

EXHIBIT A
SOUTH PLAINS RECRUITMENT AND REEMPLOYMENT INITIATIVE
Executive Summary

The Texas population has grown to almost 24 million people and is projected to reach 35.76 million by the year 2040. Almost 50% of projected growth is expected to come from net domestic and international migration. According to the Texas State Demographer, the state has gained an average of 422,220 people a year since 2000, split almost evenly between domestic and international migration and natural increase (births minus deaths).³ In 2007, the American Community Survey found that approximately 551,731 people - 2.4% of the State's population one year or older – lived in a different state the previous year.⁴ Locally, more than 5,100 residents of the Lubbock Metropolitan Statistical Area (MSA), 2% of the population, lived in a different state the previous year.⁵ As further evidence of the influx, one of the largest transporters in the U.S, Atlas Van Lines, reports that inbound shipments to Texas have exceeded outbound shipments by an average of 35% over the past three years.⁶ Among other factors, the State's relatively low cost of living and an economy that is more globally integrated than in other states (Texas exports more than any other state) are credited with attracting firms and residents to the state.⁷

The economic implications from this high rate of in-migration are considerable. Newcomers to the state bring both their labor and capital and help expand the economy through their own consumption and investments. Some experts believe that the high level of in-migration is also the biggest reason Texas can sustain its rapid pace of job growth. In large part due to the geographically mobile population, both domestic and international, Texas employment has grown at twice the rate of the rest of the country, giving us an increasing share of U. S. employment. Last year, Texas businesses created 31% of the country's private non-agricultural jobs.⁸ The State continues to lead the Nation in job growth, creating 7,300 jobs in November 2008.⁹

Yet even with the large influx of newcomers to the State, labor markets have tightened and employers across the state have reported significant skills shortages. In a survey conducted in April 2008 by the Texas Tech University Earl Survey Research Lab for WorkForce Solutions South Plains, over 70% of employers surveyed reported plans to expand their business while 37% reported that the shortage of skilled labor was restraining the planned growth of their business. A recent report by the Texas Comptroller of Public Accounts calls our attention to the growing imbalance between the demand for skilled workers and the State's ability to supply them. The Comptroller portends 'significant negative consequences for individual Texans as well as the State's economy and State's revenues' if the shortages persist.¹⁰ Locally, experts agree that the consequences of the skills shortage will be far-reaching and

³ Texas State Demographer, www.tbdc.state.tx.us, 2008. These projections are based on the State Data Center's "0.5" migration scenario, which is the one indicated as "most appropriate...for use in long-term planning."

⁴ U.S. Census Bureau, American Community Survey, 2007, <http://factfinder.census.gov>.

⁵ Ibid.

⁶ Atlas Van Lines, Based on 92,743 Interstate and Cross-Border Household Goods Moves from January 1, 2007 through December 31, 2007, <http://www.atlasworldgroup.com/migration/pop/texas.html>.

⁷ "Southwest Economy", Federal Reserve Bank of Dallas, January/February 2008, <http://www.dallasfed.org/research/swe/2008/swe0801b.cfm>.

⁸ Texas Economy Online, http://governor.state.tx.us/ecodev/business_research/texas_economy/

⁹ Texas Workforce Commission, November 2008 Employment Statistics, <http://www.twc.state.tx.us>.

¹⁰ Texas Comptroller of Public Accounts, "Texas Works 2008: Training and Education for All Texans", www.window.state.tx.us, 2008.

profound, including constraints on business growth, price and wage inflation, and job poaching as workers ‘job-hop’ for dramatic increases in salary to the detriment of small and rural businesses.¹¹

Among the Comptroller’s recommendations to alleviate the shortages is increasing the educational attainment levels of our youth and providing all youth with an opportunity to obtain a postsecondary education, including career and technology education (CTE) or training. The region’s workforce development system strongly supports the Comptroller’s recommendations and will continue to enhance education and training opportunities for our youth to improve the character and quality of the region’s workforce. However, a shorter-term solution is needed to alleviate the region’s immediate challenge. While our region, like many others across Texas, is struggling with the shortage of skilled workers, the South Plains Region is faced with the additional challenge presented by meager increases in the size of the population in the next five years (1.3% as compared to the State’s average 8.8%) and a projected decrease in the region’s labor participation rate.¹² During the same period, regional employment is projected to grow at a rate of over 17% through 2016, leading to a substantial gap between the supply and demand for labor.

Through the SPRR initiative, the employer community, the workforce development system and economic development entities will collaborate to tap into the segment of the U. S. population moving into Texas each year and channel this valuable human capital to meet the demands of local industries with high rates of growth, strategically connecting workers to job opportunities. The solution proposed will implement a mechanism to facilitate job matching and worker relocations across regions of the U.S. designated as Labor Surplus Areas by the U.S. Department of Labor and areas suffering heavy job losses due to adverse affects of international trade. Concurrently, by establishing this mechanism to increase labor exchange flexibility, the SPRR initiative will be helping to further the goals of U. S. Department of Labor’s Trade Adjustment Assistance Act (TAA) and Workforce Investment Act Dislocated Worker Programs to create lasting change in the region’s labor market system to the benefit of employers, jobseekers, and the community as a whole. The SPRR Initiative will also work to inspire companies to embrace the talent they have as well as to employ individuals from special populations (i.e. those being discharged from the armed forces, women returning to work, former inmates, and welfare recipients) and individuals who comprise the region’s latent workforce.

Components of the SPRR Initiative include the following:

Services to Employers: The SPRR Initiative will serve at least 20 employers during the three year project period. So far, 9 employers have committed to employ workers through the SPRR Initiative to fill an estimated 6,604 jobs that they project will be available during the next two to three years. As more businesses become aware of the availability of the services offered through the SPRR Initiative and identify their skill requirements, additional employers will be added to the list of participants. Employers will have access to staffing services to include recruitment and placement services, participation in job fairs, and access to remote interviewing technology. The SPRR Initiative will provide job profiling services, workshops and seminars on critical business issues including ISO training, Lean Manufacturing training, and other training to increase productivity and competitiveness, increased access to Workforce Investment Act (WIA) and other state and federal incumbent worker training resources, and increased

¹¹ The Permian Basin Region has experienced business closures and substantial wage inflation as a result of labor shortages. For additional information contact WorkForce Solutions Permian Basin.

¹² Experian/Applied Geographic Solutions, www.sitesontexas.com, based on U.S. Census Bureau 2008 Population estimates.

access to incentives to promote the hiring of special populations such as the Work Opportunity Tax Incentive and fidelity bonding programs. The SPRR Initiative will build a job profiling capability within the regional workforce system to assist employers in identifying the specific skills they need not just “skilled workers”, thus allowing a shift toward assessing and matching customers to jobs based on skills as well as occupations to more effectively develop a regional talent pool. Participating employers will be encouraged to strengthen their collaboration with the workforce development system to develop career pathways and competency models for their industry in order to enhance the skills of the region’s labor force.

Services to Jobseekers: The SPRR Initiative will recruit and place 200 jobseekers in permanent jobs paying at or above the region’s annual average wage during each year of the three year project period for a total of 600 jobseekers placed. The project will primarily recruit individuals who possess skills that are highly transferable to industries in the region that have the potential for rapid growth. Jobseekers will receive placement services to include labor market information, occupational assessments, relocation assistance, and supportive services for successful transition to a new workplace. Displaced workers with mismatched or minimal skills will have an opportunity to participate in short-term, pre-vocational or on-the-job training as needed in order to facilitate placement. Project staff will facilitate coordination with other programs including state TAA programs, Unemployment Compensation (UI) Program, WIA Adult and Dislocated Worker Programs, etc., as necessary to leverage funds, improve effectiveness and achieve economies in the provision of services. More importantly, displaced workers will receive referrals to community organizations that can provide appropriate services to help them deal with readjustment to a new location and new job such as stress management, housing assistance and financial counseling.

Collaboration with Regional Economic Development Entities: The key partners in the SPRR Initiative are the regional economic development entities, including the Lubbock Economic Development Alliance, the Brownfield Economic Development Corporation, the Levelland County Economic Development Corporation, the Floyd County Economic Development Corporation and the Bailey County Economic Development Corporation. The project will leverage over \$1,086,300 in local workforce and economic development investments to further economic retention and recruitment strategies. If the SPRR Project is successful in receiving a grant award, staff will outreach all other economic development entities operating in the region and enlist their participation in development of workforce retention programs for rural areas and to facilitate regional strategic planning to promote the region’s economic prosperity.

Workforce System Transformation: The SPRR Initiative will establish a mechanism to enable the local workforce development system to effectively coordinate with state and federal workforce boards and dislocated worker programs throughout the U.S. in order to achieve project objectives. Under the auspices of the National Association of Workforce Boards, SPRR project staff will work with workforce boards, one-stop centers, and staffing professionals across the U.S. to develop processes and procedures that will increase workforce flexibility. The system will utilize job profiling, assessment and training strategies to improve the effectiveness of placement services, placing the right person in the right job, thereby reducing the amount of time that displaced workers spend out of work. The SPRR Initiative will also enhance coordination with specialized jobseeker programs, including programs to improve job opportunities for older workers, veterans, ex-offenders and displaced homemakers. Additionally, the project will highlight subtle issues hindering cross-program cooperation and integration so that they can be addressed to bring about true systemic change.

During the three-year project period, the SPRR Initiative will serve 20 employers and facilitate the placement of 600 qualified workers in permanent, well-paying jobs, enabling companies to employ the workers they need in order to remain globally competitive and/or expand their enterprise in the region. By collaborating with the economic development community, the Initiative will help to ensure the region's continued success in retaining existing business and recruiting new business, bringing capital investments and jobs to enhance the quality of life for area families. More importantly, the SPRR Initiative will establish processes and procedures to enable labor exchange flexibility across geographic regions of the U.S. In the short term, the outcomes will result in increased tax revenues to the State, as new workers and their families produce, consume and invest in Texas. Additionally, facilitating the reemployment of individuals receiving unemployment compensation prior to exhausting benefits will result in cost savings for the UI program. Ultimately, the Initiative's greatest contribution may be the development of a successful model, applicable across regions of the U.S., with the potential to substantially alleviate the loss of productivity resulting from underutilization of our Nation's valuable human capital.