

The missing link in economic development

By Joan Fitzgerald March 7, 2006

IN THE PAST four years Massachusetts has lost more than 200,000 jobs. If the state wants to keep its share of technology-based industries, such as biotech, it has a lot to learn from places like North Carolina, which does a better job of incubating a skilled workforce.

Two proposed programs under the Workforce Solutions Act, which is part of the economic stimulus bill in the Massachusetts House, are a good beginning. But what they leave out is more instructive than what they include. The proposed \$11 million Workforce Competitiveness Trust Fund would match employer investment in worker training and build partnerships of employers, the workforce development system, community organizations, and unions to support business needs for particular skills in short supply. The \$3 million Education Rewards program would provide assistance to workers attending community colleges or state universities to obtain a certificate or degree that allows them to advance in their occupation. But even with these combined programs, Massachusetts has a lot of catching up to do.

The state's two major competitors in biotechnology -- North Carolina and California -- have corporate headquarters and research facilities, just like here. All three states hope to use this strength to expand bio-manufacturing. But Massachusetts has not made the strategic investments that California and North Carolina have in training bio-manufacturing workers.

For starters, too much of the state's focus is on providing incentives for firms to locate here rather than investing in the workforce that will keep them here once they go into manufacturing. In 2003, Governor Mitt Romney launched the "Massachusetts, It's All Here" marketing campaign, whose first phase was to attract bio-manufacturing and medical device producers. Another Romney economic development initiative set aside \$125 million in subsidies to attract bio-pharmaceutical and medical device companies that create manufacturing jobs.

These initiatives are important, but ignore workforce development. In interviews I conducted with biotechnology firms across the state, not one firm mentioned location incentives as a key need, but they all mentioned the need for a skilled workforce.

The missing link in the economic development agenda is a community college system that responds to the needs of the labor market. While community college systems in North Carolina and California are collaborating with employers and universities throughout their states to develop bio-manufacturing certificate and degree programs, Massachusetts has few degrees and only tried a pilot certificate program in 2001. The pilot, Building Essential Skills Training, created a short-term bio-manufacturing certificate for the state's community colleges, which a couple of colleges still offer. But last year only 13 associate degrees and seven certificates in biotechnology were awarded by Massachusetts community colleges.

In contrast, 874 people were enrolled in 17 associate degree programs in biotechnology in North Carolina's community colleges and 559 completed a one-semester technician certificate in 2005.

Furthermore, the Golden LEAF Foundation, North Carolina's tobacco settlement fund, put up \$60 million in 2002 to improve biotechnology programs at the community college and the university level. This human-capital approach to attracting biotechnology companies should have other payoffs as well. Even if workers do not get jobs in biotechnology, they are building skills that can be used in other high-tech industries.

North Carolina shows what a state can do when it links its community college system to its economic development agenda. CommCorp, primary workforce development agency in Massachusetts, tried to make such a link with initiatives like the Building Essential Skills Training program, but it cannot provide the funding that the state's higher education system could.

Ironically, Massachusetts once had a pretty good model of how to connect business needs with the education and training of skilled workers. The predecessor of CommCorp, the Bay State Skills Corporation, did a good job of integrating education and economic development as defined by emerging businesses. Unfortunately, this strategy fell into disfavor as needlessly subsidizing business. But this is a subsidy that can be justified as returning to the state economy many times its cost.

The Workforce Solutions Act is needed, but if the Commonwealth hopes to convert its leadership in research and entrepreneurship into good manufacturing jobs, it has to be better integrated with higher education.

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