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Job Description: A Workforce Expert Discusses Problems, Policies, and Prospects in the New Economy

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Job Description

A workforce expert discusses problems, policies, and prospects in the new economy



Ray Worden

With the metroscape's economy struggling and Oregon's unemployment rate at 12.1 percent—second highest in the nation as we went to press—the editors thought it would be timely to discuss the employment situation, now and for the future, with an expert. We looked not for an economist, but someone with hands-on experience in job development and training who could relate the day-to-day struggle of the unemployed to find work to the policy issues and economic trends within which their quest takes place. Fortunately, the region has such a person in Ray Worden, the outgoing executive Director of the Oregon Workforce Partnership, a consortium of the county public-private workforce boards around the state. Worden's experience in workforce policy and development encompasses all levels of government and both sides of the political aisle. He was Oregon's Deputy Manager of the Job Training Partnership Administration, Office of the Governor, under both Vic Atiyeh and Neil Goldschmidt (1984-87); Deputy Director of the National Commission for Employment Policy under Ronald Reagan and George H. W. Bush; Executive Director of the New Hampshire Job Training Council (1990-98); and Workforce Bureau Manager, City of Long Beach, California (1998-2005). He leaves his current position coordinating seven county public-private partnerships for jobs in June. The interview, conducted on June 9th by Craig Wollner at the Metroscape® office, has been edited for length and clarity. —the Editor

Craig Wollner: First, let me ask you about some fundamental issues. For example, the conventional wisdom is that employment is a lagging indicator, meaning that

even though the economy may recover, jobs won't necessarily come back at the same pace. Is that true and, if so, why?

Ray Worden: The conventional wisdom about coming out of a recession is that there's a 12 to 16-month lag to return to a pre-recession level of employment. Oregon tends to rebound slower—last in, last out compared to the rest of the country. We do tend to go in slower.

In the past, that was due to our reliance on wood products which built up inventories and had to get them down to rebuild employment. This time is different. The breadth of job loss across the industrial sectors is greater. Before, it was isolated to wood products, manufacturing, and construction. Now, everything is down except health care and government. Leisure and hospitality, is way down. Transportation is down....

We were at 1.7 million jobs before the recession. The March-April numbers are at about 1.6 million with 265,000 unemployed, but that doesn't include people leaving the labor market. So the fundamentals are so different from past recessions. In the past, unemployment was confined to the uneducated and the unskilled. This time, it's an equal opportunity recession. Even educated and skilled workers are being let go. Even the Oregon labor exchange system, called 1-Match, has seen the highest level of incidence of college graduates looking help at the employment offices. Ph.D.s, Master degree holders, and so forth are

using the system, whereas before, they had their own networks and the ability to seek out employers and get bites of the apple, but employers now are sorting in a way that makes it hard to find jobs. So people like that are using public means.

CW: Oregon ranks second among states in unemployment figures at 12.4% in May (compared to about 9.4% for the nation), even though there was a concerted effort to diversify the economy over the last couple of decades to insulate us from job loss in the more volatile resource-based industries the state was dependent on? If it's true, why is that?

RW: We have diversified our economy, but the unemployment rate is exacerbated by two additional factors: First, we've seen an influx of skilled people coming into the state without jobs because of the quality of life here, and, second, because college grads are not being absorbed as quickly as in a normal economy. In an overall across-the-board downturn, it's a potent brew.

In fact, as Freightliner completes its plant closure and other losses occur, it's likely we'll see 13 or 14 percent unemployment.

In past economies, the discouraged worker factor, the under-employed, or part-time workers were significant add-ons to the base unemployment figure. But I think because of the internet and other communications factors, those might be less of an issue than in the past—at least in metropolitan areas. In rural areas, because of the small size of the communities, the unemployed know when there are no jobs, so they just drop out. But this is a different time.

I've been in this business for thirty years and I've never seen such a time. It has set us up for a Darwinian struggle, with high school drop-outs and the unskilled as the big losers. That means young people and those without experience are in trouble.

The June-July numbers will be interesting because we'll see if the new college grads crowd the low skilled out. But they themselves will have trouble competing against others with more experience. In the past, the take-up rate for college grads was 90 percent or so, but it will be interesting to see what it will be now. They're competing against retirees with experience in the fields of interest. In some cases, low skilled immigrants will have an edge against youths.

CW: Has the high school drop-out rate here affected employment figures?

RW: Inevitably. This is a knowledge-based economy and while it may not be obvious now, this is an economy that requires skills and experience. Without the basic skills that a high school diploma is a proxy for, long spells of unemployment and considerable reductions in earnings will be the fate of such people.

CW: What about male-female numbers? Who's doing better? Why?

RW: Men have had particular problems—80 percent of the unemployed nationally, with the figures playing out similarly in Oregon. But you have to remember that the vast majority of people in the labor force are men and the sectors in the deepest trouble are male-dominated: manufacturing, construction, professional business services, forest products—all big time. There's more parity in hospitality, but the sector isn't as large as those others.

CW: The minority communities have historically had more trouble with employment in tough times. Is that a problem this time around and, if so, what are we doing to remedy their difficulties?

RW: Some minority groups will continue to struggle in the current recession either because of their low educational levels and/or lack of work experience. For example, among "recent immigrants" (last five years) to Oregon, about 40% have less than a high school education according to 2005 Census update. Also, African-Americans have a higher level of high school dropout rate than other groups and, overall, less work experience so I would expect they (as a group) would have more difficulty in obtaining jobs during this recession. In the new economy skills and work experience are pathway to the good jobs in good times...in bad times they ensure better access to any type of job (good paying or not).

CW: One of the things we hear a lot about lately is that the Portland metropolitan region could be a Mecca for "green" jobs. What would green jobs be? Is it possible that the green economy will blossom in a way that would give us a head start on that sector, or is the green economy an illusion as far as jobs are concerned?

RW: To me, green jobs is an organizing vehicle for a whole cadre of existing occupations. For example, wind turbines require maintenance technicians, but the necessary skill sets are what you see

It's a Darwinian struggle . . . young people and those without experience are in trouble.

in carpenters and electricians and although some skill upgrades may be necessary to participate in the wind turbine industry, the basic skill sets are the same, or at least not that unfamiliar.

Similarly with solar: There are going to be manufacturing opportunities, but, again, putting in solar heating systems is about plumbers and electricians to install and maintain. So I think it's being oversold as a coming boom. The general knowledge and skill sets to weatherize and so forth are already there. That's good. It means we don't have to start from scratch and we have people who can get up to speed quickly. Bottom line, we're seeing training courses that are six months to a year, rather than apprenticeships of three to five years.

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The Oregon Labor Agency office at the corner of SW 2nd and Ankeny during the Depression. Photograph by Charles Olaf Olsen, OrHi #5556

because they see it as the future. So it's not all bad that it's being over-marketed. This is motivational for the emerging work force—the new young graduates and first time job seekers—that there are jobs out there that are well-paying and in areas where they feel they can be of service. The labor market is schizophrenic. The college grads are motivated to pursue the careers they want. They worked to get to a position where they are prepared for certain kinds of work. It's the non-post-secondary kids who need to be motivated.

Also, in green transportation we may have opportunities that could be big, but don't know yet. I'm thinking of hybrid cars and trucks. Could this

region get into that? That could be a very big thing. Engineering, planning, and architecture—where PSU is at the center—that's another area that could be big in the green economy and create a bigger labor market than is currently foreseen. I would be surprised if the fundamentals become very different. It's the enhancements—material usage, and so forth—where the growth will probably come.

CW: Let's talk about the things that you are most familiar with in the work force training. In this region, what are the most successful strategies? Where have you seen the biggest improvements in work force participation due to training programs?

RW: Public policy, because of the money and the realities of having to keep up with the ever-changing needs of industrial partners, had to decouple from industrial training. But now we have a situation where the reputation of the trades is that they are dirty, low paid, back breaking work, and parents all want their children to go to college. But the fact is that we need these jobs filled as people retire from the work force—thousands of baby boomers will be leaving in the next decade in these areas and, going back to green jobs, which is a good organizing principle, these jobs are coming to be seen as not as unglamorous as they once seemed.

Labor market experts will say these jobs will be filled, from out of state, if necessary. But the state needs to be at the table to get our own kids into those positions. Yet more people are dropping out or leaving high school ill-prepared and we'll be taking care of those people instead of having them become net contributors to the economy and society.

Looking back at the wood products recession of the early 80s, we always thought that the labor market would be self-correcting, that the people without training would be okay over time. Instead, we had big social and economic problems that drained resources. The ripple effects on Social Security, Medicare, and the Oregon state tax system are potentially deadly this time around, in terms of drop-outs and the ill-prepared because of the difficulties they'll encounter in finding work.

All of that said, the successful strategies involve longer term training. It will pay greater dividends. For the emerging work force, contextual or work-based learning needs to be intrinsic to the educational process. They get motivated by seeing how, say, science, is applied in the everyday world.

Over the last couple of decades, the work force delivery system worked with companies across industries by being a connecting voice with organizing sector strategies, consortia of businesses, and so forth. I mean that before, it was common for work force developers to focus on a single company, to devise, say, a program for Wacker Siltronics. We would take care of their needs and they would be happy. But with consolidation, churning in the economy and the labor market, we've figured out that the best thing is to have a strategy across industries. It's better for financing training and for addressing skill standardization, which is a movement of importance as our work force becomes more mobile than ever before.

Another big improvement is being outcome focused. We now track employee wages, benefits, retention, skill achievement, and other variables. It gives us a quality feedback loop to ensure that our programs are working. We also connect better than ever before to labor market data, so we know what kind of effect we're having on the key indicators. As a result, we're now more relevant to job creation and replacement. We're not just training for training's sake, but for the reasonable prospect of productive work.

The joke in the old CETA [Comprehensive Employment and Training Act] and JTPA [Job Training Partnership Act] days of the 70s and 80s used to be that we were training basket weavers. We weren't, but now we can show the effects of our programs. CETA was about what the client wanted because the funds were there. If you wanted to be a hair dresser, no problem, no matter what the labor market said. There was no rigor compared to now.

CW: Are the region's community colleges pulling their weight with respect to making people job-ready?

RW: For two decades now, the community colleges have been the presumptive deliverers of training, with mixed results. That's reinforced by the fact that every recent US president has come into office declaring that the community colleges are the solution for preparing the work force. But the reality is that they have an uneven track record. Why? Because their mission is so diverse. They are responsible for continuing education and enrichment. They do college prep. And they have to do work force prep plus customized training. These are niches where they can excel, but not necessarily all at the same time. They're trying to do too much to be really efficient. They're way

overstretched, under-resourced, and oversold as the solution to everything. On top of everything else, they often can't compete with the proprietary schools which can deliver training in some fields in far less time at far lower cost. Even so, the proprietary schools often complain that the community colleges have an unfair advantage because they're subsidized. I think they have to be re-engineered to be more effective.

In New Hampshire, we had to look at whether we could afford for all the colleges to be independent. If not, we could free up more resources. But it turned out to be a disaster to have the local community colleges be coordinated from Concord. Rural areas didn't want to be dictated to by the state capitol. In Oregon, they wouldn't want Salem telling them what to do. Anyway, they could be an important tool. They are certainly an important part of the solution to our current problems, along with unions, but right now, they don't seem interested. In two legislative sessions in a row, they've brought the same chart about the health care bottleneck and how they can provide the job training to break it. They are doing what they want to do, but there is more they could do if we could coordinate their efforts and curriculum statewide.

CW: Is the long range forecast for the metroscape positive or negative, in your view?

RW: I think it's positive. We have an educated work force. We have some English as a second language issues, but for the most part, our people are creative and entrepreneurial. We have a diversified economy (compared to the past) that can accommodate the richness of the metropolitan area. We have good educational institutions supporting our educational needs.

We're pretty well positioned for the recovery because of our attractive reputation as a great place to live. So I think overall we'll be in good shape. Place matters. Bright people know they'll find jobs over the long haul. At the same time, we need to remember that over half of Oregon's unemployed are here in the metropolitan region.

There's so much good stuff to build on here that I believe we'll be okay. How we finance our society is a worry, but I just hope we'll be more invested in growing our labor force. **M**

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