustain funding over time. In addition to funding for initiatives, this includes costs for staff support, convening and hosting RLT and other stakeholder participation activities, ongoing research and planning, and project and program management and coordination. Potential sources of local resources may be: 1) realignment of existing funding sources; 2) generation of new non-governmental funds, such as foundation grants; 3) employer support; and/or 4) cash and in-kind contributions from RLT member organizations.
- 3) Match and leveraged fund requirements.** Regions will be required to provide evidence of sustainability through the commitment of cash and in-kind regional match support for Solutions Initiatives. Specific match requirements over the three-year course of state OSB Solutions Grant funding has yet to be determined and will be announced no later than May 2008.

Figure 6. Summary of Required Ohio Skills Bank Products

	Products
Step 1: Convening and Organizing	<ul style="list-style-type: none">• Regional Leadership Team Memorandum of Agreement• Lead WIB/planning staff proposals
Step 2: Research and Analysis	<ul style="list-style-type: none">• Key Industries and Skill Shortages Report• Root Causes of Shortages Report
Step 3: Solutions Development	<ul style="list-style-type: none">• Solutions Proposals• Lead Agency and Sustainability Plan
Step 4: Solutions Initiatives	<ul style="list-style-type: none">• Solutions implementation and related reporting

Measuring and evaluating performance

Performance measurement is an important part of the Solutions Implementation phase, and measurement and evaluation requirements will be detailed in the RFP for Solutions Proposals that will be released in the second quarter of 2008. State agency staff will work with evaluation experts and local stakeholders to review best practices in performance measurement and identify appropriate and feasible OSB process and outcome measures. It is anticipated that OSB performance measures will address: 1) the economic and workforce challenges identified at the beginning of this document; 2) benefits for employers and workers; and 3) progress toward system change. To the extent possible, performance measurements will be selected that are consistent with requirements of other, related programs, make use of existing data collection and reporting systems, and that employ a mix of quantitative and qualitative data collection methods.

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