

Preparing Louisiana to Compete in a Global Economy



MAKING THE CASE TO PREPARE HIGHLY SKILLED WORKERS FOR THE GLOBAL ECONOMY

THE ISSUE

Louisiana is preparing for significant economic growth, and a skilled workforce is the top need and priority to realize this growth.

The call for a 21st century workforce – ready to meet the challenges and opportunities of the global economy—is universal and deafening in Louisiana’s business community.

Competing in a Global Economy

Louisianans are competing for industry growth and for jobs with neighbors, as well as countries around the world from Brazil to India to East Asia. A few statistics illustrate this fact:

- Louisiana recently ranked as the top exporting state in the nation with energy alone representing \$18 billion annually.¹
- Companies headquartered outside the United States employ more than 50,000 people in Louisiana, a number that is on the rise.²
- Consistently ranked in the Top 10 busiest ports in America, the Port of New Orleans has seen a 32 percent

increase in foreign container trade in just the past five years.³

This ongoing growth has supported Louisiana's ability to weather the current global recession better than many of our peer states. While certainly not immune, Louisiana's unemployment

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rate remained consistently lower than the national unemployment rate in the past five years.⁴ The state's per capita income growth ranked third in the nation over the past decade.⁵ A leading national magazine recently ranked Louisiana as number two in the nation for economic growth potential.⁶

Both the backbone sectors of the economy – oil and gas, petro-chemical manufacturing, agriculture – as well as new, emerging industry sectors such as digital media can be credited for this consistency and growth. It is this diversification of investment that has been historically lacking in Louisiana, but is critical to the future of our economy and inter-connectivity with companies and markets around the globe.

Planning for Tremendous Growth

Louisiana is on the eve of unprecedented growth, truly record-breaking and remarkable. More than \$60 billion in new and expanded projects have been announced for the state.⁷ Economists are predicting Louisiana will reach two million jobs in 2015 for the first time in the state's history.⁸ Companies are choosing to stay or to locate in Louisiana for a variety of reasons. The new-found sustainability of natural gas is making business very cost-effective, and port capacity and facilities maximize the state's strategic

position on the Mississippi River and the Gulf. As a result of legal and policy shifts in recent years, Louisiana is now recognized as one of the most improved climates for business anywhere in America, accelerating diversification in the economy and growth in traditional industries as well.⁹

With this growth will come a soaring demand for skilled workers. In any given year, Louisiana already has more than 75,000 open jobs—of which 29,000 are attributed to new growth.¹⁰ Between now and 2016, the state estimates the need for more than 86,000 new craft workers alone.¹¹ The fastest-growing region in the state is in southwest Louisiana with a projected 8.1 percent growth in the 2014-15 period, the “finest growth period in its history” according to economists.¹² The Baton Rouge area is also projected to grow substantially at 5.6 percent with expansion not only in the industrial sector, but in technology jobs as well.¹³

The growth in new jobs comes at a time when Louisiana continues to have relatively low unemployment and is one of only 12 states in the country with more people employed in 2013 than in 2008 when the recession began.¹⁴ In fact, Louisiana hit a ten-year high in the number of employed workers just this year.¹⁵ Future growth is

coming not only in the industrial sector; healthcare leads the anticipated job growth for Louisiana in the 2020 forecast.¹⁶

Compounding a Significant Problem

The coming industrial expansion will build upon decades of anecdotal complaints confirmed by studies that Louisiana has an inadequate and under-prepared workforce. Jobs remain unfilled across industry sectors and across the state today. In 2012, 328,000 jobs were advertised online at some point during the year in Louisiana; during the same period, only 99,000 people were officially unemployed in metropolitan areas around the state.¹⁷ The numbers of unemployed people made up less than one-third of advertised jobs.

In a recent survey, more than one-third of 3,000 employers in Louisiana cited an inability to find qualified, skilled, or experienced applicants as the greatest difficulty in filling open positions.¹⁸ **This deficit of knowledge, skills, and talent slows and inhibits growth, putting billions of projects nationally at risk.**¹⁹ This phenomena was confirmed in October 2013 when LABI partnered with the Council for a Better Louisiana and the Greater Southwest Chamber of Commerce in Lake Charles to host a workforce conference that con-

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vened more than 500 people on this very topic. The lack of a trained, ready workforce was frequently cited as the number one challenge to industry's ability to grow their business. In response to the industrial demand, in particular, the state has worked with the private sector to develop a comprehensive plan to train skilled workers for craft jobs and still does not anticipate fully meeting the demand.²⁰

This systemic challenge spans the Louisiana public education system, from the foundations of learning through the higher education system. New data again indicates Louisiana's students are not learning basic skills, ranking 48th in reading and 50th in mathematics²¹ – in a country that now ranks 17th in reading and 26th in mathematics in the world.²² Furthermore, a survey of more than 2,000 company managers across the country revealed that even being proficient in reading, writing and math is not enough for success in the workplace; 80 percent believe students should also learn problem solving, critical thinking, and team collaboration to be prepared for 21st-century jobs.²³

Louisiana's drop-out rates remain high, as one in four students does not complete high school.²⁴ Furthermore, not enough students are going to college to fill the

available jobs in the state today, particularly for jobs that require more than high school but less than a college degree.²⁵ Many students who enroll in post-secondary education complete coursework but do not finish with a degree. In fact, Louisiana's 14 public higher education institutions collectively ranked 47th in a national study by the *Chronicle of Higher Education* with less than 16 percent of bachelor's students graduating in four years and just 39 percent graduating in six years.²⁶

When students do complete a degree program, it is not always in a field that is relevant in today's economy. According to the state Department of Education, two-thirds of all industry certificates granted to Louisiana students certify "basic computing and customer service skills," rather than technical training or skills.²⁷ Suffice it to say, there is much work that needs to be done on a variety of fronts to improve Louisiana's outcomes and fill the available jobs in a growing and globally competitive economy.

THE PATH FORWARD

LABI has long recognized this challenge, proposed and passed solutions, and continuously works to improve outcomes.

From the right-to-work legislation in the 1970s to transformational changes in public education, elevating the knowledge and skills of Louisiana's workers to meet the needs of business and industry has always been a primary goal of the organization. In 2014, LABI will enhance these efforts.

LABI is doubling down and will **promote solutions for a highly skilled Louisiana workforce**, competitive in a global economy. LABI's multi-pronged approach will target entry points and improvements across the continuum of a skilled workforce.

1. Beginning with **public education**, from pre-k through high school, the jobs of today and the future require more rigor and excellence than what our children are receiving today. LABI will continue to fight for the implementation of higher standards in Louisiana, which will help fill not only industrial job gain in the years ahead but also the 69,000 STEM-related jobs the state will gain between now and 2018.²⁸
2. A vital component of preparing young people for the workforce **is technical and skills training**—an option that must be more accessible to students in middle and high school. LABI will support efforts to enhance the Career Diploma, increase the use of TOPS Tech, bring more relevant course offerings into middle and high schools, and partner with community colleges and industry to get the credentials and training right. LABI applauds our members engaged in local partnerships for skills training and will work to replicate and scale up these “best practices”—such as the model program in Ascension Parish where students are graduating certified in welding after receiving their training during the school day by the Associated Builders and Contractors.
3. Louisiana's **traditional four-year colleges and universities** must join the fight for workforce development going forward. Other states are light years ahead of Louisiana, recognizing the critical role these institutions play in regional economic development and statewide job creation. LABI and our regional membership across the state will partner with higher education, working with leaders

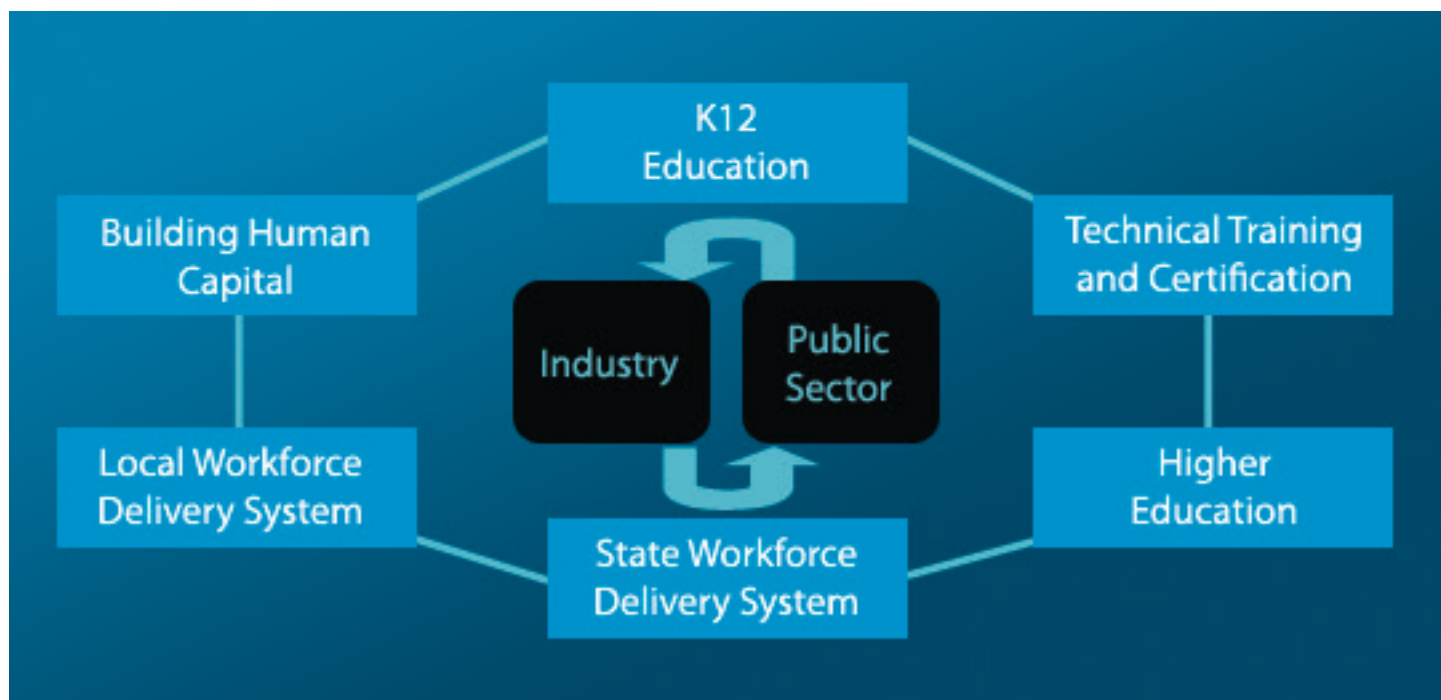
to focus programs on high-growth areas of the economy, facilitate more industry partnerships to fill specific needs, and bring cutting-edge research to the market.

4. In recent years, Louisiana overhauled the **state's workforce delivery system**, and the industry-driven Workforce Investment Council (WIC) has vastly improved communication between business and the state. In fact, the WIC won a national award recently for its intensive, efficient work to create a plan in partnership with business and community colleges to fill the industrial construction jobs coming in south Louisiana.²⁹ LABI will work with policymakers to replicate this model partnership, seeking very specific sector-based solutions to workforce needs.

Where the state has not seen significant improvements in workforce delivery is at the regional level. LABI and our members expect better outcomes, plans, and strategies to meet regional workforce needs from the 18 Workforce Investment Boards (WIBs). A federal overhaul of the Workforce Investment Act (WIA), the funding that flows to states, and the infrastructure at the local level must be scrutinized and adapted to 21st-century realities. WIA must be more flexible and useful on the ground throughout the state to fulfill its intended purpose and connect workers and employers—moving away from an outdated model that focuses on infrastructure and political appointments while generating sporadic outcomes.

5. Government does not hold all the answers, and LABI will not look to government to solve all of our challenges. **Industry can and should be a leader**, a problem solver, a partner in this challenge. Individual companies and trade associations are stepping up to provide customized solutions that should be broadcast and replicated.

Improving Louisiana's Infrastructure for Workforce Development



Working with members as well as chambers of commerce across the state, LABI will encourage and support industry to design and implement solutions for the workforce challenge as our top priority. This effort begins by reaching out to employers and employees alike, finding them where they are and supporting them to take on a larger role in the Louisiana economy and community. LABI will do more to support:

- **Small business**, which represents 97 percent of all employers in Louisiana employing nearly 875,000 people.³⁰ In January 2014, LABI is launching a website dedicated to small business owners where they can go to one place for resources to start or expand a business, receive marketing assistance, and address ongoing challenges to help ensure their success.
- **Veterans**, of which there are more than 300,000 living in Louisiana today with specific needs and skills that can be better utilized in our growing economy.³¹ Nearly one-third of these veterans fought in the Gulf War and are therefore likely to be of working age. LABI will work to honor these heroes and aide them in re-launching a career that can support their families. We will work with our members and the state to provide additional on-the-job training and transitional internships to broaden opportunities for veterans.
- **Women in the workforce**, particular women business owners – Louisiana was recently recognized for nearly doubling the national average growth rate among women-owned firms and is now second in the nation for growth in the revenues

of women-owned firms.³² LABI is convening a panel at the January Annual Meeting focused exclusively on growing Louisiana women's role in the global economy and will put the lessons learned from the event into the workforce plan and practice.

- **Non-traditional populations** such as the 15,000 men and women who return from Louisiana's prison system into society every year,³³ many without any skills or training to ensure they have viable options and do not re-offend. LABI will work with industry, law enforcement, and with the Department of Corrections to develop education and training partnerships to facilitate a successful transition into the economy and the community. A key component of this approach will provide employers the protection and comfort they need to fully utilize this population of workers.

Learning From the Past to Write the Next Chapter

Louisiana is at a turning point in the state's history. The headlines are filled with great news – new plants, expansions, more high-paying jobs in a variety of fields. Louisiana experienced a similar boom and opportunity in the not-so-distant past. In the 1970s, Louisiana employment grew by over 40 percent, while the U.S. average was just over 25 percent.³⁴ Industry sectors such as construction and mining saw 88 percent and 97 percent increases in jobs respectively.³⁵ Growth in the oil and gas industry in particular led to a windfall for state government, which expanded rapidly.³⁶

But the good times didn't last. Just as quickly as the economy expanded, a dramatic recession took over, described as the worst since the Great Depression. Unemployment in Louisiana more than doubled from 5.8 percent in 1978 to 12.7 percent in 1983.³⁷ Louisiana should not forget the lessons of history – the tables can turn in an instant. **The state and the business community must be prepared and competitive for whatever the future brings.** If challenges such as a lack of skilled workers are left unaddressed, the window of opportunity could close again and the potential for investment and growth could simply waste away.

The coming expansion is not relegated to a single region or industry. The risk and the reward will be shared across communities and other sectors of the economy. LABI is committed to helping the state and our members write the next chapter, which begins with an aggressive effort to truly prepare for success.

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