

**Cathy E. Minehan**  
**Workforce Investment Board Association Meeting**  
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It is my pleasure to join Mayor Menino in welcoming all of you to Boston. I believe the workforce boards around the Commonwealth are critical to our economic future and that the work we are all doing is very important.

I want to thank Mayor Menino for his leadership, commitment and investment in workforce development and education. The Mayor has been tireless in working toward education reform and in all the workforce issues of the last several years--one-stop career centers, the youth opportunity efforts, the summer jobs campaign, welfare to work initiatives--just to name a few. And most recently he has again taken actions that are vitally important but perhaps off some of your radar screens. Let me mention them briefly.

For the past two years the Boston Foundation and a number of local and national foundations have been discussing creating a pool of private dollars to invest in workforce development. In January, Mayor Menino made the first investments in this pool with a \$1.5 million commitment from the Neighborhood Jobs Trust linkage fund. This initiative was launched at Brigham and Womens Hospital. In February, The Mayor committed Neighborhood Job Trust funds when the state budget cuts virtually eliminated training programs in mid-cycle. The Mayor's investment gave 160 individuals the chance to stay in training and find a job in which they

can use their new skills. In each case the Mayor's priorities have been to give Boston residents the best possible opportunity to develop their skills and the ability to participate in the local economy and support themselves and their families. And he has been willing to do so in these times of extreme economic challenge. To borrow a phrase - Tom Menino "gets it."

Now more than at any time in the last decade, public officials like Tom Menino are vital to the Commonwealth. The challenges we face are significant. Since early 2001, employment in Massachusetts has fallen 3 percent. This compares with 2 percent for New England as a whole, and less than that for the nation. At 5.5 percent, the state's unemployment rate is still lower than the national average, but three years ago it was 3.1.

Recent work by Andy Sum and his colleagues from Northeastern University also suggest other ways in which Massachusetts has fared worse than the nation as a whole. For one, involuntary job losers as a share of the unemployed were more pronounced here. For another, the number of permanent job losers roughly tripled in Massachusetts over the last two years, versus a doubling nationally. For some time, through 2001, we might have thought our economy was made of teflon – clearly it wasn't.

These Massachusetts data embody the unusual pattern of this period of economic weakness. Reflecting growing excess capacity after the spending boom of the late '90s, investment spending and particularly investment in high tech equipment fell sharply early in the new millennium. This business investment downturn was closely related to the fall-out in equity markets that adversely affected securities firms, investment banks and

mutual funds. In short, this has been a difficult period for those sectors in which Massachusetts, and especially the greater Boston area, is most strong. It's not like the recession of the early '90s, but Massachusetts is feeling the pain in its key private sector industries. And, to add to the pain, the state's fiscal picture poses sizeable challenges, for while every effort was made to build a sizeable "rainy day" fund in the '90s boom, the underlying structural rate of spending escalated with revenues driven by capital gains and stock market driven bonuses. The state has to chart a difficult path out of this situation even in the face of concerns that things may get worse before they get better. And a question everyone keeps asking is: what is the magic elixir--the key innovation or industry--that will restore vibrancy to our economy?

My crystal ball is no clearer than any of yours - I don't know the answer to that question. And it is not the first time it has been asked. In the early '70s, with the end of the Vietnam War, cutbacks in aerospace, and concerns about competition from the sunbelt states, the state faced an equally severe crisis. But, an industry that was on no one's radar screen--mini-computers--transformed the Massachusetts economy so that we barely felt the recessions of the early '80s. Again in the early '90s, disaster loomed in the form of a real estate crash and a related banking credit crunch. Then a wide variety of industries took up the slack--some large companies like EMC, but mostly many relatively small, relatively unknown companies linked primarily by their high-tech or bio-tech nature and their innovation and creativity. By 1997, the Massachusetts unemployment rate had fallen to 4 percent, and it kept falling to 2.6 percent in 2000--an all-time low.

So what does this history tell us about what type of industry or innovation will lead us out of these hard times? Well, it suggests three things. First, when things are the worst, we won't see the area that will emerge, but it will be already taking shape. Second, it also suggests that the new industry may not be in any one area at all but a variety of areas. Finally, and most importantly, this history suggests that the underlying strength of Massachusetts - the education of its workforce, the excellence of its many colleges and universities, and the culture of New England that has always emphasized creativity and innovation in its workforce is the critical factor in the resurgence of our state after a troubled economic period. In the end, the most important natural resource in our state is the brainpower of our people and nurturing that asset is the best way for us to meet our challenges.

That is why I look upon the work I do with the Boston Private Industry Council as one of the most important contributions I can make to economic growth in this state and the region more generally. Workforce investment boards like the PIC are vital to retaining that underlying strength of this state. I don't mean to brag, but I would like to comment on a few of the things we've done here in Boston aimed at nurturing brainpower, creating a better workforce, and, in the end, stronger communities and a growing economy.

We are fortunate in Boston to have a strong history and foundation of public-private partnerships in education and workforce development. As many of you know, the PIC serves not only as the local workforce board, but also as the convenor of the Boston Compact. Much of our history and our staff capacity is focused on connecting youth in the district high schools to

work and learning opportunities that keep them in school, and link their education to concrete experience and more caring adults.

This has paid off for graduates of Boston high schools. Each year we conduct a follow up survey of graduates nine months after graduation, in partnership with the Center for Labor Market Studies at Northeastern University. Our staff reached 82% of the graduating class last year. The results were:

- 70% were enrolled in college or training, exceeding the national average including suburbs.
- Boston graduates were more likely to be working than their counterparts from across the country, 58% to 49%.
- Employment rates were 19% higher for Boston's black graduates and 11.7% higher for Hispanic graduates, and 7% higher for white graduates than their counterparts elsewhere.

This year it is particularly important for the business community to be engaged in preparing high school students for the future. With the MCAS test being a requirement for graduation beginning with the Class of 2003, we need to make an extraordinary effort to give as many young people as possible the extra help and support that they need to pass the test.

Four years ago, we began a program called Classroom in the Workplace. It started at the Federal Reserve Bank, Verizon and Gillette. We hired 26 students during the summer who spent 90 minutes each day in a focused literacy class at the work site as part of the workday. Last summer, this program expanded to serve 285 students – 215 of whom were members of

the Class of 2003 who have yet to pass MCAS. The results in the literacy program continue to be strong. In just seven weeks, students gained an average of 1.8 grades in reading comprehension. Just as important, students attended and completed the program at a rate of more than 90% -- a remarkable number for this population of students.

We are now examining how these students fared on the December 2002 MCAS retest. We currently have scores for 125 students. I am pleased to announce that 72 of these students -- almost 60% -- passed and now qualify for graduation in June. Another 18 passed one of the two tests and will continue in the program to prepare for the test that they have yet to pass. In other words, almost three-quarters of the participants succeeded. That is a lot of "wins" for teenagers who have had multiple failures in getting over the MCAS hurdle.

At this point, our attention shifts to those who did not succeed in December. Along with many other workforce boards, we are enrolling these seniors in one of Boston's three career centers. I am pleased that Governor Romney is recommending \$3 million of new spending for ongoing education at community colleges and workplaces in preparation for subsequent retests. Our message to these teenagers is simple. If you don't give up, we won't give up on you.

We are also very focused on the employment and ongoing educational opportunities for adults in Boston. Our three career centers served over 14,000 people in the last year and over 2,000 employers. This represents a 91% increase in volume at the career centers over the past two years

reflecting the downturn in our economy. And this dramatic volume increase has occurred just as funding dropped 32%. We also have developed partnerships with employers in health care and financial services to upgrade the skills of their entry-level employees and to create a pipeline and skills development continuum to fill persistent occupational shortages.

These partnerships are becoming the foundation of our longer-term strategy as we look ahead three to five years. We launched a planning process last fall to better understand the changing context in which we work so that we can most effectively respond to the trends in the city and the local labor market. What did this planning process tell us?

We've learned that the labor force in Boston declined 2.2% since 1990. This decrease would have been more significant were it not for new immigrants. We also learned that the job content of work in the local labor market is continuing to require more skills in the areas of literacy, math and technology. According to the Division of Employment and Training, two-thirds of the jobs in Boston will require at least an associates degree by 2007.

Clearly, public funding will be an increasing challenge, but effective use of public and private funds is essential to meeting our state's workforce needs. With no organic growth in the state's labor force, we have to grow our own. The raw material for the skilled workforce the state needs in order to grow is in our K-12 schools, in our new immigrants, and in our already highly skilled workforce that may need to be trained in newer skills. And

transforming that raw material and our incumbent workers is the work that we do in Boston and the work that all of you do across the state.

Funding remains a challenge. We need to be able to show that our work makes a difference and that our work is critical to the Commonwealth's economic and social prosperity. I believe that we can do that. And we must do it now in order to sustain the commitment of government dollars. But we are also going to need to deepen and expand our relationships and partnerships with employers so that they see the direct value of our work and so that our work truly reflects their needs. Over the next few years, these partnerships need to be put in place and strengthened. In our view, the need for a deepened linkage with the private sector is the key element in our longer term strategy. Employers need to understand the vital role that workforce boards play in maintaining a high quality workforce, and they need to see our work as vital to their work--a need to have, not a nice to have. And they need to participate in funding our work, not as a charitable effort, but as part of their own employment efforts.

In closing, there is no doubt the state faces unusually difficult times. We look forward today to the promised lively discussion about the Romney administration's budget and the Bush administration's proposals for WIA funding and reauthorization. But we also must remain committed to the private/public effort we all reflect in our workforce boards. This collaboration--this partnership--is an essential element in nurturing that key to Massachusetts' continual ability to reinvent itself--its workforce.