

An Economic Development Strategy for the 21st Century: The Role of State Policy in Strengthening the Economy

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What is the New Economy?

- Economies in Wisconsin, the U.S., and the world are all undergoing fundamental transformations.
- Could you list about 3 or 4 of the characteristics of new economies?

What is Policymaker's Role in the New Economy?

- Policymakers face a different situation than the business community—their 'business' is booming.
- Government can market their own product—the location and conditions—public services for private investment.
- Government can create the conditions for competition, innovation, and productivity.

Role of State (Continued)

- Understanding the economic development enterprise
- Comprehending the role of the state legislator in this enterprise

WHAT PROMISING PRACTICES ARE AVAILABLE TO POLICYMAKERS TO ASSIST DISLOCATED WORKERS

- A report by CFED outlines 30-plus options to deal with the causes and effects of economic dislocation.
- Its relevance is high as Wisconsin and other states settle into a major recession.
- More shutdowns and mass layoffs will be happening.
- Now is the time to act creatively, thoughtfully, and assertively during this emerging period of national recovery and growth.

Promising Practices

Any comprehensive state (or local) effort to assist dislocated workers, families, and communities should target five major objectives:

1. Understanding the big picture and taking preventive actions;
2. Minimize the “free fall” when job loss occurs;
3. Improve the dislocated workers’ understanding of and access to actual or emerging job opportunities;
4. Improve dislocated workers’ appreciation of and access to education and training; and
5. Extend and support new enterprise.

The 30+ policy options in each category are included on page 4 of the briefing report.

Understanding the Big Picture and Taking Preventive Actions

- Establishing Economic Dislocation "Radar."
- Mature Industries Commission.
- Washington State Budget example.

Minimizing the Free Fall

- Modernizing Unemployment Insurance
- Mitigating Foreclosures
- Tapping Talent of the Workers
- Running Worker Service Center
- Dealing with State and Local Revenue Loss

Improving Displaced Workers Appreciation of and Access to Reemployment

- First Source Hiring Agreements
- Targeted Job Creation Grant Program

Improving Displaced Worker's Appreciation of and Access to Training and Education

- Delivering Quality Incumbent Worker Training
- Link Manufacturing Modernization Program with Workforce Development

Extending and Supporting New Enterprise Development

- States with an Entrepreneurial Vision
- Community Development Capacity-Building
- Expanding Employee Ownership

Options in more Detail

1. Early warning and response system for manufacturing firms
2. Mitigating foreclosures
3. First source hiring agreements
4. Incumbent worker training
5. A Wisconsin corporate responsibility compact

Where Do We Go From Here?

States will continue to be threatened by economic dislocation especially traditional manufacturing base and rural areas.

State governments are in unique position to address these problems and play the following roles:

1. Leveraging financial and technical resources from all levels of government, the private sector, nonprofits, and unions;
2. Promoting clearer information and technical assistance to communities, businesses, and workers on how to respond to closing and layoffs;
3. Targeting federal program funds (WIA, TAA, and others) to provide financial assistance;

Where Do We Go From Here? (Continued)

4. Monitoring closings and layoffs, and developing a system to track data and to provide early warning to relevant parties;
5. Modifying or creating programs (UI, health insurance, mortgage/rent aid, commuting worker programs) to use existing resources better or to deploy new ones;
6. Preventing closings through worker buyouts, business retention programs, layoff aversion, modernization efforts, or alternative investors; and
7. Helping to create new businesses and jobs through finance and entrepreneurial training.

CONCLUSION: We Have Options

- Generate resources from modernization of state revenue base, redirecting funds, and more performance-based management.
- High-quality, incumbent worker training and greater employer demand are the first line of defense.
- Agility is the key.
- Investing in people is the number one economic development priority.
- Build a more customer-friendly, world-class, and seamless system for lifelong learning, beginning in early childhood.
- Create a pipeline of new products, new entrepreneurs, and a culture of continuous improvement in every workplace.