Future Ready Oregon:
Supporting Oregon’s Workers and Businesses by Closing the Workforce Skills Gap

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Vision

Close the skills gap for Oregon’s students and adults by providing the skills and job training they need to obtain good, family-wage jobs.

Executive Summary

Oregon’s economy is booming, but not every Oregon family feels this success, particularly in rural parts of the state. The gap between the skills Oregonians have and what growing businesses need is holding Oregonians – and our economy – back.

The Governor’s Future Ready Oregon policy agenda lays out pathways to: a) ensure every Oregon student graduates high school with a plan for their future, and b) provide opportunities for adult Oregonians to “skill-up” and land a better job, one that local businesses need filled.
Having a good job is at the core of successful Oregon families. A good job leads to improved health, quality of life and opportunity for parents and their kids, as well as reduced burden on state services.

To achieve the Governor’s overall vision of lifelong learning and skills training, the state must commit to making changes in existing employment programs, investments in career and technical education, and workforce training. Businesses must also be given opportunities to invest in industry training systems.

**The Governor’s strategies for making Oregon Future Ready are:**

1. Expand career and technical education (CTE) and other career-connected learning to every high school student in Oregon.

2. Expand NextGen Apprenticeships in five growing industries by 2020, including expansion into new industries.
3. Add 1,000 Summer Work Experience Programs for under-engaged Oregon Youth. Ensure funds support experience in jobs with a clear career path to high wage opportunities.

4. Connect high schools to Oregon’s WorkSource Centers and launch career coaching pilots in three communities.

5. Create training pathways in health care industries.

6. Make industrial and agricultural work more accessible to young people.

7. Invest in communities and populations that encounter significant systemic barriers to economic prosperity.
Background

Oregon has experienced a record period of economic growth. For the past two decades, Oregon has averaged 3.3 percent annual gross domestic product growth, the second fastest in the nation.\(^1\)

Despite this historic period of growth, nearly half of children in Oregon are being raised in low income families. Child poverty is rising in Oregon, with roughly one in five of Oregon’s children living in poverty. Poverty rates are even higher for children of color. Almost half of black and Native Hawaiian and Pacific Islander children, and more than one-third of Latino and American Indian children, are living in poverty. In 23 of Oregon’s 36 counties, less than half of the children born into low-income families will reach the middle class or beyond as adults.\(^2\)

According to the Oregon Employment Department (OED), over the past two and a half decades the distribution of wage income in Oregon has become more unequal.\(^3\) Family incomes have stagnated while essential costs like child care and housing have increased. Due to increases in housing costs, two-thirds of low-income children in Oregon lived in households that spent more than a third of their income on rent or mortgage payments.\(^4\)

According to the OED, Oregon businesses reported 60,700 job vacancies at any given time in 2017. Of these vacancies, 38,700 job openings (64 percent) were reported as difficult to fill. This is the largest number of vacancies and difficult-to-fill vacancies recorded since the current form of Oregon’s Job Vacancy Survey began. Reasons cited for this large number of vacancies include: continued job growth, low unemployment rate, and the requirement for previous work experience.\(^5\)
“Oregon businesses reported 60,700 job vacancies at any given time in 2017. Of these vacancies, 38,700 job openings were reported as difficult to fill”

The OED projects that relatively strong demand for workers will continue, based on economic trends and forecasts designed to predict Oregon’s future workforce needs. Oregon’s total employment is projected to grow by 12 percent between 2017 and 2027. Statewide, OED expects to see a total of 246,000 new jobs over the next decade, and an annual average of 263,000 total job openings. All areas of the state are expected to see this growth.6

Demand for new employees in the construction, health care, information technology, advanced manufacturing, bioscience, energy, solar, and wind industries remain among the highest. Occupations in all of these fields pay above the average Oregon wage and require technical training. But, many do not require a four-year college degree.

For example, 1,500 construction laborer jobs went unfilled in 2016.7 Wages in the construction industry in 2017 averaged $58,000, which is $7,000 above the Oregon average.8 And over 20,000 workers in the construction industry were over the age of 55 and will soon be eligible for retirement.9 In the health care and social services industries, the industries that consistently see the most job openings, there were

12,417 job openings in the summer of 2017, and 24 percent of the industry is over the age of 55.

For every new job created by new or expanding businesses, businesses will have another nine job openings that require newly trained workers to replace those who leave the labor force or make a major occupational change. At the typical entry-level position, one-third of all job openings require education beyond high school, and nearly half of all job openings require at least some training beyond high school.

As our economy continues to change, the skills needed in the workplace will change rapidly. Research suggests the average person changes jobs 12 times from ages 18-50. For Oregonians to keep up with these changes, they must not only graduate from high school, but also have the background and skills to be a lifelong learner.

Career and Technical Education in High Schools

Oregon’s current high school graduation rate in Oregon is 76.7 percent. There are multiple strategies being implemented across the state to improve this rate, including an increase in career and technical education (CTE) programs. According to data compiled by the Oregon Department of Education, CTE is improving the graduation rate across the state with 90 percent of CTE Concentrators (students who take one or more credits in an approved CTE Program of Study) graduating from high school on time. Preliminary data shows schools across Oregon disinvested in CTE over a 15-year period following the passage of Measure 5. In 1990, there were 1,855 CTE teachers in Oregon. By 1994, there were 1,288, and in 2010 that number had fallen to 1,031. But investments between 2015, when Governor Brown took office, and the 2017-18 school year, led to a 65 percent increase in CTE teachers, reaching 1,916 teachers.

15. Oregon Department of Education data. Because records keeping methods have changed over this period of time, this is preliminary data.
Registered Apprenticeships

Oregon’s registered apprenticeship programs\textsuperscript{16} are essential tools in closing the state’s skills gap in many technical occupations. These high-paying jobs require more than a high school education, but less than a four-year degree and will continue to make up the largest job segment of Oregon’s economy for years to come. As more employers become active participants in developing their workforces, especially in these technical occupations, value can be realized by utilizing registered apprenticeships. Apprenticeship is a rigorous occupational training opportunity that combines on-the-job work experience, classroom instruction, direct industry involvement, and a portable credential.

Registered apprenticeship is currently thriving in Oregon with an all-time high of 8,321 active registered apprentices as of July 1, 2017 — a 20 percent increase over two years. The current base for registered apprenticeship in Oregon is principally concentrated in the construction industry. But, the combination of occupational standards, supervised on-the-job training, and classroom instruction make the apprenticeship model applicable to almost any industry sector.

WorkSource Oregon

Oregon has 37 WorkSource Oregon centers located in communities across the state. These centers serve as one-stop resources for Oregonians seeking employment and training, and for Oregon businesses looking to hire skilled workers. The centers house multiple state and local partners that work together to ensure that individuals and businesses receive the coordinated services needed to meet their goals.

\footnotesize{16. https://www.oregon.gov/boli/ATD/pages/a_ag_mtrades.aspx}
Workforce Development Boards
Each of Oregon’s nine Local Workforce Development Boards consist of a group of community leaders appointed by local elected officials and charged with planning and oversight responsibilities for workforce programs and services in their area. They represent an approach that empowers communities to identify and execute the solutions that they know their local businesses, families, and neighbors will benefit from. These boards are made up of individuals representing business, education, economic development, organized labor, community-based organizations, state agencies, and local government. Workforce Boards play multiple roles in their communities to identify and meet workforce needs.
Recent Accomplishments

Oregon is already beginning to close the skills gap

High School Graduation Rates
Under Governor Brown’s leadership, high-school graduation rates have improved 4.7 percent overall and more than 7 percent for students of color, students in special education programs, and migrant students. This is in part due to additional CTE funding which has increased significantly since Governor Brown took office. She dedicated $170 million to CTE programs across the state, offering students hands-on learning opportunities that prepare them for jobs, expose them to new technologies, and keep kids excited to come to school each day.

Preliminary data shows that investments made between 2015 — when Governor Brown began her focus on CTE — and the 2017-18 school year, led to a 65 percent increase in CTE teachers, reaching 1,916 teachers.

To guide this work going forward, the State has begun compiling an annual Talent Plan, overlaying economic data with industry insights and trends to create a clear picture of where key industries in our state are headed. The plan makes investment and strategic recommendations to Oregon’s economic development, workforce training, and education boards.

Business Oregon Workforce Incentives
Under the leadership of Governor Brown, Business Oregon is including requirements for the creation of career path jobs in their loan and grant programs. Since February 2015, nearly 17 percent (10 projects over $2 million) of Strategic Reserve Fund opportunities have included requirements for tying jobs created into local career pathways, investing in training new employees, or providing internships and job-exposure opportunities for youth.

17. Oregon Department of Education data. Because records keeping methods have changed over this period of time, this is preliminary data.
“Under Governor Brown’s leadership, high-school graduation rates have improved... in part due to additional CTE funding”

**Expanded Apprenticeships**

Multiple agencies have come together to expand the use of apprenticeship as a training model. Apprenticeship provides employers with new workers immediately, allowing employers to train workers on their systems while those workers master the fundamentals in a classroom. It also allows Oregonians to earn a paycheck while they participate in training and gain access to hands on learning opportunities.

This joint work has resulted in a 20 percent increase in the number of apprentices over the past two years. Registered Apprenticeship is now being utilized in new industries and occupations, expanding opportunities for Oregonians across the state to develop their skills through classroom and on-the-job learning.

Additionally, Governor Brown has directed State agencies to work together to improve the state’s job matching system, making technology updates that ensure Oregonians have access to a robust system that connects job seekers and employers.
Improved Training for Oregonians on Assistance Programs

In recognition of the fact that skill upgrades often take longer than 12 months, the Self-Sufficiency Program within Oregon’s Department of Human Services (DHS) has changed the allowable amount of time an individual can be in training while on the Technical Assistance for Needy Families (TANF) program from 12 to 24 months. This will expand the opportunities available to TANF families to help them gain financial independence. To ensure that parents gain the skills they need to get a family wage job, Self-Sufficiency Programs through DHS are partnering with multiple state and local service providers to improve employment and training services locally through utilization of a 50 percent federal match on employment and training services to Supplemental Nutrition Assistance Program (SNAP) recipients. In addition to local partners, this program is being administered through the WorkSource centers in communities across Oregon. This strengths-based approach utilizes the expertise of all providers to ensure Oregonians have access to a broad spectrum of services and supports they need to get a good job and become financially independent. Since Governor Brown took office the program has grown from $1.6 million to a projected $29 million in 2019.

To ensure that parents and low-income students can complete a two- or four-year college degree, the Self-Sufficiency Program at DHS has changed the eligibility requirements for students to receive SNAP benefits. Now, any Oregon student who is financially eligible will also be eligible to receive SNAP benefits while they complete training in any Pell-approved two year or less education or training program. There is work being done expand to university students by the 2020-21 school year. Additionally, Employment Related Daycare (ERDC) support is available for working parents who are also attending school.
Industry Initiatives

Governor Brown is bringing together industry leaders in five sectors to discuss how to close the skills gap in their industries. Actions have already begun in three sectors:

1. Construction: To help address Oregon’s rural workforce housing shortage, the Governor is supporting construction workers in opening their own businesses. The Governor’s 2018 bill, HB 4144, which passed with bipartisan support in the 2018 legislative session, helps Oregonians who work in the construction industry start their own construction business through access to Business Oregon loans and workforce grants to buy equipment.

2. Maritime: In spring 2018, the Governor appointed a Maritime Task Force to determine what actions the State needs to take to support workforce training opportunities in the industry. But, the maritime industry is not tracked in a unified space in the jobs reports government agencies run because the jobs in the industry aren’t all located in Oregon – many of them are at sea and are counted in other state’s industry numbers, or they are self-employment jobs that are not easily counted. But, the maritime industry is a critical part of our state’s economy and a source of thousands of good, high-wage, jobs in coastal communities. A recent report by the state of Washington showed that almost 6,000 seamen, engineers, mates, captains, and others – nearly a third of all water-transportation workers in the state – are over 55 and nearing retirement.19

3. Health care: Data on competencies and training requirements for non-licensed, non-certified health care workers is being analyzed to determine career paths, helping lower-wage workers have a clearer path to self-sufficiency through higher-wage jobs in the health care sector.

To help address Oregon’s rural workforce housing shortage, the Governor is supporting construction workers in opening their own businesses”

4. Other industries: The Governor has convened five industry summits in food processing, health care, construction, wood products, and information technology. The summits are underway and the Governor appreciates industry leaders’ participation in these conversations.
Strategy

The skills gap is a critical barrier to growing Oregon’s economy and reducing poverty. It is not a new problem, but the changing economy has made it imperative to address the structural, cultural, and funding deficits that exist today. Governor Brown has a strategy to engage Oregonians and Oregon businesses in this work. She is building on successful culture shifts within agencies to better align state services and reduce costly duplication. And she is investing where it will make the biggest difference – in our youth and in adults who need to skill up to support their families – while ensuring opportunities are available to every Oregonian.

To accomplish this, Oregon must be a state where learning is valued, prior learning is recognized, and every Oregonian has access to training programs and educational opportunities. These opportunities must occur when a student is in secondary skill training and just entering the workforce, and it must occur for adults looking to add new skills. Businesses, the State, and individuals must all take an active role in education and training.
Governor Brown’s Strategy to Make Oregonians Future Ready

ONE: Expand career and technical education (CTE) and other career-connected learning to every high school student in Oregon

TWO: Expand NextGen Apprenticeships in five growing industries by 2020, including expansion into new industries

THREE: Add 1,000 Summer Work Experience Programs for under-engaged Oregon Youth. Ensure funds support experience in jobs with a clear career path to high wage opportunities

FOUR: Connect high schools to Oregon’s WorkSource Centers and launch career coaching pilots in three communities

FIVE: Create training pathways in health care industries

SIX: Make industrial and agricultural work more accessible to young people

SEVEN: Invest in communities and populations that encounter significant systemic barriers to economic prosperity.
ONE: Expand career and technical education (CTE) and other career-connected learning to every high school student in Oregon

A high school diploma is a critical foundation to prosperity, but it simply isn’t enough in the 21st century. Students need to have options and the opportunity to graduate with practical skills that align with workforce needs.

A. Expand CTE Capacity

We must guarantee that every Oregon student is Future Ready and provided with a jumpstart toward a college degree or hands-on, career-connected learning tied to jobs in their community. It is imperative that students are not tracked into either one of these options based on their identity. These options should be available to all students, but especially those who have faced an opportunity gap.

The Governor has committed to expand hands-on learning opportunities to every high school in the state through investing at least $300 million in CTE and science, technology, engineering, arts, and math (STEAM) curriculum.

B. Leverage Funding for Construction-Related CTE programs:

Construction programs were once the heart of shop classes. Currently, construction classes make up only a small percentage of CTE courses in Oregon high schools because the cost of starting a construction curriculum is often too high. At the same time, Oregon is facing an immediate and long-term shortage in skilled construction workers, with middle- and high-wage jobs available in communities across the state.

The Governor will ask leaders in the construction industry to identify opportunities to fund the start-up costs of construction CTE programs in middle and high schools. The new funds would be jointly administered by representatives from the construction industry and education providers.
TWO: Expand NextGen Apprenticeships in five growing industries by 2020, including expansion into new industries

The current base for registered apprenticeships for adults in Oregon is principally concentrated in the construction industry. However, the combination of occupational standards, supervised on-the-job training, and classroom instruction make the apprenticeship model applicable to almost any industry sector. As more employers become active participants in developing their workforces, registered apprenticeship will be a valuable tool.

Since 2015, the Interagency Apprenticeship Expansion Team, comprised of staff from multiple agencies, has been working together to expand the use of the apprenticeship model of training both within and beyond the construction industry to help employers meet their needs for highly skilled workers. Current target industries include advanced manufacturing, health care, and information technology.

Through this partnership, agencies have applied for and received four U.S. Department of Labor grants that support the expansion of registered apprenticeships, at times directly supporting the creation of new programs alongside financial commitments from industry.

Governor Brown has directed the Interagency Apprenticeship Expansion Team to launch new registered apprenticeships, in addition to the programs underway in advanced manufacturing, health care, and information technology.
“Oregon must be a state where learning is valued, prior learning is recognized, and every Oregonian has access to training programs and educational opportunities”

THREE: Add 1,000 Summer Work Experience Programs for under-engaged Oregon Youth. Ensure funds support experience in jobs with a clear career path to high wage opportunities.

There are programs in Oregon that have proven success in placing students in first time work experiences. They provide additional services to ensure students are successful and are making connections between their work experience and future career opportunities.

Increasing funding for these programs and tying funds directly to work experiences in career path jobs will give young people an opportunity to develop essential skills, see firsthand how their studies relate to the workplace, and explore industries where they might consider a career.

Youth employment rates have risen dramatically over the past several years as more youth have entered the workforce and found work opportunities. But, barriers for youth looking for work continue to be pronounced, especially as employers regularly list prior work experience as a prerequisite to employment.

For Opportunity Youth - those ages 16-24 who are not in school, not working, and those who are at the margin of school and work - barriers are even more pronounced. These youth tend to be disproportionately low-income, immigrant, non-native English speakers, single parents, from rural households, youth of color, LGBT, and youth with disabilities. Many struggle with behavioral health needs, addiction, or involvement with the justice system, navigating overwhelming circumstances in order to obtain employment.21

Over the next four years, Oregon will increase funding for youth summer employment by $7 million, increasing participation by 1,000 Oregon youth. These funds will reach youth in every Oregon county and will be spent on programs that provide work experiences in jobs that are connected to a career pathway and a family wage job.

**FOUR:** Connect high schools to Oregon’s WorkSource centers and launch career coaching pilots in three communities

WorkSource Oregon staff are experts in helping Oregonians with job search strategies, and they also help clients identify their career path through analyzing their skills, interests, and educational attainment goals. Currently, these experts mainly work with adult populations in the WorkSource centers.

Governor Brown believes we should connect these experts to our high school students so that every high school junior and senior has access to these services, adding additional resources to the career counseling already happening in our schools. This also ensures that any student who needs career services after graduation will already be comfortable accessing the state’s WorkSource centers.
The Governor has directed the Oregon Employment Department and the Oregon Department of Education to develop a pilot program in three Oregon high schools to assign a WorkSource staff person to the school, ensuring they have time to spend at least one hour with every junior and senior during the school year.

Every student in the pilot will identify multiple potential career paths and the opportunities available in each career path at different levels of educational attainment. Agencies will track graduation rates and educational attainment to evaluate whether there is an increase in attainment among students engaged in the pilot as compared to their peers.

**FIVE: Create training pathways in health care industries**

Governor Brown has directed the Interagency Apprenticeship Expansion Team to look for opportunities to expand a health care pilot apprenticeship program in southwestern Oregon to other parts of the state. This program has certified the first health care apprenticeship program in Oregon to train medical assistants.

The Governor has directed the Oregon Workforce and Talent Development Board to develop career pathways in health care professions and to consider the expansion of apprenticeship and other training programs in this field. The Board will convene industry, workforce representatives, and education leaders across Oregon to learn from other states who have completed similar work. Under the Governor’s leadership, agencies are looking for opportunities to get Oregonians with prior certification and experience back into the professions they trained for.
The Governor has directed her staff to work with agencies to align qualifications for entry-level health care, homecare, and community health jobs. Partnering with industry and worker representatives will ensure workers are able to train for several sectors of the industry at once with portable pre-requisites and credentials.

**SIX: Make industrial and agricultural work more accessible to young people**

Every Oregonian of a certain age has a story about working the fields as a kid – what it taught them, what it didn’t, or why they stood on the sidelines. But today, most Oregon businesses in agriculture, manufacturing, and construction will tell you that they can’t hire anyone under 18. However, this assertion is far from the truth. Many youth are interested in undertaking these jobs, but agricultural and industrial businesses have difficulty navigating the regulatory barriers to employing them.

There are several provisions that limit working hours and the type of work that can be done by Oregon youth. These laws ensure kids have the time to prioritize school and aren’t working in dangerous conditions. But, they don’t prevent youth from working in industrial or agricultural settings.

In conjunction with the Oregon Bureau of Labor and Industries (BOLI), the Governor has directed the Interagency Apprenticeship Expansion Team to produce a handbook for employers in construction, manufacturing, and agricultural settings, who are interested in providing work experience to Oregonians who are ages 16 to 18.
“Expanding economic opportunity is not just a moral imperative, it is an economic growth imperative”

SEVEN: Invest in communities and populations that encounter significant systemic barriers to economic prosperity

Even in the current strong economy, shared economic prosperity remains a significant issue for many Oregonians from underrepresented communities, particularly people of color, immigrants, and our native and tribal populations. With the current rate of growth, expanding economic opportunity is not just a moral imperative, it is an economic growth imperative. To ensure an inclusive and competitive economy it is critical that economic development explicitly invests in communities and populations that encounter significant systemic barriers to economic prosperity.

Under Governor Brown’s direction, Business Oregon and the Higher Education Coordinating Commission have begun to align workforce development and economic development activities. Their collaboration has led to investment in three critical projects serving the black community in inner-Portland, rural Oregonians in Douglas County, and our tribal communities on the Warm Springs reservation.

Governor Brown has directed the agencies to find additional opportunities and communities to skill up traditionally underserved Oregonians for job opportunities in their communities, and to incentivize the siting of new high-wage developments in these communities across the state.