

**GORDON REPORT, July 2014**  
**“From Washington to South Dakota: The Search to Close the Skills-Jobs Gap”**

The Third Way, a Washington D.C. think-tank, recently invited me to be a panelist for a White House policy forum on the future of workforce development. This event featured a public address by Vice President Joe Biden on the skills needed for American workforce competitiveness. Subsequently Secretary of Labor Thomas Perez led a discussion session on discovering innovative regional programs based on systemic best practices that prepare more workers for higher-skilled employment. Information on the Third Way event and report, “The 7 Habits of Highly Effective Workforce Programs,” can be found at [www.thirdway.org/events/146](http://www.thirdway.org/events/146).

The discussion session’s basic premise was that the United States and other nations around the world are not producing enough workers with the skills needed for employment in today’s high-tech global economy. What has finally caught Washington’s attention is that the unemployment rate is falling for the wrong reason. While some workers have found new jobs, many other people have given up looking, shrinking the U.S. labor participation rate to a 35-year low.

#### SOUTH DAKOTA INITIATIVES

The scope of the skills-jobs mismatch is well illustrated by what I learned recently when I spoke at conferences in Watertown and Brookings, South Dakota, at two of the six regional “Governor’s Workforce Summits” being held across the state. South Dakota has a very low unemployment rate (3.8% in June) with about 17,000 people unemployed while there are slightly more than 13,000 jobs vacant throughout the state. With a population of about one million people, skill deficits are beginning to create growth problems for many business sectors. To address the skills-jobs disconnect, the state has launched South Dakota Workforce Initiatives or SDWINS, a multifaceted skills-development program. In addition to encouraging the return of people who have left the state, this initiative includes: offering companies state partnership programs for training new and existing employees, and expanding apprenticeship education and technical training programs at local educational institutions.

South Dakota also has begun career information and education programs to better prepare youth for emerging career opportunities. Through its online information platform, [www.sdmylife.com](http://www.sdmylife.com), students see how their interests and skills match real-life careers, learn about post-secondary education and training options for specific careers, and can locate internship positions in South Dakota business and organizations.

#### SKILLS GAP GROWS NATIONWIDE

The Federal Reserve’s “Beige Book” economic survey of May 2014, “The Accenture 2014 Manufacturing Skills and Training Study,” the National Federation of Independent Businesses July economic survey, and the Conference Board’s Help Wanted June Online Data Series are among the many employment indicators confirming that a nationwide talent crisis is in full bloom. News services are raising red flags with headlines such as: “‘Terrifying’ Oil Skills

Shortage Delays Project,” and “Global Giants Face a Fight to Lure Local Talent,” (*Financial Times*, July 17, 2014). They are also beginning to ask uncomfortable questions, like “Just Whose Job Is It to Train Workers,” (*Wall Street Journal*, July 17, 2014).

It’s time for American society to face up to the radical shift in the skills demanded in today’s high-tech global economy. As Vice President Biden stated at the recent White House employment forum, “People need to know what they need to know!” That translates into understanding that life in the 21st century requires our culture to focus on people acquiring more knowledge and skills over their entire lifetime, not only as students in school, but in lifelong learning. Employers need to inform educational institutions about the knowledge and skills required for in-demand jobs and careers and cooperate in developing educational programs for these jobs. Parents and students need information on career opportunities in their region and the education and training needed to prepare for them.

In Seattle, companies such as Amazon, and Boeing, have either started or expanded job training programs. They have reached the conclusion that there is no longer a sizable amount of slack in the worldwide STEM workforce. Some of these companies have also brought 3,000 top-level STEM students to Seattle for summer internships in which transportation, lodging at corporate housing or hotels, and often food expenses are covered.

Many more employers, however, across the United States need to increase the training and development expenditures that they so drastically cut during the recession. Surveys show that employee loyalty is significantly increased when employees are provided with opportunities to acquire the latest skills relevant to their careers and their industry.

While in Watertown and Brookings, South Dakota, I saw how difficulties in recruiting skilled labor are affecting their economies. Both have low unemployment rates, and vacant positions are rising. The re-shoring of jobs to the United States from overseas offers these communities new opportunities to diversify their economies, but the local availability of skilled technical/professional workers is a major factor in attracting new employers to an area. My activities in these communities enabled the business, education, and government leaders to acquire a clear understanding of how Regional Talent Innovation Networks (RETAINs), which are a major focus of my latest book, *Future Jobs: Solving the Employment and Skills Crisis*, can help their local communities focus on the cultural change process needed for rebuilding the regional talent-delivery system.

“The skills gap is not a fabricated dilemma, it is very real,” asserts Bill Path, president of the Oklahoma State University Institute of Technology. “And it is only going to get worse if we do not take it seriously and address it. . . . Like two mighty oars working as one, the public sector and the private sector must pull together to affect real change and to put our U.S. labor force back on a proper course for job success.”