



IMPROVING THE COMPETITIVENESS OF HAMPTON ROADS

The Hampton Roads Regional Structure Project

Recommendation to create a

**Hampton Roads Workforce Investment
Board**

Prepared by the Future of Hampton Roads, Inc.

January 2007

HAMPTON ROADS REGIONAL STRUCTURE PROJECT

REPORT OF STUDY GROUP 4C

WORKFORCE INVESTMENT BOARDS

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January, 2007

Report of SG4C
Workforce Investment Boards

1. Study Group Task

The study group was charged with verifying the feasibility and desirability of merging the two workforce investment boards serving the Peninsula and South Hampton Roads.

Section 2 of *Report No.2: Transforming the Regional Structure* offers several specific suggestions for making regional governance more efficient, including item 2.32: “As Hampton Roads is a single labor market, combine the two separate workforce development organizations.” Additionally, Section 3 dealing with proposals for accelerating economic development states in item 3.4 that the headquarters of a merged workforce investment board should be placed on the Peninsula, “particularly as there are excellent facilities in Hampton as part of Thomas Nelson Community College.”

The report focuses on the structure and organization of the workforce investment boards and not on their programs or effectiveness.

2. The Structure of Workforce Development in Hampton Roads

A. The Workforce Investment Act of 1998 reformed federal employment, training, adult education, and vocational rehabilitation programs by creating an integrated "one-stop" system of services for youth, job seekers, and employers. Whereas previous legislation had focused on meeting the needs of displaced or disadvantaged workers, the current law requires a demand driven system focused on identifying the job requirements of employers and on training and placing workers accordingly. The Act requires establishment of regional Workforce Investment Boards (WIBs) that administer policy for spending the federal funds distributed through Virginia’s Workforce Investment Board to the state’s seventeen Workforce Investment Areas (WIAs).

B. Hampton Roads Workforce Investment Areas. The sixteen cities and counties that are members of the Hampton Roads Planning District are divided among three separate Workforce Investment Areas:

i. WIA#14 serves the Peninsula. Members include the cities of Hampton, Newport News, Poquoson, and Williamsburg and the counties of Gloucester, James City, and York. The local governments constitute a **Greater Peninsula Workforce Development Consortium** with a staff of five that oversees compliance. The **Greater Peninsula Workforce Development Investment Board**, with 47 members representing business, education, and government, sets policy for spending the federal funds— approximately \$2.6 million in FY06. Newport News is the fiscal agent The **Peninsula Council for Workforce Development**, a private membership organization for businesses, provides another \$0.5 million in contributions to support special training programs. The Council

President provides staff support for the WIB and supervises the personnel of the one-stop centers. Operated under the name of Peninsula Worklink, the centers are located in Hampton, Newport News, Williamsburg, Gloucester County, and various military bases. Thomas Nelson Community College operates a **Peninsula Work-force Development Center**, a modern 92,000 square foot facility equipped with a state of the art conference center, a high performance manufacturing center, smart classrooms, computer labs, and a telecommunications center. The activities of these several entities are coordinated by an **Executive Committee** of 17 members chaired by the workforce development officer of Northrop Grumman Newport News.

ii. WIB#16 serves South Hampton Roads. Members include the cities of Chesapeake, Franklin, Norfolk, Portsmouth, Suffolk, and Virginia Beach and the counties of Isle of Wight and Southampton. The **South Hampton Roads Workforce Investment Board**, with 47 members, identifies itself as Opportunity, Inc. and is chaired by the CEO of a prominent construction company. Its President oversees the one-stop centers located in Norfolk (two), Portsmouth, Suffolk, Franklin, and several military bases. Virginia Beach is fiscal agent for the approximately \$6 million in federal funding. Training programs are coordinated with Paul D. Camp Community College and Tidewater Community College, which operates campuses in Suffolk, Portsmouth, Chesapeake, Norfolk, and Virginia Beach, with a modern **Technology Training Center** on the TCC campus in the latter city. A 501(c)(3) has recently been created to receive private contributions.

iii. Surry County belongs to WIB#15, which includes Petersburg and surrounding counties. Although many commuters from Surry travel west, many others cross the James River to work on the Peninsula. WIB#15 was not reviewed in this study.

C. Hampton Roads as a single labor market. The essentially integrated nature of the region's maritime economy is recognized by the state in its Hampton Roads Planning District and the federal government in its Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area. Although most of the region's workers live and work in the same locality, a significant number commute to work elsewhere in the region. For example, in 2000, of the 753,457 workers who resided in Hampton Roads, 63,812, or 8.5%, either commuted across the James River from South Hampton Roads to the Peninsula or crossed in the other direction. Another 7,158 workers not residing in either workforce area drove into Hampton Roads from elsewhere, adding 1% of the total workforce to the commuting percentage. (See Annex A-1.) Businesses recruit from all over the area. For example, the largest employer, Northrop Grumman Newport News, with over 19,000 employees, draws 30% of its workers from South Hampton Roads and 4% from North Carolina. Similarly, though job seekers may prefer to work close to home, they also presumably want to be able to look at job opportunities within reasonable commuting distance, i.e., throughout the region.

D. Shared characteristics of the Workforce programs. Although the two workforce development organizations exhibit some differences, they are necessarily very similar because of the requirements of the Workforce Investment Act, which prescribes board composition, the creation of one-stop service centers, and a range of services for youth, job seekers, and businesses. Both organizations' one-step centers work with the same job database supported by the Virginia Employment Commission. They provide information about jobs and needs for the entire region, if requested.

3. Recommendations

A. Merge WIA#14 and WIA#16. Among the reasons for considering a merger of the South Hampton Roads WIB and the Peninsula WIB are the following:

1. The statement that Hampton Roads is a single labor market means, with respect to workforce development services, that prospective employers search for workers throughout the region and not just one part of it, and workers similarly search for good job opportunities regionally. Thus, both WIBs should, and do, provide essentially the same services.

2. Some cost savings can be realized on headquarters expenses, report production, meetings costs, fees for auditing and banking, and similar relatively minor items. However, as the essence of the structure is delivery of services through a local network of one-stop centers, there is little duplication of staffing, hence little opportunity for cost savings on personnel, which in any case can be handled gradually by attrition. Nevertheless, since grant cuts are in the offing, it is worthwhile to take advantage of such savings as can be realized.

3. The Council on Virginia's Future, the state's strategic planning body, seeks reorganization of the state into fewer regions, of which Hampton Roads is one, and in consequence, it will be seeking reductions in the number of workforce investment areas. House Bill 1307 passed in the 2006 session of the General Assembly, which requires the Governor to prepare a reform of the workforce development system by December 1, 2006, appears to point in the same direction.

4. Now that both WIBs have matured over more than five years of operation, the combination of such similar programs can be accomplished with very little disruption, and conversely, the sharing of policies and programs can strengthen the overall quality of the services. Indeed, at the operating level the two organizations already collaborate. Fund accounting can ensure that funds given by one or a group of businesses, such as the contributions to the Peninsula Council, can be segregated for restricted purposes.

5. Combined with other efforts to strengthen the effectiveness of Hampton Roads as a region, the proposed merger will, in the words of one mayor, "improve the profile of the region." By itself, this would not justify substantial organizational change, but it adds

to the utility of the proposal. In every practical way, Hampton Roads needs to act as a region in order to ensure its fair share of attention and funding from the state and federal government, especially for the top priority of workforce development.

B. Locate the headquarters on the Peninsula. Aside from the fact that the Peninsula appears to have nicer facilities for its workforce development activities, it seems fair that it should have this headquarters, given that in the past the unified headquarters resulting from other consolidations have mostly gone to the south side.

C. Invite Surry County to join. Now that the several workforce area programs have been organized and experienced for several years, Surry employers might find it to their advantage to ask the County to join the proposed Hampton Roads Workforce Investment Board. As a member of the Hampton Roads Planning District Commission, the County should be given the opportunity to do so.

Annex A-1

<u>The Workforce in Hampton Roads</u>	<u>South H.Rds.</u>	<u>Peninsula</u>	<u>Hampton Rds</u>
a. Total Population	1,002,306	456,641	1,458,947
b. Workers who live in the area	524,464	228,993	753,457
c. Out-Commuters	(33,583)	(30,229)	(63,812)
d. People who live and work in the area	490,881	198,764	689,645
e. In-Commuters	<u>39,411</u>	<u>31,559</u>	<u>70,970</u>
f. Workforce in the area	530,292	230,323	760,615
g. Net workers from outside Hampton.Roads (e-c)			7,158

Source: 2000 Census, as reported on VEC Web site.

Annex A-2**Members of the Study Group**

Tim Kerr, Chairman
Director, Chesapeake Alliance

James Babcock, Chairman and CEO (ret.)
First Virginia Bank of Hampton Roads

Malcolm Branch, President
Virginia Ship Repair Association

J. R. Locke, President/CEO
EBM Search Solutions

Peter Mark Shaw, Professor of Business & Economics
Tidewater Community College