



Bill Blazar, interim president of the Minnesota Chamber of Commerce

Might human capital shortage force Minnesota employers to relocate?

A Civic Caucus Focus on Human Capital Interview

December 5, 2014

Present

John Adams, Bill Blazar, David Broden, Janis Clay (phone), Pat Davies, Paul Gilje, Curt Johnson, Randy Johnson, Sallie Kemper (phone), Ted Kolderie, Dan Loritz (phone), Dana Schroeder, Clarence Shallbetter, Fred Zimmerman

Summary

As Minnesota's growth in the size of its human capital slows dramatically, employers are reporting a talent shortage, more in the technical education area than jobs requiring four-year degrees, according to Bill Blazar. More training of job applicants, along with better reporting of results from the organizations responsible for such training, is essential, he said. The problem would be more serious were it not for the substantial, but perhaps not widely appreciated, contribution from foreign-born workers. They are much younger than Minnesota-born residents and, therefore, their significance will be even greater in coming years.

The Minnesota Chamber of Commerce will give major attention in the 2015 Legislature to improving education at all levels. Currently, the chamber sees a major need to change job-prospect attitudes of students still in high school. More school counselors are needed, with more emphasis on preparing for careers. Parents and students need to realize that job prospects, and earnings potential, are much better in the technical/non-B.A. fields than has been thought to date.

Better home-to-work transportation is needed, to help broaden employers' applicant pool and applicants' job choices. But planners should look beyond investment in high-capital, fixed-route LRT or bus routes to include flexible approaches that serve the actual location of homes and work places.

Background

In the months since the Civic Caucus issued its **statement on human capital**, we've concentrated on learning more about the continuing need for a strong workforce in Minnesota in coming years. Today's we're visiting with the head of the Minnesota Chamber of Commerce, to learn about the role employers play in workforce training relative to colleges, technical schools, and specialized training organizations.

Biography

Bill Blazar is interim president of the Minnesota Chamber of Commerce. Blazar is a past member and chair of the board of the Minnesota Government Relations Council. Blazar has also served in a leadership capacity for Minnesota's P20 Education Partnership, the Minnesota Health Data Institute, the Citizens League and the Lake Calhoun Sailing School.

Prior to joining the Chamber, he was Manager of Government Affairs for Target Corporation from 1987-1992. Before working for Target, Blazar was a freelance public policy analyst, specializing in state and local fiscal policy, economic development and telecommunications. He has a B.A. (Political Science) from Northwestern University and a M.A. (Public Affairs) from the Humphrey School of Public Affairs, University of Minnesota.

Discussion

Shortage of qualified workers is already showing in Minnesota. The Chamber's recent Business Barometer poll of 350 randomly selected Minnesota businesses reveals that fewer than half of employers believe Minnesota has plenty of workers with the right skills for their industry, Blazar said. The consensus is that this will affect employers' ability to do business within a couple of years, if it hasn't already.

"The workforce findings are of special concern," Blazar said. "Employers are telling us that workers are less prepared than they were two years ago in the technical skills needed for specific industries. The problem is exacerbated in light of the projected worker shortage that Minnesota faces."

The Chamber's "Grow Minnesota" program data supports these findings, Blazar said. With its 71 local chamber affiliates, the Minnesota Chamber annually meets with nearly 1,000 employers across the state. The interviews reveal that about 52 percent of firms interviewed in the metro area and 38 percent of firms in greater Minnesota are planning to hire more workers next year. Another 38 percent in the metro area and 53 percent in great Minnesota are planning to keep their number of workers stable.

The business barometer survey further revealed that the biggest current barrier to creating more jobs in the state is difficulty in hiring and retaining workers. Even in the depths of the recent recession, employers had openings they couldn't fill, Blazar said.

Highest demand is for technical education. The business barometer survey revealed that, among employers dissatisfied with current applicants, 40 percent of employers wanted more applicants with technical education, 18 percent wanted more with bachelor's degree, 4 percent wanted more with advanced degrees and 18 percent wanted more with a high school education.

Sharp decline in rate of growth in Minnesota's labor force. Employers today have fewer choices for potential workers in Minnesota than in years past, and no improvement in this trend is evident. Annual growth rate in the size of Minnesota's labor force stood at 2.7 percent in 1970-1980, according to State Demographer data reported by the Chamber. That percentage has declined to 0.5 percent in 2010-2015, and is projected to be even lower until at least 2045, according to the State Demographer.

Employers provide some training for all employees. As one looks at the involvement of employers in training, Blazar said we need to remember that everyone receives some skill training specific to the job being performed. The big question is the underlying skills that employees bring to the workplace.

To illustrate how some employers take training very seriously, Blazar cited an example of a contract welding company that flatly claims to employ the "best" welders and provides intensive training to achieve that objective. The employer expects to refine every worker's welding skills, but does not and cannot teach employees how to read, add and subtract numbers or solve problems.

Some workforce training programs have questionable value. Blazar said the state has a proliferation of training programs. What's missing too often, but urgently needed are (1) identification of expected outcomes, (2) regular measurements on whether outcomes are being achieved, and (3) public reporting of the results.

Brainerd Lakes Chamber is leading in work-based learning and career exposure. Blazar highlighted two programs called "Bridges Workplace Connection and Career Academies" conducted by the Brainerd Lakes Chamber of Commerce for students from 23 area high schools. Workplace Connection helps businesses, students and teachers structure work-based learning experiences ranging from an annual career day to job shadowing to internships. Bridges Career Academies offer high school juniors and seniors the opportunity to explore a career pathway through programs of study taught in their schools by high school and college faculty. Work-based learning and an introduction to entrepreneurship is included in all such academies.

A similar initiative called "CEOs in the Classroom" has been undertaken by the Grand Rapids Area Chamber, Blazar said. The initiative has two goals: (1) engage business owners and managers with educators to encourage educational offerings relevant to future employment, and

(2) offer frank conversations with 8th graders about realities of graduating and being financially independent.

Immigrants have been key to Minnesota's job growth. Citing the American Communities Survey by the U.S. Census for 2009-2011, Blazar noted that foreign-born residents of Minnesota are more likely to be of working age than Minnesota-born residents. For example, 46 percent of the foreign-born individuals in Minnesota are between 25 and 44 years of age, compared to only 25 percent of Minnesota's US-born individuals in that age group. Immigrants make up 7 percent of Minnesota's population, but 9 percent of its workforce, he said. As baby boomers retire and the growth in our labor force slows to almost zero, immigrants will, he expects, continue to be a demographic bright spot for the state.

Immigrants are present at every skill level. Whatever business location he visits, Blazar said he sees immigrants at every skill level. Immigrants are major entrepreneurs. Much of the state's success in starting new businesses is because of immigrant start-ups, he said. Immigrants seem to have the drive and the ability to start new businesses faster than non-immigrants.

Basic skills training is lacking among many Native American and African American job seekers. While looking positively at the immigrant population, Blazar said that vastly more needs to be done in providing basic skills for Native Americans and African Americans, not only for their own potential job opportunities, but also because the state urgently needs a well-trained workforce.

We need to recognize income potential from less-than-B.A. training. Blazar stressed how important it is for parents and students alike to recognize income potential from occupations requiring technical training. To illustrate, he said that a person with a high school degree can become licensed for operating heavy equipment with less than a year's training and make a very good wage. Some who choose this route could later decide whether to pursue a four-year college degree, he said.

Take note of how job requirements themselves are changing. Responding to a questioner's comment about the changing work place, Blazar noted how much different manufacturing is today than it was in the 1950s. People still work at plants that make things, but the skills are markedly different. Now manufacturing employees need to work with highly automated machines and precision manufacturing equipment, he said.

Successful technical colleges are singled out. Responding to a question about technical colleges working well with employers, Blazar cited Alexandria Technical and Community College, which gained much of its reputation of good connections with business from leadership by its previous president Kevin Kopischke, who recently retired. Blazar also highlighted Southeast Technical College in Winona, MN.

Later in the meeting, Blazar mentioned how similar manufacturing employers in Alexandria cooperate with each other on sharing employees. Employers with more jobs available will welcome workers from businesses who are cutting back, temporarily or otherwise.

It's important to change job-prospect attitudes in high school. Blazar and Civic Caucus questioners engaged in extensive discussion over whether high schools in Minnesota are doing enough to encourage students to consider technical jobs after high school. Blazar cited a southern Minnesota city where a successful contract manufacturing firm had the unfortunate, inaccurate, but widespread reputation of being an employer of last resort, as if working there wouldn't help any young worker get ahead.

The discussion revealed that perhaps as much, or more emphasis, ought to be placed on the supply side of the workforce, that is broadening potential workers' interests in potential jobs, as on the demand side, helping employers fill needed jobs. One person suggested that perhaps what is needed is to re-think the last two years of high school. Blazar mentioned the efforts of the Brainerd and Grand Rapids chambers, as described earlier in this report. A questioner noted that some high schools in Minnesota, including Detroit Lakes High School, actively promote work internships for students while they are still in high school.

One idea from the discussion was whether high school graduation standards might be changed from "what requirements must be met to graduate" to "what requirements must be met to go on to the workforce".

Participants bemoaned the guidance-counselor-student ratio, which in some schools is 1 to 500 or worse. Re-thinking the guidance counselor's role might be appropriate in some cases, it was suggested, particularly if such counselors aren't giving appropriate attention to the relevance of various options in postsecondary education to actual employment opportunities.

A participant who visits troubled youth in detention centers pointed out that most youth at age 14 have no thought of what they'll do after high school. But 17-year-olds are beginning to be receptive to hard questions about their future.

Another participant noted how laws seem to artificially postpone adulthood by unreasonable restrictions on work that 16-year-olds are allowed to do and whether they should be required to stay in regular school after age 16, rather than preparing for jobs. Blazar agreed that 16-and-17-year-olds represent a tremendous resource. Moreover, he said, particular attention is needed with Native Americans and African Americans of this age.

The group also discussed Minnesota's Post Secondary Education Options (PSEO) law that allows 10th through 12th graders to take college courses tuition-free. For many years PSEO was held back because school districts didn't want to lose state revenue. But recently the law was changed to require that ALL Minnesota districts must provide "up to date" information about PSEO to students grades 8-11. The law also was changed so that colleges could provide information to students attending high schools enrolling at least 700 students, grades 10-12, about how PSEO could save students money.

Another participant asked whether the social studies curriculum in high school does, or should, include discussion of career education.

Character traits are important. The discussion moved beyond job requirements to character traits of workers, such as showing up for work regularly and on time. Far more serious is the often cavalier attitude of some students toward drug use. One employer interviewed 10 candidates for a job, only to disqualify seven of them who flunked a drug test.

Agreeing with the importance of character traits, Blazar cited a health facility where many nurses, while technically qualified and aware that their positions needed to be filled 24/7, still resisted anything but Monday-Friday day shifts. A questioner noted that this phenomenon might be the result of poorly structured incentive pay rather than an issue of character traits.

Education will be the Minnesota Chamber's likely legislative emphasis in 2015. PreK-12 education will be the principal human capital focus of the Chamber for the 2015 Legislature, Blazar said. Another need, he stressed, is to make available, in real time, information about employers' needs for very specific training. Too often, he said, it seems as if such information is two or three years old when action finally is taken by the appropriate institutions of postsecondary education. Other initiatives might include teacher quality and career (not just guidance) counseling.

Should there be a change in the state's structure of post-secondary education? It was noted that in the 1960s, vocational education was a standard for high school curriculums, and some school districts operated their own vocational schools. Subsequently, the vocational schools were removed from local school districts and made part of a state system that included junior colleges. Technical and junior colleges were placed under a single state board. Later that state board and another board for four-year state colleges were combined into the current Minnesota State Colleges and Universities (MnSCU) Board.

Some questioners wondered whether attention to more job-oriented education would be improved if the community and technical colleges were organizationally separated from four-year universities.

Blazar suggested that perhaps the state needs to clarify the purposes of the different types of postsecondary education, so that the roles of technical colleges, community colleges, and four-year universities are better understood.

There is coordination among state agencies involved in human capital. Responding to a question, Blazar cited close ties between the Department of Employment and Economic Development (DEED) and MnSCU. The Department of Labor and Industry plays a significant role in apprenticeships, he said.

Using transportation to broaden employers' applicant pool and applicants' job choices. A participant noted that employees need to get from home to work in a reasonable time, say, an hour or less. If an individual doesn't have access to a personal car, certain jobs can be out of reach, because getting to the job will take too much time. It was noted that fixed-route transit, whether bus or LRT, serves many workers very effectively, but most jobs in the metro area aren't reachable in reasonable time by fixed-route transit. The question, a participant asked, is whether more attention should be placed directly on designing transportation options for the job trip.

A participant suggested that the key transit strategy for the work trip should be to enlarge the number of work locations accessible from low-income homes. It should be possible to estimate the percentage of the region's jobs that are reachable by transit within reasonable time, say, one hour, from a given residence. Such data would clearly indicate where fixed-route transit is the best solution or whether other options, probably utilizing the personal car, should be implemented. Such a decision is critical, a participant noted, because of heavy capital investment in expanding fixed-route transit, whether by light rail or bus. Participants cited innovative ways of using the car to expand access to jobs.

Blazar said the Chamber will be chiefly interested during the 2015 legislative session in lower-capital transportation choices.