



Bryan Lindsley of MSPWin

Attend to needs of underqualified adults in quest to fill workforce skills gap

A Civic Caucus Focus on Human Capital Interview

October 3, 2014

Present

John Adams, Paul Gilje (executive director), Randy Johnson, Sallie Kemper, Bryan Lindsley, Dan Lortiz (chair), Paul Ostrow, Dana Schroeder. By phone: Dave Broden (vice chair), Clarence Shallbetter.

Summary

According to Bryan Lindsley, philanthropic collaborative MSPWin focuses on changing the workforce development system, with the goal of dramatically increasing the number of adults, especially those of color, aged 18 to 64, earning family-sustaining wages. Lindsley believes Minnesota will not be able to close the approaching skills gap, forecast to start in 2020, without focusing on adults already in or capable of being in the labor force. He emphasizes that this group should also include the unemployed and those not participating in the labor force, who often are not counted when we're looking at whether we will have enough skilled workers.

Concentrating on those adults will have the greatest impact on the size and quality of the state's workforce, he notes, since 73 percent of the people in Minnesota's workforce today will still be working in 2030. Attention to this demographic is particularly important because about half of our current workforce has no postsecondary credential or industry certification, which is increasingly key to employability.

For Minnesota to solve the state's human-capital problem, Lindsley suggests that the following goals, all focused on the adult population, must be met: (1) Many more postsecondary students completing remedial classes, accumulating credits and graduating with a degree, a diploma or a certificate; (2) More adults completing skills training that leads to family-sustaining wages through programs teaching basic and occupational skills while offering support services; and (3) Developing outcome reporting and evaluation to allow evidence-based decision-making to determine which components of various workforce programs are effective.

Biography

Bryan Lindsley is executive director of the Minneapolis St. Paul Regional Workforce Innovation Network (MSPWin), a collaborative of local and national foundations seeking to ensure that the Twin Cities region develops the skilled and diverse workforce needed for continued economic competitiveness. One of MSPWin's main objectives is to eliminate racial employment disparities and create career pathways for low-skilled, low-income adults to access family-sustaining jobs.

Lindsley came to MSPWin in 2013, after four years as executive director of the Governor's Workforce Development Council. Prior to that, he was a policy analyst, employment counselor and research consultant. He has a bachelor's degree in social justice from St. Olaf College and a master's of public policy from the Humphrey School of Public Affairs at the University of Minnesota. He is an alumnus of the James P. Shannon Leadership Institute.

Background

As part of its current focus on Minnesota's competitiveness, the Civic Caucus invited Bryan Lindsley to discuss the work of MSPWin in helping to resolve the state's current and future human-capital challenges, especially the predicted shortage by 2020 of workers to fill available jobs.

Discussion

MSPWin was founded in 2013, as a philanthropic collaborative of 10 foundations and the United Way, who wanted to improve human-capital development in the Minneapolis Saint Paul region. The funders are Bush Foundation, F. R. Bigelow Foundation, Greater Twin Cities United Way, The Jay and Rose Phillips Family Foundation of Minnesota, The Joyce Foundation, The McKnight Foundation, The Minneapolis Foundation, Northwest Area Foundation, Otto Bremer Foundation, The St. Paul Foundation and Wells Fargo Foundation.

According to Bryan Lindsley of MSPWin, all of the funders have been donating separately to workforce development programs and initiatives for a number of years, investing roughly \$10 million to \$15 million per year. In forming MSPWin, he said, the funders decided to pool some of their resources together, over and above what they were already doing, to make a greater impact on the workforce development system.

The purpose of pooling their efforts is not just to change how they're investing their \$10 million to \$15 million, he said. Rather, it's to influence the system of federal and state spending in human-capital development, including the Department of Employment and Economic Development (DEED), adult basic education, the Departments of Education and Human Services and the community college system. Not counting the community college system, that spending amounts to about \$300 million a year. When you add in higher education, Lindsley said, the investment in workforce development is about \$1 billion a year.

MSPWin's formation relates to the same human capital needs the Civic Caucus identified in its September 2014 statement, "Human Capital: Minnesota's Strength and Challenge." Lindsley summarized the need: "As we're going now, we don't have enough skilled workers in our labor force."

He said MSPWin funders share the perspective that to have a prosperous state, (1) we need a very highly competitive workforce, where businesses have the skilled workers they need to compete; and (2) more adults, especially people of color, need the opportunity to gain employment and reach family-sustaining wages.

MSPWin focuses on changing the workforce development system, with the goal of dramatically increasing the number of adults aged 18 to 64, especially people of color, earning family-sustaining wages. Lindsley said the organization focuses its specific investments on the seven-county metro area, but all of its policy work has a statewide focus.

MSPWin itself is making investments of about \$1 million a year. "It's not about the amount of money we have," Lindsley said. "It's about the amount of influence." He said the grants MSPWin gives are for pilot efforts getting at solving the human-capital problem that could be scaled up and applied across the entire system.

When MSPWin was formed, people didn't know the scope of the problem of disparities in the workforce. Lindsley noted that DEED recently reported that the average unemployment rate for African Americans in Minnesota between 2008 and 2012 (15 percent) was roughly double that for whites (7.7 percent). Nationally, the gap was significantly smaller: 14.1 percent to 10.2 percent.

MSPWin has been working with Wilder Research to develop data on what it would take to close this disparity, Lindsley said. For example, in the metro area in 2012, 23,306 more adults of color aged 25 to 44 would need to have been employed to close the employment disparity between whites and people of color. He said MSPWin has demographic data on what county people live in, their education level, their race and employment trends since 2006.

An important part of MSPWin's work is policy change. Lindsley said the group had two policy recommendations that passed the 2014 Legislature:

- **Standard outcome reporting** : a pre-program and post-program analysis looking at the impact a program is having. He said workforce training programs, basic skills training, programs and higher education all track different things. Most track and report employment and wage outcomes, but not in the context of who is participating in the program. For example, if a program reports that 90 percent of the people coming into a program completed it and are making \$12 an hour, it makes a difference if the people in the program were college graduates or people without high school diplomas.
- **Net impact evaluation** , which uses rigorous economic analysis to figure the impact of the program on a person being trained versus what the outcome would have been for a similar person not in the program. This approach is similar to medical studies, which use a treatment group and a control group.

MSPWin also works on engagement by holding events around these types of issues.

Ten of the funders working together through MSPWin have representatives on the board and each of them gets a voice in deciding the investments the group makes and the policy change it promotes. "We work hard to get everyone on the same page," Lindsley said, "because all of us

share a commitment to influencing more than just the spending we're doing, but to really get to systemic change."

The Civic Caucus human capital statement identified the central problem as a coming shortage of people with the appropriate skills at all levels of employment. Lindsley agreed with that assessment and said people who might help fill that gap can be divided into three groups:

1. Traditional students coming out of the K-12 pipeline, although that group is getting smaller and smaller as we approach zero labor-market growth by 2020.
2. People in the workforce here through attraction and retention, that is, those people who come to the state for jobs and then stay. Lindsley doesn't think the attraction/retention strategy will play as large a part in filling the gap as other strategies.
3. Adults ages 18 to 64 who are already in or capable of being in the labor force. Lindsley said that this group should include the unemployed and those not participating in the labor force, who often are not counted when we're looking at whether we have enough skilled workers. He said 73 percent of the people in Minnesota's workforce today will still be working in 2030. About half of our current workforce lacks any postsecondary credential or industry certification. Lindsley thinks this is the segment that should have the greater emphasis.

"You can't close the gap without looking at adults already in the labor force," Lindsley said.

There's no strategy in place for meeting Minnesota's human capital needs. Lindsley agreed with that conclusion from the Civic Caucus human capital statement. He said the Minnesota State Colleges and Universities system (MnSCU) and the University of Minnesota have worked to align their curriculums to workforce needs by producing higher skilled workers. "But there's not enough attention on strategies for low-skilled adults already in the labor force," he said. "The reason there's no strategy is that no one has outlined a vision to say 'We should do this, we can do this and we're going to do this.'"

Thirty-one percent to 55 percent of adults in the labor force have not reached the "tipping point." Lindsley said these people, who lack a minimum of one year of postsecondary education and an industry-recognized credential, won't be able to be self-sufficient in the labor market or attached in the long term. National research suggests that Minnesotans need to reach this educational tipping point to get a good job.

A focus on equity is very important for competitiveness in Minnesota. A recent report from [Standard & Poor's](#), Lindsley said, declared that worsening inequality in wealth and income is limiting our economic growth as a country. "Unless we deal with that in some way, we'll be limiting our state's economic competitiveness," he said. "MSPWin believes racial inequality and income inequality must be addressed, if we're interested in Minnesota being as competitive as it needs to be."

If we're looking for systemic change in Minnesota, a lot of policy has said we need to invest in people all along the entire age spectrum. "I think it's true we need to invest in early education and do better in our K-12 system," Lindsley said. "But there are a lot of adults of labor-market age who are low-skilled, but could benefit from skills training and boost our state's competitiveness. We need more systemic change that focuses on adults, especially since the average adult is in the labor market for many decades."

There is a lot of good workforce programming in Minnesota, but there is also room for improvement. Lindsley said there are good training models that provide basic skills education, such as literacy and math, at the same time as occupational skill training. By combining those two at the same time, research has shown completion rates to be much higher. He said an important third component is providing support services at the same time.

The single biggest way postsecondary education can become more efficient is by graduating many more students. Lindsley said at MnSCU two-year schools, only 51 percent of the students graduate or transfer within three years. "That's inefficient and I believe we can do better," he said.

Several forces could help advance the issue of human capital on the public agenda:

- According to Lindsley, a lot of workforce training, whether in colleges or not, produces a big return on investment (ROI) for the state from more adults paying taxes, reduced need for food stamps and social services, and more employers getting the workers they need. He said we need more information in this area to "make the case" for valuable skills training.
- There is agreement among governors across the country that our states need to be competitive and that we need everyone in our labor force to be skilled. "We can't forget about adults who are not in the labor market or don't have skills desired by employers, because that will end up hurting our competitiveness in the long run," Lindsley said.
- Higher education could be more efficient, he said. Too much public and student money goes toward unfinished credentials, leaving large numbers of students struggling to pay off student debt without a good job or sufficient income.

The role of job-placement organizations increasingly should be as facilitators for job seekers.

"Too many job-training participants get no occupational skills training at all," Lindsley said. "Often they are only learning soft-level skills on how to search for a job. Although soft skills are important, we need to train more people with the basic skills and the occupational skills to actually do jobs. The role of workforce development is to 'develop the workforce' by ensuring that we have a more highly skilled workforce than when we started."

Thinking Minnesota is doing so well is one of our biggest barriers to better addressing the human-capital issue. Lindsley asserted that many states that have made the most progress on innovative reforms in higher education are southern states, because it is widely recognized by all that they have problems. "We have a generally high-performing education system here," he said, "but we want to make sure that we improve." Minnesota's strong overall high school graduation rate, he said, hides that certain groups of students only have a 50-percent rate, while our low unemployment rate masks the problems of people who are not participating in the labor force.

Little attention is paid to the actual outcomes of workforce programs. Lindsley said we should be asking whether a program creates value to business, to individuals and to the state, in terms of return on investment of tax resources. When asked by an interviewer what workforce program excites him, Lindsley said career pathways programs like Minnesota FastTRAC (see [Civic Caucus interview from Oct. 10, 2014](#)), which has been recognized nationally. Minnesota could benefit from supporting a wide variety of career pathway programs that meet business needs in key sectors.

The best way for the business community to help solve human-capital needs is through ongoing, long-term partnerships. Lindsley pointed to the partnership of businesses developed in the Indianapolis region, Partners for a Competitive Workforce (see [Civic Caucus interview from Sept. 5, 2014](#)), which convenes employers to work collectively on human-capital issues. "The employers are being self-interested and selfless at the same time," he said.

When employers are working together, Lindsley said, they can get to questions of where they have skill needs and where value is created for them. That can drive conversations with MnSCU, for example, about aligning training to skill needs.

The mismatch between where people live and where the jobs are is a big concern. Lindsley believes skill-training programs must address transportation, housing and child care at the same time as participants are learning basic skills and occupational skills.

There are a number of ideas, all focused on the adult population, for solutions to the human-capital problem. Lindsley was quick to point out that MSPWin has not yet endorsed the following ideas, since the organization has not yet approved its policy recommendations for 2015. But in order to accomplish MSPWin's mission of dramatically increasing the number of adults, especially those of color, earning a living wage, Lindsley said several goals must be met:

- **Many more adults completing high-quality career pathways that lead to family-sustaining wages.** Support for a variety of career pathways programs that provide training in basic skills and occupational skills, along with support services, should be expanded, Lindsley said.
- **Many more postsecondary students completing remediation, accumulating credits and graduating with a degree, a diploma or a certificate.** Lindsley said that can be increased dramatically through things like co-requisite remediation, where students take remediation, that is, basic-skills classes, along with for-credit classes; and guided pathways to success, where students are able to choose an entire academic pathway, instead of random individual courses.
- **Developing a broad bucket of evidence-based decision-making for workforce and postsecondary programs.** That requires continuing support for standard-outcome reporting and evaluation, Lindsley said. Different programs have different strong points and we should look at what components of various programs are effective, rather than looking at whether one whole program is better than another one. Evaluation that can be used in decision-making also includes things like measuring how many students enrolling at MnSCU are finishing or how many are completing remediation courses.

The forecast that Minnesota won't have enough people needed to fill the jobs that will be available doesn't take into account the large number of people who are already here but aren't recognized as participating in the workforce. An interviewer asked if in-migration might help solve the shortage. Lindsley responded that some people who are migrating in to Minnesota are not participating in the labor force. We're not doing as well as we could with those who are in-migrating now, he said, so to think we could just depend on more in-migration to resolve the shortage is probably not realistic.

There's no vision or strategy for doing better to solve the human-capital issue. "I haven't seen the leaders say, 'I have a commitment to solving the human-capital or disparity issue.' Good leadership could go a long way towards cajoling people and institutions to take on this issue."

It will take nontraditional alliances to move forward these human-capital issues. "A lot of these issues are very controversial and some people within the systems don't really want to deal with them," Lindsley concluded. "Luckily, a wide variety of people and organizations, including the Civic Caucus, want more to be done. By working together, positive change is possible."