

Blue Collar Task Force

Report and Recommendations

January 2014

Submitted by

The Blue Collar Task Force *to*

Members of the Delaware General Assembly *and* Governor Jack Markell

PREFACE

The persistence of unemployment in Delaware above seven percent and the slow rate of job growth versus other states (both nationally and regionally) suggests the need for a review of existing state policies and practices, as well as consideration of different approaches to both attract new jobs and retain existing jobs in the state.

While many types of jobs are, by the nature of the economy, interrelated in Delaware's total employment base, the Blue Collar Task Force (Task Force) centered its review and discussions on those jobs that fall into the broad category of blue-collar positions rather than the entire employment picture in all job categories.

Blue-collar jobs represent a significant share of the unemployed base and reflect the seemingly permanent loss of substantial manufacturing facilities and the general downturn in construction opportunities—both in the commercial and housing industries. This situation is especially critical in Delaware, where 64 percent of the overall workforce is classified as “blue collar,” according to the Kaiser Family Foundation, compared with 61 percent nationally.

For some time, Delaware has utilized tax credit policies and Strategic Fund initiatives in the form of grants and loans to encourage private employers to create, increase and retain jobs. But trends in manufacturing retrenchment, increased technological efficiencies, internationalization, and movements across the nation to revise last standing labor-management agreements call for a revisiting of all such strategies in Delaware—a time to “think outside the box.”

The report details the activities of the Task Force between August, 2013, and January, 2014, and includes ten recommendations to Governor Jack Markell and the Delaware General Assembly for action.

Research, data/information collection, and facilitation services requested by the Task Force were provided through the University of Delaware's Center for Applied Demography & Survey Research (CADSR) and the Institute for Public Administration (IPA). Both units are part of the School of Public Policy & Administration; neither CADSR nor IPA staff members were voting members of the Blue Collar Task Force.

BLUE COLLAR TASK FORCE MEMBERS

- Gene Bailey, Executive Director of Diamond State Port Corporation
- Senator Colin R. J. M. Bonini, President *Pro Tempore's* Senate Minority Member Appointment
- Ed Capodanno, President of Associated Builders and Contractors, Inc.
- Thomas Cook, Delaware Secretary of Finance
- Michael Crawford, Chair of Delaware Manufacturing Association
- Judy Diogo, President of Central Delaware Chamber of Commerce
- Joseph Durham, President *Pro Tempore's* Public Member Appointment
- Harry Gravell, President of Delaware Building & Construction Trades Council
- W. Edwin Kee, Delaware Secretary of Agriculture
- Mark Kleinschmidt, President of New Castle County Chamber of Commerce
- Samuel Lathem, President of the Delaware Chapter of the American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
- Alan B. Levin, Director of Delaware Economic Development Office
- Senator Robert I. Marshall, Task Force Co-Chair
- John McMahon, Jr., Delaware Secretary of Labor
- Andrew 'Jim' McNally, Speaker's Public Member Appointment
- Representative Michael P. Mulrooney, Task Force Co-Chair
- Mark Murphy, Delaware Secretary of Education
- Representative Michael J. Ramone, Speaker's House Minority Member Appointment
- Gregory Sawka, President of Delaware Contractors Association
- Gary Stockbridge, Governor's Public Member Appointment
- Richard Heffron, Interim President & Senior Vice President of Delaware State Chamber of Commerce
- Bill Willis, Chair of Delaware Business Roundtable

BLUE COLLAR TASK FORCE SUPPORT TEAM

Ed Ratledge, Director of the Center for Applied Demography & Survey Research (CADSR) oversaw the collection, analysis and presentation of data and research findings included in this report. He also made multiple presentations to the Task Force over the course of the study. Dan Brown, Associate Policy Scientist with CADSR, collaborated on the preparation and writing of Section I of the report.

Institute for Public Administration (IPA) Associate Policy Scientist James Flynn served as the project manager. IPA Associate Policy Scientists Julia O'Hanlon and

Kelly Sherretz assisted in the facilitation of Task Force meetings and in developing this report.

Mariclaire Luciano, Legislative Assistant, Delaware State Senate Majority Caucus, staffed the meetings, and helped to plan and coordinate the work of the task force, reviewed report materials and provided liaison services between the Task Force and the co-chairs.

IPA Policy Specialist Sarah Pragg edited the report and IPA Public Administration Fellows Christopher Kelly, Verity Watson, Matthew Watkins, Neil Kirschling, Tyler Berl, and Saran Singh assisted in summarizing Task Force meetings and public hearings.

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EXECUTIVE SUMMARY AND RECOMMENDATIONS

In response to a joint executive and legislative directive authorized by the 147th Delaware General Assembly, this report serves as an analysis and provides recommendations on behalf of the Blue Collar Task Force (Task Force) regarding existing state policies, programs and practices to attract, retain and expand upon blue-collar jobs in Delaware (see Appendix 1).

The primary objective of the Task Force, as prescribed by Senate Joint Resolution No. 1, and by a memorandum authored by Task Force Co-Chairs, Senator I. Robert Marshall and Representative Michael P. Mulrooney, was to review and discuss the significant impact of blue-collar job loss within Delaware's unemployment numbers, particularly related to shrinking manufacturing facilities and the downturn in construction opportunities.

Composed of various stakeholders from the public and private sectors, the Blue Collar Task Force was charged with examining Delaware's current and projected unemployment rates and base, current policies and programs related to taxes, loan and grant-incentive programs, as well as the environment for business practices within the state and to make recommendations to address issues and concerns raised through this process to the Governor and the Delaware General Assembly.

Several key economic trends specific to Delaware provided important context for Task Force discussions and led to the prioritization of the issues and action items highlighted in this report. These issues include the recent propensity of larger businesses to focus on their core services during a period of economic stagnation rather than expansion; the decrease of employment in the manufacturing sector due to increased operational efficiencies and shifting of production to "off-shore" sites outside the U.S.; matching vocational-technical training with employer needs; and a decrease in opportunities for labor force participation among the age 19–34 cohort due to a soft employment market.

Additional information about Delaware's economic and demographic trends and how these relate to blue collar jobs in Delaware is provided in **Section I** of this report and is based on research conducted by the University of Delaware's Center for Applied Demography & Survey Research (CADSR).

Between August 2013 and January 2014, the Task Force held five meetings and sponsored four public hearings across the state to collect information and share ideas regarding blue-collar job losses and strategies to improve this situation (See Appendix 2). The University of Delaware's Institute for Public Administration (IPA) facilitated the meetings and public hearings.

The Task Force recommends ten items, divided into three thematic areas of 1) job creation, 2) improving the business environment, and 3) developing the labor force, as top priorities for consideration and action by the Governor and Delaware General Assembly.

Each recommendation is based on discussions by Task Force members and guests, testimony from invited witnesses and expert speakers, comments made at public hearings held across the state, and research provided by CADSR and IPA.

All ten recommendations are discussed in detail in **Section III** of this report.

THEME I: TARGETED EFFORTS FOCUSED ON CREATING JOBS NOW

- Recommendation 1:** Develop a comprehensive public works project to provide infrastructure improvements across the state while also creating needed jobs for Delawareans.
- Recommendation 2:** Examine options through public-private partnerships to extend a natural gas pipeline from New Castle County into Kent and Sussex Counties.
- Recommendation 3:** Continue supporting long-term commitments at the Port of Wilmington while exploring opportunities to expand into other lines of business.
- Recommendation 4:** Increase Delaware Economic Development Office (DEDO) Strategic Fund commitments to small businesses.

THEME II: IMPROVING BUSINESS ENVIRONMENT

- Recommendation 5:** Create a “one-stop” online State portal that aligns licensing and permitting requirements for new business start-up and renewals.
- Recommendation 6a:** Review existing online licensing/permitting practices and fee structures against comparable “best practices” in other states.
- Recommendation 6b:** Implement a cross-agency review of regulatory and licensing practices to eliminate duplications and inconsistencies.

Recommendation 7: Implement a web-based network focused on strategies and resources for small business development, tax incentive programs, contract/grant access and employment services.

Recommendation 8: Compare statutory/regulatory environment for economic development in Delaware with other states.

THEME III: IMPROVING AND DEVELOPING THE LABOR FORCE

Recommendation 9: Create a sector-based workforce development strategy aimed at job-specific skills acquisition for non-college bound students.

Recommendation 10: Expand collaborative programs to reduce school drop-out rates and support workforce readiness.

SECTION I: OVERVIEW OF RELEVANT ECONOMIC AND DEMOGRAPHIC TRENDS

Much like the rest of the country, Delaware's economy has faced and will continue to face major hurdles in the upcoming years. In 2008, the economy experienced the greatest financial decline since the 1930s, and it has been stuck in a middling recovery ever since. Nearly five years after the recession ended, population growth is low, unemployment is high, and budgets are tight. These outcomes are not simply random events that unfortunately happened to hit Delaware. Quite the opposite, they reflect gradual adjustments to secular and cyclical changes to the economy. Policy will be crucial to minimize the damage and maximize the opportunities that this transition brings. To help policy makers in that endeavor, the following narrative summarizes the changes to Delaware's population and economy. We also discuss other topics that are important to Delaware's future employment.

POPULATION

In the 1990s, Delaware's population grew steadily by 12,000 persons per year. The recession of 2001 reduced that rate to nearly 9,000 persons, but the rate bounced back quickly to 14,000 persons per year in the subsequent recovery and housing bubble. Much of the population growth prior to the Great Recession was attributable to net in-migration (more people moving into Delaware than leaving it) rather than a marked shift in the number of births and deaths.

There are two main reasons why Delaware was such an attractive location for newcomers. First, the beach amenities and low property taxes made Sussex County an attractive destination for Baby Boomers who were beginning to retire. Secondly, the opening of Delaware Route 1 enabled people to commute from Kent County, Del., to Philadelphia, Pa., and Cherry Hill, N.J. The high tax rates in Pennsylvania and New Jersey coupled with cheap land prices in Kent County made the choice to commute even more appealing. The southern parts of New Castle County continued to develop, but at a slower pace than Kent and Sussex Counties.

These population movements also affected the state's housing sector. Following the historical baseline, the state issued 4,425 building permits to construct single-family homes in 2001. But as the housing bubble took off and migration increased, construction of new homes ramped up. The number of building permits increased to 6,051 in 2002 and peaked at 7,532 in 2004. This added activity increased the state's housing stock significantly and also created an oversupply of properties when the recession hit. The housing surplus and falling demand for housing hit the sector hard. Only 2,562 building permits were issued in 2009; the amount of

building permits rose slowly thereafter. The first strong uptick in permits occurred in 2013, rising from nearly 2,817 in 2012 to more than 3,300.

When the 2008 recession hit Delaware, net migration to Delaware fell by half, a drop from 10,000 to just 5,000. Annual population growth fell from 14,000 at the peak in 2007 to 8,000 at the bottom of the recession in 2009. Population growth and net migration have risen only slightly in the four years since the recession ended. Most of the migrants who continue to move to the state are retirees, compounding the greying effect of the state's existing Baby Boomers. Mobile job-seekers tended to look elsewhere.

LABOR FORCE

Labor force, another key measure that is closely tied to population, is defined as the number of people aged 16 years or older who either currently work or are actively seeking employment. The labor force tells us how many Delawareans are willing and able to work.

The labor force trends share a pattern similar to net migration. In 2002, Delaware's labor force was 420,000, of which 404,000 were employed and 16,000 were unemployed. The expanding economy of the mid-2000s created jobs for 24,000 more people; and, the labor force peaked at 445,000 in 2007. Between 2002 and 2007, employment, unemployment, and the labor force increased nearly six percent. After the crash, the economy not only stopped growing, but also reversed. Employment fell from 428,000 in 2007 to just 411,000 in 2013. During that same time period, the ranks of the unemployed rose from 17,000 to 31,000. In addition, 3,000 people dropped out of the labor force.

Even though the recent changes in the labor force are clearly negative, they actually mask an even worse set of conditions. First, the changes in the labor force do not reflect the increased number of people who can only find part-time employment even though they want full-time employment. Second, the measures say nothing about whether the jobs that are available match the employee's true skills. Highly trained workers who were let go may have been forced to accept positions that do not value their skills or experience. Finally, the labor force trends do not necessarily coincide with similar changes in the population. For example, while the number of employed persons fell by 17,000 between 2007 and 2013, the total population grew by 45,000 persons. This means that an increasing proportion of the population (i.e., those not in the labor force) will depend on a decreasing proportion of the population (i.e., those in the labor force).

This last point raises the more general issue of labor-force participation. The labor-force participation rate, simply the labor force divided by the population, indicates

how willing and able the population is to work. In 1990, the rate was 70 percent, meaning that 7 out of 10 Delawareans had a job or were looking for a job. Between the 1990s and 2000s, the rate fell gradually and remained at 68 percent in 2007. In just five short years, the rate has fallen to 61 percent. The decline was caused by a combination of fewer job opportunities, individuals going back to school, and an aging population.

The falling labor force participation rates means that taxable income will increase slowly, but non-taxable transfer payments like Social Security are increasing rapidly. Currently, the non-taxable transfer payments are increasing twice as fast as taxable income. Expenses like Medicaid, pensions, and health care are also increasing faster than revenues. The greying population will compound this problem for the next 20 years. As more Baby Boomers reach the traditional retirement age of 65, the labor force participation rate will either flatten or continue to decline. Moreover, many of these soon-to-be-retired employees are highly skilled and are a relatively large share of the population. Replacing these retirees with existing workers in the labor force will be difficult for businesses.

BLUE-COLLAR JOBS

The Bureau of Labor Statistics defines a blue-collar occupation as one in the following major occupational groups: “precision, production, craft, and repair occupations; machine operators, assemblers, and inspectors; transportation and material-moving occupations; and handlers, equipment cleaners, helpers, and laborers.” Blue-collar jobs have been declining in Delaware since 1980, when they represented 28 percent of all occupations in the state. Three decades later, blue-collar occupations represent only 19 percent of employment. The same trend is happening in neighboring states and across the country. Similarly, wages for blue-collar occupations have increased at a much slower rate than wages for non-blue-collar occupations.

Much of the secular decline in blue-collar jobs is attributable to the manufacturing sector. Labor-intensive manufacturing processes, like textile manufacturing, have largely gone overseas where labor is cheaper. The manufacturers that remained have made huge investments in technology that can automate many of the routine tasks that used to be performed by skilled craftsmen. This means that jobs for many of the primary wage earners in traditional middle-class households have been systematically purged by technology. However, it also means that labor productivity has increased so much that manufacturing output continues to grow despite falling employment.

In Delaware, employment in manufacturing declined from 42,000 in 2002 to 27,000 in 2013. The closing of the Chrysler assembly plant in Newark and the

General Motors assembly plant in Newport eliminated nearly 3,000 jobs, far below their peak employment of 11,000 in the 1980s. While many of the large Delaware manufacturers are reducing employment, growth in this sector has come from smaller companies that employ fewer than 50 people.

Construction is another traditional blue-collar industry that experienced major changes in its demand for labor. The housing bubble of the last decade was a boon to blue-collar jobs, and employment in the construction sector increased from 24,000 in 2002 to 30,000 in 2007. But when the recession hit, employment in the construction sector tumbled. Employment fell from 30,000 to 19,000 once demand for construction dried up and has yet to rise above 20,000. If one also considers the falling employment in real estate, the burst of the housing bubble caused over 23,000 jobs to be lost in Delaware alone. If and when the housing industry makes a sustained recovery, many of these jobs will return, but not all. Given falling interest in homeownership, apartment buildings may be more likely to be constructed than single-family homes.

As businesses shed their own employees, more services are being outsourced to the business services and repair services sector. Wages and employment are rising in this sector, and it has become a relative bright spot for blue-collar workers. There has also been modest growth for blue-collar occupations in the transportation, professional services, and retail-trade industries. Of course, the long-term, secular trend to automate routine labor will undoubtedly affect the demand for jobs (blue collar and otherwise) in all industries. The technology for self-driving automobiles, for example, could affect transportation the same way as automation technology affected the manufacturing process.

SKILLS, EDUCATION, AND TRAINING

As the economy transforms, the skills demanded by businesses will change. Some skills that were once in demand may no longer be valued by businesses. For example, a recently laid-off lathe operator with 25 years of experience may find no other company needing his or her skills. Moreover, there are many challenges that limit the types of training that could be useful to this person, such as the person's age, financial obligations, substitutability of skills, and competition in the labor market. For many people, the only jobs they might be able to find are entry level positions that require only short-term, on-the-job-training, such as occupations in the retail-trade and food-services industries.

Moreover, the fast pace with which companies can change makes it difficult to predict what skills are going to be needed in another five or ten years.

Unsurprisingly, employers are less likely to train their own employees with the necessary skills, which only make the state's educational system more important

to the long-term prospects of its citizens. Therefore, it is critical to strike the right balance between preparing those who are able and motivated to benefit from higher education and training with those who will enter the labor force after graduating from high school. Making higher education the *de facto* goal for most students may actually be doing a disservice to the majority of young persons who will not be successful in that pursuit. A larger proportion of high school students, for example, might be better served by focusing on vocational technology. Of course, more obvious goals, like raising the high school graduation rate above 80 percent, are also important to improving the employability of the labor force.

OTHER CONSIDERATIONS

When considering changes in policy, it is important to recognize the long-term trends affecting various sectors. Though it is not ideal to “pick winners and losers,” policy should consider the long-term prospects of any sector it wishes to support. For example, it would not be prudent to invest a substantial amount of the state’s resources into sectors that have been in a long-term, secular decline or in sectors that have very little history to support optimistic growth forecasts. Sensible policies should encourage growth in sectors that are already expanding.

For example, most of the employment growth has been occurring in industries that are not traditionally thought to be blue collar. The sectors that are providing the most opportunities are in health care, education, retail trade, and leisure and hospitality. Health care will likely continue to increase the demand for labor as Baby Boomers age, while professional services and business support services (e.g., human resources and accounting services) are doing the jobs that used to be done internally.

Another aspect that policy makers should consider when promoting a particular company or sector is whether it is “tradable.” The tradable sector refers to those businesses that create goods or services that can be exported (domestically or internationally) to consumers outside the state. A tradable sector is good to have in an economy, because it injects new wealth into an economy instead of just circulating the existing amount of wealth. For example, many people outside the state use some type of financial service provided by a bank in Delaware. As those consumers send payments into the state, the employee income and owner profit increases. As the money is spent in the state, it will continue to circulate within the economy and create a larger multiplier effect.

The non-tradable sector refers to those companies that create goods and services that are difficult to export and primarily consumed locally. Traditionally non-tradable sectors, like health care and retail trade, are more stable. They cannot suddenly leave the area because they would be losing their customers. However,

the non-tradable sector does not inject wealth into the local economy like the tradable sector does. Having a strong tradable sector is the key to growing the economy through specialization and trade.

Of course, the rub of the tradable sector is that it may be difficult to keep such companies in the state. Vehicle manufacturing, for example, is tradable, and could be performed in many places besides Delaware. Naturally there is a strong competition among states to lure these types of companies away with various incentive packages. Policies to increase Delaware's tradable sector should look for opportunities to leverage the state's unique advantages, such as the state's highly respected corporate law courts, the local clustering of businesses (e.g., chemical manufacturing and life science companies), or Delaware's close proximity to major metropolitan areas and transportation linkages. Economic development policies should avoid getting into a bidding war with other states to attract relatively mobile firms in the tradable sector.

The final comment regards taxation. Any policy that spends state revenues must consider the impact of raising taxes now or in the future. Raising taxes will necessarily harm the economy, but different taxation methods will affect the economy in different ways. In general, taxing businesses directly will affect employment more and personal income less than taxing households. Policy makers should select funding mechanisms that balance the various interests in the state, but mechanisms that do not detract too much from the policy's original intention. Taxation policy should also be regularly evaluated and compared to policies in other states to ensure that Delaware's business environment remains competitive. The state would also benefit if such an analysis were performed for regulations as well.

SECTION II: IDENTIFIED THEMES, ISSUES, AND IMPLICATIONS

Senate Joint Resolution 1 charged Task Force members with identifying the most significant challenges and impediments to attracting and retaining blue-collar jobs in Delaware and then recommending policies, strategies, incentives, and other actions to address these challenges and impediments. Information was gathered in multiple formats from Task Force members, guest speakers, and University of Delaware (UD) research staff in addition to public comments obtained at four open meetings across the state.

At the first Task Force meeting on August 19, 2013, members received an extensive briefing from Ed Ratledge, Director of UD's Center for Applied Demography & Survey Research (CADSR), on the general condition of the economy (both nationally and locally), employment across occupational areas, as well as trends in manufacturing, transportation, construction, and related occupational areas linked to blue-collar job growth (See Appendix 3). Linked with these topics were member observations on public education, particularly resources and services aimed toward the conditions of vocational-technical training in the state.

In both large and small group settings, Task Force members offered their initial opinions about what they believed to be the most significant challenges and impediments to attracting and retaining blue-collar jobs in Delaware. They also shared potential policies, strategies, incentives and/or other actions to address these challenges.

In this early conversation, questions arose around the definition of a "blue-collar" job. The lack of clarity on the definition for "blue-collar" jobs was mentioned in each small group session; without common agreement on this term the scope and goals of the Task Force could become more ambiguous. For example, the U.S. Bureau of Labor Statistics (BLS) definition of "blue collar" includes precision, production, craft, and repair occupations; machine operators and inspectors; transportation and moving occupations; handlers, equipment cleaners, helpers, and laborers; and service occupations. But other sources frequently include occupational areas like agriculture, fisheries, mining, construction, manufacturing, public utilities, business repair services, financial services, some technology applications, personal services (e.g., banking, nursing, elder care, and disability support), and retail sales.

Ultimately, Task Force members agreed to shift from thinking of "blue collar" in traditional terms and focused instead on a broader goal of strategies to increase job training and employment opportunities for non-college trained citizens.

Based on the consensus comments from that meeting, the Task Force agreed to concentrate on three major themes when considering issues for discussion at future meetings.

The three major themes that evolved from the August 19, 2013 meeting started as:

1. Economic Development

Delaware can improve business services to support and grow existing small businesses and bring more start-ups into the state through both financial and non-financial incentives. Engage the Department of Labor Employment Services in the conversation. Ensure needed information is readily available to employers in a user-friendly format.

2. Regulatory and Environmental Concerns

Task Force members raised concerns around the importance of regulatory streamlining, efficient licensing procedures, systems integration and standardization of reporting procedures. Coordination among all levels of government and administrative/operational disconnects that may trigger delays should be addressed. Financial and time delays associated with new construction projects need to be addressed.

3. Public Education, Job Training and Skill Development

Since over 50 percent of Delaware high school graduates will not attend college, the state needs to identify skills and interests of students at an early age, address the competencies that students need to succeed, and align those competencies with employer expectations. Also, members called for strengthened communication and additional collaborative projects between school districts and the business community to align better overall needs. In addition to providing training for current students, retraining programs for the under/unemployed should be provided. Potential dropouts should be identified early and programs should be created to reduce dropouts.

At the second Task Force meeting on September 16, 2013, members gained small business insights and perspective from John Dudziec, owner and operator of Experienced Auto Parts, Inc. Mr. Dudziec discussed his difficulties in finding motivated, competent employees while also wrestling with regulatory issues and paperwork management. A larger discussion of public practices that impeded small-business effectiveness followed.

Task Force members then reviewed the three main topics identified at the August 19, 2013 meeting, and broke into small groups to discuss priority areas under each topic. They also had the opportunity to add additional topics, if needed. Each Task Force member chose the three focus areas they felt should receive the highest consideration by the Task Force. Listed below are the focus areas selected by members, in priority order.

Economic Development	# of Group Participants Who Identified as a Priority
Financial incentives for “growing” existing businesses and industries	17
Availability/utilization of private sector investment funds	17
Identify and target organizations that compliment and strengthen existing Delaware business and industries	14
Targeted public works expenditure	13
Financial incentives for start-up businesses and industry opportunities	11
Non-financial incentives for business and industrial growth	10
Unique issues of the Port of Wilmington: labor costs, intermodal transportation needs, facility capabilities, and shipping channel	7
Special incentives (financial and non-financial) to encourage largest employers with the potential to add more jobs/work sites	4

Regulatory and Environmental Concerns	# of Group Participants Who Identified as a Priority
Streamline existing regulatory procedures at every level of government	22
Financial and time delays associated at every level of government	19
Better coordination among all levels of government in Delaware	17
Coastal Zone Act: barriers in current legislation; deterrents to future growth	11
Review existing “right to work” and “prevailing wage” legislation	4
Unique challenges of poultry industry	1

Public Education/Job Training/Skills Development	# of Group Participants Who Identified as a Priority
Aligning education/job training programs with employer needs	23
Secondary-level vocational technical education programs	20
Retraining program for the underemployed/unemployed	16
Post-secondary vocational technical education programs	14
Marketing strategy	3

(See Appendix 4).

To gain public perspective on the challenges of blue-collar underemployment, four public hearings were held throughout the state: two in New Castle County and one each in Kent and Sussex Counties. Each public hearing was convened by co-chairs Senator Robert Marshall and Representative Michael Mulrooney and included participation by members of the Task Force and the public. The public hearings followed a common format in which any citizen who wished to speak was provided an opportunity.

The first of two New Castle County public hearings was held on September 23, 2013 at the Chase Center on the Riverfront in Wilmington (See Appendix 5). The major concerns and suggested solutions presented at that public hearing included:

Concerns Expressed at the September 23, 2013 Public Hearing

- Lack of educational and training opportunities for youth who may not fit the traditional college bound mold/post-secondary education alternatives.
- Lack of “soft skills” such as interpersonal communications ability and collaborative workplace behavior among younger workers.
- Serious high school drop-out problem due to lack of in-school support for non-college-bound students.
- Bureaucratic inefficiencies and conflicting regulatory requirements make it difficult to acquire contracting licenses and construction permits in a timely manner.
- Those who have been formerly incarcerated have a difficult time obtaining entry-level jobs.
- Lack of job preferences for Delaware citizens (set-aside programs for targeted populations).

- Under-utilization of eco-tourism and/or historic preservation projects that could expand economic development in the state.
- Manufacturing jobs have gone overseas and will not be returning.

Suggested Solutions Shared at the September 23, 2013 Public Hearing

- Create/implement job preferences for Delawareans involved with small- to medium-sized public works projects in the state.
- Bolster vocational education/training in the state (e.g., maritime school, technical institute centered on STEM education model).
- Impress on middle and high school students the importance of making a commitment to their education and the opportunities that evolve as skills are developed; utilize internships to reinforce skill development.
- Loosen/eliminate regulatory “red tape” to make obtaining licenses easier.
- Provide incentives to corporations to relocate manufacturing jobs to Delaware; offer one-time tax break for corporations that relocate here; and create enterprise zones in the state and consider right to work options.
- Earmark funds for public works projects in each county (particularly in transportation/infrastructure, weatherization, and eco-tourism/tourism initiatives); invite county and local governments to nominate these projects based on local needs.
- Revitalize and repurpose the Port of Wilmington as a Free Trade Zone.

The second public hearing was held October 15, 2013 in Middletown. While some of the same concerns/ideas expressed on September 23, 2013, were mentioned again, other issues also emerged (See Appendix 6).

Additional Concerns Expressed at the October 15, 2013 Public Hearing

- Not enough planning or emphasis on technical training at the post-secondary level. Both Temple and Pennsylvania State University have dedicated programs for specialized technical training that draw on the advice and participation of industries invested in the education system. Unions should be encouraged to support more training for all, rather than only their members.
- Inadequate funding for skilled information technology (IT) teachers to remain in the field; quality instructors are drawn into working as IT trainers for the private sector.
- Delaware drop-out rate should be a cause of major concern since the State’s reputation suffers badly from this perception.

- Climate for small business development and growth isn't good; not every small business looks to the Chamber of Commerce for support.
- Construction, manufacturing, and transportation issues must be considered in a regional context, not exclusively Delaware-based.

Additional Suggested Solutions Shared at the October 15, 2013 Public Hearing

- Encourage businesses and manufacturing to open more dialogue about their needs and concerns with individual school districts and vocational-technical programs. Share stories of successes in the educational system; stop criticizing the public education system. Be willing to experiment.
- Consider large-scale public works projects to kick-start local economies and provide a training ground for recent high school graduates from technical programs.
- Expand/use resources currently available in county and municipal libraries to support job seekers in completing applications and revising their resumes.
- Create a vision of how Delaware must look and function in order to attract and sustain business interests for the short and long term. "If we did it well, how would we look? How would we operate? How would we describe our State to perspective businesses?"

The third Task Force meeting was held October 18, 2013. At this meeting the stated agenda goals were 1) review major themes/ideas developed from earlier Task Force meetings (including the two public hearings already held); 2) confirm major priorities thus far; and, 3) determine how these priorities might be translated into specific actions and recommendations.

Discussion leaders included the Honorable Collin O'Mara, Secretary, Delaware Department of Natural Resources & Environmental Control (DNREC); the Honorable John McMahon, Secretary, Delaware Department of Labor (DOL); Mary Kate McLaughlin, Chief of Staff, Delaware Department of Education (DOE); Dennis Loftus, former superintendent, New Castle County Vocational-Technical School District; and Ed Ratledge, Director, Center for Applied Demography & Survey Research, University of Delaware. Each discussion leader addressed and confirmed various areas of the key themes identified by the group; these included the positive outcomes to be realized from a public works program centered on deferred infrastructure projects and improved coordination and communications between school districts and the business community (See Appendix 7).

The third public hearing was held November 13, 2013 in Kent County (See Appendix 8). A number of the same issues and concerns raised at earlier public hearings were again evident and a few additional points were raised:

Additional Concerns Expressed at the November 13, 2013 Public Hearing

- The state's current public transportation system isn't conducive for those seeking employment opportunities or wishing to transfer into new positions.
- Job hunters have few resources available locally (particularly in Kent and Sussex Counties) to advise on preparing resumes or completing applications. Many employers don't invest in making their hiring process user friendly.
- Delaware hasn't really put together a complete strategy aimed at long-term future development. Many efforts to date have been piece-meal or aimed at larger potential employers coming into the State. This practice of "chasing the smokestacks" places too much time, energy, and resources at the wrong level; particularly since smaller businesses and start-up companies create most jobs today.
- Energy costs are a major disincentive to business expansion, particularly in Kent and Sussex Counties. Electric rates are not competitive with other states in the region and natural gas isn't widely available outside of New Castle County.

Additional Suggested Solutions Shared at the November 13, 2013 Public Hearing

- Exploit the state's expanding broadband capabilities to enhance services and opportunities available to job seekers. Resources available at county and local libraries can help connect the unemployed with perspective employers.
- Explore development of a natural gas pipeline from lower New Castle County into Kent and Sussex Counties. Such a pipeline should be of sufficient size (i.e., 24") to meet long-term needs and could be placed within the current right-of-way allowances of Route 1.
- Opportunities to partner with business and industry in the pipeline development should not be overlooked.

The fourth public hearing of the Blue Collar Task Force was held on November 20, 2013 in Sussex County. Again, a number of issues and concerns expressed at earlier public hearings were mentioned at this final public hearing (See Appendix 9). Additional items are noted on the following page.

Additional Concerns Expressed at the November 20, 2013 Public Hearing

- Creation of a state-level “one stop” site for permit applications and fee payments is critical for Delaware’s long-term economic success and job expansion.
- Task Force shouldn’t forget the 2,500 farms in Delaware. These are truly family run “small businesses” that face many issues around permitting, fees, regulations, and acts of nature.

Additional Suggested Solutions Shared at the November 20, 2013 Public Hearing

- Job re-training for those who have been out of school for 5–10 years should take into consideration existing skills and work experiences; older workers are prime candidates for eco-tourism jobs.
- Mock employment interviewing should be offered to the under-employed.

The fourth Task Force meeting was held November 25, 2013. J. William ‘Bill’ Andrew, President & CEO, Delaware Electric Co-Operative, spoke about challenges and issues facing employment growth from his perspective as a CEO. He commented on areas in which he felt other neighboring states exceeded Delaware in providing a positive environment for business of all sizes: government support for online information services, ease of transportation, and inexpensive energy costs. He also discussed the appeal of a major public-private partnership to extend the natural gas pipeline from New Castle County into Kent and Sussex Counties. The topics of improving the business environment in the state and ideas to implement a public works style natural gas pipeline extension consumed a large portion of the meeting. The Task Force members also spent time on refining primary themes and discussing potential recommendations (see Appendix 10).

At the final Task Force Meeting, held January 13, 2014, members reviewed a draft of the final report, including an executive summary and list of potential recommendations (See Appendix 11).

Under the direction of the co-chairs, Senator Robert Marshall and Representative Michael Mulrooney, Task Force members finalized wording for each of the ten recommendations and then voted on the content. All ten recommendations were approved. These recommendations are addressed individually in **Section III** of this report.

SECTION III: IDENTIFIED ISSUES, THEMES, AND RECOMMENDATIONS

During the five-month period when Task Force members met and heard from the public about blue-collar jobs in Delaware, three major themes were identified as priority areas of focus and discussion:

- 1. Targeted Efforts Focused on Creating Jobs Now**—Initiatives that positively impact the ranks of unemployed Delawareans seeking opportunities during this period of extended economic downturn;
- 2. Improved Business Environment**—Initiatives that address government barriers, policies, and practices impeding the private sector's ability to grow jobs; and,
- 3. Improving and Developing a Skilled Labor Force**—Initiatives that utilize private-public partnerships to clarify critical job-skill requirements and insure a ready pool of competent workers to respond to employer needs.

Comprehensive discussions about these major themes, combined with further review of current job market and economic analyses, led to the development of ten targeted recommendations that are presented below. For each recommendation, a specific action plan is proposed, along with a brief description of how that item relates to the activities of the Task Force and how it is aligned with one of the three major themes identified above.

TARGETED EFFORTS FOCUSED ON CREATING JOBS NOW

1. Develop Public Works, Jobs-Creation Strategy

Recommendation: That the Delaware General Assembly, in co-operation with the Governor and state agencies, should develop and enact a comprehensive program to address needed public infrastructure improvements.

Such a program should identify existing or new funding sources to underwrite an aggressive public works jobs-creation strategy of building- and infrastructure-improvement projects already identified by state agencies (e.g., roads, energy, water/sewer, weatherization, capital improvements, parks and wildlife, and eco-tourism). Such specific projects have already been vetted and deemed essential by state agencies, but are not underway due to funding constraints (Reference *Blue Collar Task Force Supplemental Documents*). Such a targeted program focused on projects to promote economic development would provide both needed public infrastructure

improvements and immediate job opportunities for many of Delaware's almost 28,500 unemployed—compared with 17,000 at the same time in 2007, the last peak before the Great Recession.

In addition, the General Assembly should give consideration for a similar program for projects that could be completed through a comparable matching grant infrastructure improvement projects proposed by local governments and nonprofit organizations.

This strategy presents immediate opportunities for reintegrating Delawareans who are unemployed and who possess skills needed in the current market place. Funding sources and increased capital funds should be limited to existing and vetted projects that can be started and achieved in the next two state budget cycles. Policies that should be addressed in implementing this recommendation include the portion of jobs going to Delaware employers, the portion of workers hired from the Delaware labor force, and the types of projects.

The Task Force recognizes that to finance these projects the General Assembly must consider enacting new revenue measures or re-aligning existing finance policies. The Task Force believes the financial impact should be limited with "sunset" provisions once the projects have been fully funded. The Task Force identified several potential revenue areas for consideration: gasoline tax; change in the state's policy regarding the issuance of new bonds; designation of existing revenue sources, such as escheat; and, increase in existing fees directly related to the proposed project areas, such as natural resources. Consideration could also be given to changing the existing cap to one based on the percentage of General Fund revenue and the Transportation Trust Fund devoted to debt service, which is a better measure of the annual impact of the debt.

While any increase in state revenues or fees will have an impact on the tax burden, the Task Force recognizes that increased employment, improved business activities and related economic impacts—such as increased tourism—will generate tax revenues that offset a portion of the total tax burden. It also recognizes that most tax increases will also reduce projected employment gains (See Appendix 12).

The Task Force strongly suggests that the discussion of this recommendation and the development of implementing legislation begin immediately with the objective of adopting or rejecting these recommendations by May 2014 to separate these considerations from the annual funding decisions made in June. In addition, overall evaluation of this recommendation must consider

the likely impact on Delaware's AAA Bond Rating and directly contribute to increased economic development and the employment of Delawareans.

2. **Extend Natural Gas Pipeline Into Kent and Sussex Counties**

Recommendation: That DEDO and DNREC examine issues and opportunities related to a natural gas pipeline extension from New Castle County into Kent and Sussex counties. The goal of such an extension would be to reduce energy costs, improve environmental conditions, and encourage business expansion across the region.

Natural gas has been replacing fuel oil and coal as the preferred hydrocarbon for producing electricity and heat. Its combustion releases half as much greenhouse gas as other fuels and it is significantly less expensive than other alternatives. Both factors are very important to heavy users and producers of electricity and heat, including manufacturing and other commercial firms. The changes planned at the NRG Indian River power plant are likely to require this fuel in the very near future. Further, residential customers who now depend on propane gas for home heating pay significantly higher prices and will benefit by migrating to natural gas. Therefore, increasing availability of natural gas supply across the state makes sense from both the economic and environmental points of view.

Further, this recommendation addresses the Task Force's concerns and discussions related to longer-term economic development opportunities through incentives for business/industry growth and private sector investment. Outcomes such as environmental and energy efficiencies could attract new businesses and industries to Delaware. Such an extension would capitalize on the state's natural resources, promote reductions in the costs of doing business, increase the general perception of Delaware as encouraging reasonable growth, and provide strategic infrastructure projects that create local jobs.

While operational complexities and funding options present challenges to this plan, the use of revenue bonds and/or business-government partnerships as potential financing sources should be explored. Other regional natural gas pipeline extension projects and their operating and funding models should be reviewed and compared with Delaware's implementation options.

3. **Develop Plan to Support Port of Wilmington Business**

Recommendation: The Task Force recognizes the unique "niche market" that the Port of Wilmington has developed and nurtured, particularly as it

relates to the international fruit business. The Task Force urges continued support for the Diamond State Port Corporation's efforts in securing long-term commitments from current fruit customers as well as their long-range plan seeking further growth in this core business while exploring opportunities to expand in other lines of business.

Port of Wilmington workers represent about 2.5 percent of blue-collar employment in Delaware. Additionally, unique issues surrounding the Port, including labor costs, intermodal transportation needs, facility capabilities, and channeling for shipping, present challenges related to its long-term sustainability. With these issues in mind, a review and analysis of ways to expand the Port's operations and secure current customers is increasingly important. The Port's administration and management authorities and partnerships should also be key areas of focus, as well as its status as a Foreign Trade Zone.

4. Increase Strategic Fund Resources Committed to Small Businesses

Recommendation: That DEDO significantly increase the share of Strategic Fund resources committed to existing small businesses (75 full-time-equivalent employees or less) and small business support programs with recent history of job growth. It is also recommended that additional capital assistance be provided to recent start-ups (e.g., those that are at least two years old and are utilizing innovative models for business expansion). Currently, small businesses and start-ups account for a majority of new employment expansions in Delaware. In contrast, large businesses have been net losers of jobs, even considering in-migration of jobs.

This recommendation responds to discussions and ideas around long-term economic development strategies. In particular, it would provide incentives to existing small businesses that have substantial growth potential through their innovative actions.

IMPROVING BUSINESS ENVIRONMENT

5. Create Single State Portal That Aligns Licensing & Permit Requirements

Recommendation: Presently, businesses (particularly start-ups or smaller operations) face challenges and confusing procedures in acquiring the various licenses required at the state and local levels. In addition, there are various expiration dates for license renewal payments. The Task Force recommends a three-step process to address these matters.

First, that all business license payments requirements be administered through a single portal maintained by the Secretary of Finance. Next, current online statewide licensing and permitting resources and documents be coordinated and enhanced to facilitate processing from a business perspective. Finally, that all applicable state agencies collaborate with local governments to create a single portal that consolidates state, county, and local licensing sites.

Utilizing cutting-edge technology, this online resource has the potential to provide better “customer service” to existing and prospective businesses and address intergovernmental disconnects that might impede predictability and contribute to approval/response delays, cost increases, and other disruptions.

Agencies involved in implementing such an improved system would include the Departments of State, Finance, Natural Resources & Environmental Control, Transportation, and the Delaware Economic Development Office. These departments should submit any legislative changes needed to implement such a system to the legislature by April 30, 2014.

6a. Review Licensing & Permitting “Best Practices” in Other States

Recommendation: Considering additional opportunities for business start-ups or expansions, Delaware’s current online licensing/permitting practices should be reviewed against comparable practices in other states. With DEDO as the lead agency, licensing/permitting fee structures and agency responsiveness to requests and applications should be the pivotal areas under review.

This recommendation addresses regulatory and business development requirement issues addressed by Task Force members in **Recommendation 5**. Additionally, this recommendation supports economic development and could serve as an initial step in creating a single web-based portal that better aligns current licensing and permitting links and resources as described development-related priorities identified by the Task Force, as better coordination among agencies involved in businesses licensing and permitting, along with improved fee structures, could enhance Delaware’s overall attractiveness as a “business-friendly” state.

6b. Implement Cross-Agency Review of Regulatory & Licensing Practices

Recommendation: That the Governor expand on an earlier directive that state agencies examine their existing regulations for duplications and

inconsistencies by ordering implementation of a comparable review across agencies.

This recommendation not only supports the priority areas and **Recommendations 5** and **6a**, but it also expands on previously initiated departmental-level review efforts led by individual state agencies. Utilizing process-mapping techniques, recommendations by individual agencies about specific regulatory and licensing procedures should be assessed and recorded as a comprehensive system analysis. This analysis would help determine gaps, overlaps, and disconnects among current practices and requirements.

At the conclusion of this review and based on the recommendations by agencies, the legislature should consider any legislative actions necessary to implement this review by April 30, 2014.

7. Implement Web-based Small Business Network

Recommendation: In partnership with relevant statewide business groups, including state, county, and local chambers of commerce, DEDO should investigate and support implementation of a web-based small business network that would provide resources and strategies for business development/growth, tax incentive programs (such as the Delaware Tax Preference Report) as well as better access to state grants /contracts and employment services.

The intent of this recommendation is to encourage collaborative interaction among small businesses in Delaware and increase current employment levels.

8. Conduct Study Comparing Statutory/Regulatory Environment for Economic Development in Delaware as Compared with Other States

Recommendation: DEDO would serve as the lead agency in conducting this study, with the intent to identify legislative and executive policies that would decrease or remove barriers to job growth and economic development, if they exist.

This recommendation reflects Task Force member discussions regarding the need to consider alternative statutory/regulatory policies that would impact labor force working conditions and the overall business environment in Delaware.

IMPROVING AND DEVELOPING LABOR FORCE

9. Create Sector-Based, Workforce Development Strategy

Recommendation: Throughout Task Force and public hearing meeting discussions, aligning education curriculum with job training remained a top issue and theme. Private sector Task Force members suggested that job vacancies remain unfilled due to the lack of job-specific skilled applicants, particularly among those positions not requiring a college degree.

This recommendation calls for a partnership between the State's Department of Education (DOE) and Department of Labor (DOL) to create a sector-based workforce-development planning model. Under such a model representatives from industry, manufacturing, and technical fields meet frequently with vocational-technical school officials and post-secondary occupational trainers (such as technical colleges) to articulate current and anticipated worker competencies. Further, these regular meetings re-enforce the importance of collaborative vocational-technical strategic planning through course work, internships, practical training, and short-term occupational placements.

This recommendation supports the Task Force's discussion on preparing workforce-ready graduates, encouraging workforce development around large clusters of business and industry (versus single partnerships between business, schools, colleges, etc.), and strengthening collaborative efforts among school districts and businesses. Members will work together to identify the needs of the industries and work with local education agencies to ensure the educational pipeline for those industries is targeted at filling their needs for workers.

The seeds for sector-based workforce development partnerships have already been planted between business interests and school districts in New Castle and Kent counties; efforts in Sussex County are forthcoming. With more partners in the process across the state, students will have multiple chances for jobs and agencies, schools, technical institutes, and community colleges can plan and utilize teaching and training resources more efficiently and with more confidence.

10. Expand Collaborative Programs to Reduce School Dropout Rate and Support Workforce Readiness

Recommendation: Considering Delaware's current graduation rates, DOL (as the lead agency) would work collaboratively with DOE to expand programs aimed at reducing the number of school dropouts and support

workforce readiness among youth in Delaware. A collaborative system needs to be created that identifies the skills and interests of potential dropouts at entry into middle school and directs opportunities to advance their skills within a specific area of the state's job market geared to college and career-readiness standards in a career context. This system must also provide new ways of practical student learning through courses that blend academic and technical studies.

Additionally, these programs should ensure that students who plan to attend community college or technical schools; participate in apprenticeship programs; or, go directly to work have a pathway to follow that provides information needed during and transitioning from high school. Students need to understand how the skills and knowledge they accumulate translates into job readiness. Development of practical skills necessary to perform in Delaware's market place should be a fundamental focus of any programs or collaborative efforts aimed at preparing youth for today's work environment. In turn, this could mitigate the need for primary training and remediation at the expense of employers.

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APPENDIX 1: SENATE JOINT RESOLUTION NO. 1

SPONSOR: Sen. Marshall and Reps. Brady & Mulrooney
Reps. Osienski & D.E. Williams

DELAWARE STATE SENATE
147th GENERAL ASSEMBLY

SENATE JOINT RESOLUTION NO. 1

ESTABLISHING A JOINT EXECUTIVE AND LEGISLATIVE TASK FORCE TO STUDY AND MAKE FINDINGS AND RECOMMENDATIONS REGARDING THE NEED FOR ADDITIONAL STATE POLICIES OR PROGRAMS TO ATTRACT AND RETAIN BLUE COLLAR JOBS.

WHEREAS, the Delaware seasonally adjusted unemployment rate in February 2013 persists at 7.2% with 32,000 Delawareans remaining unemployed. In addition, the unemployment rate is higher at 8.3% in Wilmington and 8.5% in Dover; and,

WHEREAS, before the effects of the recession in 2008, the Delaware unemployment rate stood at 3.8%; and,

WHEREAS, “blue collar” employment was particularly hard hit during the recession, with a 25% loss in nondurable goods manufacturing in 2008 alone and a 16% loss in durable goods manufacturing in 2009; and,

WHEREAS, Delaware has always been successful at attracting new job opportunities through the close co-operation of the Executive branch and the General Assembly in finding new and creative ways to attract jobs for the balance of our total workforce; and,

WHEREAS, the key to past success in Delaware has been the input and co-operation of the business and labor interests for the common good of all our citizens;

NOW THEREFORE:

BE IT RESOLVED by the Senate of the 147th General Assembly of the State of Delaware, the House of Representatives concurring therein, with the approval of the Governor, that a Joint Task Force be established to study and make findings and recommendations regarding the need for additional state policies or programs to attract and retain blue collar jobs.

BE IT FURTHER RESOLVED that the “Blue Collar” Task Force be composed of the following members:

1. A member of the Senate Majority appointed by the President pro tempore shall serve as a co-chair and a member of the Senate Minority appointed by the President pro tempore shall serve as a member;
2. A member of the House Majority appointed by the Speaker of the House shall serve as co-chair and a member of the House Minority appointed by the Speaker of the House shall serve as a member;
3. The Secretary of the Department of Labor or a designee appointed by the Secretary;
4. The Secretary of the Department of Education or a designee appointed by the Secretary;
5. The Secretary of the Department of Agriculture or a designee appointed by the Secretary;
6. The Secretary of the Department of Finance or a designee appointed by the Secretary;
7. The Director of the Delaware Economic and Development Office or a designee appointed by the Director;
8. The Executive Director of the Diamond State Port Corporation or a designee appointed by the Executive Director.

BE IT FURTHER RESOLVED that the President pro tempore of the Senate and the Speaker of the House, in co-operation with the Governor, jointly ask the following Delawareans to serve on this Task Force:

1. The President of the Delaware Contractors Association;
2. The President of the Delaware Association of Builders and Contractors;
3. The Chairman of Delaware Manufacturing Association;
4. The President of the Building Trades Council;

5. The President of the AFL-CIO;
6. The Chairman of the Delaware Business Round Table;
7. The President of the State Chamber of Commerce, and two other members appointed by the President of the Chamber from local Chambers of Commerce;
8. In addition, there shall be three public members; one appointed by the Governor, one by the President pro tempore, and one by the Speaker of the House.

BE IT FURTHER RESOLVED that the President pro tempore of the Senate and the Speaker of the House request the Presidents of the University of Delaware, Delaware State University and Delaware Technical Community College, and the superintendents of the three vocational school districts to assist this Task Force by asking faculty members with expertise in this area to provide input and data.

BE IT FURTHER RESOLVED that the co-chairs of the Task Force be responsible for guiding the administration of the Task Force by, at a minimum:

1. setting a date, time, and place for the initial organizational meeting;
2. supervising the preparation and distribution of meeting notices, agendas, minutes, correspondence, and reports of the Task Force; and
3. ensuring that the final report of the Task Force is submitted to the President pro tempore of the Senate and the Speaker of the House of Representatives with a copy to the Governor and to the Director of the Division of Research of Legislative Council and to the Delaware Public Archives.

BE IT FURTHER RESOLVED that the President pro tempore of the Senate and the Speaker of the House direct the necessary staff of both houses to assist this Task Force.

BE IT FURTHER RESOLVED that the Joint Task Force shall report back to the General Assembly by January 23, 2014 any recommendations for legislative or executive action to meet the objective of securing or preserving "Blue Collar" jobs. The Joint Task Force shall sunset at that time.

SYNOPSIS

This resolution establishes the "Blue Collar" Task Force to determine the need for additional state policies or programs to attract and retain "Blue Collar" jobs.

Author: Senator Marshall

APPENDIX 2: BLUE COLLAR TASK FORCE TIMELINE



BLUE COLLAR TASK FORCE Timeline for Meetings, Public Hearings and Activities

Date	Activity	Time/Location
August 19	Task Force Orientation Meeting	9:00 am: Registration/Coffee 9:30 am – 12:30 pm: Meeting and Lunch. Chase Center at the Riverfront, 815 Justison St, Wilmington, DE. Christina Ballroom.
September 16	Task Force Meeting to Formulate Working Groups and Determine Their Activities	8:30: Registration/Coffee 9:00 am – 11:00 am: Buena Vista Conference Center. The Buck Library.
September 23	Northern New Castle County Public Hearing	5:30 – 8:00 pm: Chase Center at the Riverfront. Harlan and Hollingsworth Rooms.
October 15	Southern New Castle County Public Hearing	5:30 – 8:00 pm: Middletown Town Hall, 19 West Green St, Middletown, DE. Council Chambers.
October 18	Task Force Meeting to Review Comments from New Castle County Public Hearings and Discuss Ongoing Working Group Activities	8:30: Registration/Coffee 9:00 am – 12:30 pm: Buena Vista Conference Center. The Buck Library.
November 13	Kent County Public Hearing	5:30 – 8:00 pm: Delaware Department of Agriculture, 2320 S. DuPont Highway, Dover, DE. Meeting Rooms 1 & 2.

Date	Activity	Time/Location
November 20	Sussex County Public Hearing	5:30 – 8:00 pm: UD Carvel Research and Education Center, 16483 County Seat Highway, Georgetown, DE. Meeting Room 2.
November 25	Task Force Meeting to Review Comments from Kent and Sussex County Public Hearings and to Continue Developing Recommendations	1:00 – 4:00 pm: Buena Vista Conference Center. The Buck Library.
December	IPA Group (UD) Drafts Report Reflecting Public Hearing Comments and Recommendations for Actions by Executive Branch and/or Legislature	Draft Report Distributed to Task Force Members Before January 6, 2014 Final Meeting.
January 13, 2014	Task Force Meets to Finalize Report and Recommendations for Actions by Executive Branch and/or Legislature	9:00 am – 12:00 pm. Buena Vista Conference Center. The Buck Library.

APPENDIX 3: BLUE COLLAR TASK FORCE MEETING MINUTES AUG. 19, 2013

Blue Collar Task Force
Meeting Minutes
Monday, August 19, 2013
9:30 a.m.

Chase Center on the Riverfront, Christina Ballroom

Task Force members present:

Sen. Robert Marshall, Delaware State Senate, Co-Chair
Rep. Michael Mulrooney, Delaware House of Representatives, Co-Chair
Sen. Colin Bonini, Delaware State Senate
Rep. Michael Ramone, Delaware House of Representatives
Secretary John McMahon, Department of Labor
Secretary Ed Kee, Department of Agriculture
Secretary Tom Cook, Department of Finance
Director Alan Levin, Delaware Economic and Development Office
Gregory Sawka, Delaware Contractors Association
Edward Capodanno, Associated Builders and Contractors, Inc.
Harry Gravell, Delaware Building & Construction Trades Council
Samuel Lathem, Delaware AFL-CIO
Joan Verplanck, Delaware State Chamber of Commerce
Judy Diogo, Central Delaware Chamber of Commerce
Mark Kleinschmidt, New Castle County Chamber of Commerce
Gary Stockbridge, Public Member
Joseph Durham, Public Member
Jim McNally, Public Member

Staff present:

Mariclaire Luciano, Delaware State Senate
Alton Irvin, Delaware State Senate
Edward Ratledge, Center for Applied Demography & Survey Research, University of Delaware
Jerome Lewis, Institute for Public Administration, University of Delaware
James Flynn, Institute for Public Administration, University of Delaware
Kelly Sherretz, Institute for Public Administration, University of Delaware
Julia O'Hanlon, Institute for Public Administration, University of Delaware
Christopher Kelly, Institute for Public Administration, University of Delaware
Verity Watson, Institute for Public Administration, University of Delaware
Jared Cummer, Institute for Public Administration, University of Delaware

Public attendees:

Mary Kate McLaughlin, Department of Education
John Casey, Delaware Contractors Association
Paul Morrill, The Committee of 100

Nello Paoli, Preferred Electric, Inc.
Michael Harkins

Documents shared with participants:

- Meeting Agenda
- Power Point Slides from Briefing
- Small Group Participant Lists
- Questions for Small Group Activities
- Task Force Timeline

The meeting was called to order at **9:37 a.m.** by Senator Marshall, Co-Chair.

1. Introductions:

Senator Robert Marshall (Co-Chair) and Representative Michael Mulrooney (Co-Chair) welcomed everyone to the meeting. They thanked them for their time and interest in the issue. Senator Marshall then asked participants to introduce themselves, the organization(s) they represent, major issues facing the Task Force and what results they hoped would be achieved. Major themes that were identified by the Task Force members included:

- Balancing regulatory controls with economic growth
- Utilizing public education resources and manpower training programs to strengthen current workforce skills; retrain those unable to find skilled workers
- Better utilizing resources already available in the state.
- Utilizing the social capital and size of the state to rally stakeholders and accommodate new business and industries
- Many jobs may never return due to slow economic growth, changing consumer tastes, and new technology
- Training workers for the new economy
- Competing with other states and regions to attract "blue collar" jobs
- Focus on the public interest, not personal/organizational goals
- Hope to create good jobs (full-time, livable wage, etc.)
- Promote growth for small business
- Target larger companies that can provide many jobs
- Unemployment is not a partisan issue, it's a public issue
- Secure more private investment in construction (public sector construction is booming)
- Developing agreement – or at least consensus – on the definition of "blue collar" jobs.
- Improving the reputation of the education system; "market our schools' successes"

- Streamline the land use process (fees, regulations, etc.)
- Targeting new industries that will promote job growth in the future
- Perhaps “blue collar” jobs aren’t the right target area, maybe an approach that focuses on small business and new industries will be more successful
- Success is dependent on utilizing multiple strategies; no single solution to the issue
- Need to create a flexible and competitive workforce
- Publicize the State’s successes and positive attributes
- Financial and time costs related to construction are deemed too high by investors
- Gathering information from businesses in the state pertaining to why they are currently here, and which vendors supply them
- Creating manufacturing and small business incubators
- Need to improve the State’s economic environment to promote business growth
- Approaching the issue holistically; incorporate regulations, economic development, transportation, education, etc. into the planning process
- Bringing all relevant resources into a “one-stop shop” to promote small business growth
- Regulations are complex, they have both costs and benefits to the State
- Middle class is disappearing
- Political and economic uncertainty is crippling investment
- Must have all stakeholders and levels of government cooperate to be successful.

2. Briefing:

Ed Rutledge, Center for Applied Demography & Survey Research at the University of Delaware, gave an abbreviated presentation titled *State of Delaware, Economic and Demographic Trends: Focus on “Blue Collar”* followed by a brief question and answer period. Task Force members were provided with copies of the slides used in Mr. Rutledge’s briefing.

3. Small Group Discussions:

Participants then broke into three smaller working groups assigned by the facilitators for approximately thirty minutes to discuss three questions:

- *Based on this morning’s presentation, as well as your professional experiences, what do you consider to be the most significant challenges/impediments to attracting and retaining “blue collar” jobs in Delaware?*
- *Based on this morning’s presentation, as well as your professional experiences, what policies, strategies, incentives and/or other actions should*

be considered to address the challenges/impediments to attracting and retaining “blue collar” jobs in Delaware?

- *Are there other issues or concerns, besides those already discussed in this group, which the Task Force should consider? Why?*

4. Reporting Results from Small Group Discussions:

After thirty minutes, the three working groups reconvened to report on their individual discussions. For purposes of clarity and consistency, comments from the three working groups have been consolidated below.

Describe the most significant challenges and/or impediments to attracting and retaining “Blue Collar” jobs in Delaware. What policies, strategies, and incentives should be considered?

Common points cited within the groups included: regulatory impediments, strains on the public education system (including vocational education and technical training opportunities), inadequate support for small and medium sized businesses, a lack of useful data to assist businesses in making decisions regarding expansion, a changing economic base within the state and nation, and differing definitions of “blue collar” jobs. Among the points raised were:

- Regulations such as the Coastal Zone Act are problematic because they can restrict business growth by either increasing costs or restricting flexibility of land use.
- The education system is an issue because it has done generally poor job of preparing all students either for college or productive employment within the existing workforce. Finally, the poor reputation of the public school system is seen as a deterrent to businesses and/or talented employees considering moving to Delaware.
- Inadequate support for small and medium businesses is troubling because they constitute a large part of the economic health of the state, and are potential employers.
- Available data on what constitutes “blue collar” jobs is insufficient. This means policy makers have difficulties targeting which occupational categories should be supported to increase employment and drive the most efficient use of taxpayer dollars.
- Further, data on why businesses choose to base their operations at locations other than Delaware is inadequate. A changing economy has led to increased competition for recruiting and retaining businesses, while technological advances have led to manufacturing streamlining and displacement of many “blue collar” workers.
- The lack of agreement on a definition for “blue collar” jobs was mentioned in each small group and during the introductory period; without common

agreement on this term the scope and goals of the Task Force become more ambiguous. For example, the U.S. Bureau of Labor Statistics (BLS) definition includes precision production, craft, and repair occupations; machine operators and inspectors; transportation and moving occupations; handlers, equipment cleaners, helpers, and laborers; and service occupations. But other sources frequently include occupational areas like agriculture, fisheries, mining, construction, manufacturing, public utilities, business repair services, financial services, some technology applications, personal services (i.e. banking, nursing, elder care, disability support, etc.) and retail sales. Perhaps the Task Force should shift from thinking in simple terms of “blue collar” jobs, and focus instead on a broader goal of “increased employment” for non-college trained citizens.

While the small groups had little time to suggest solutions to most of the concerns mentioned above, several ideas were proposed. These included:

- Re-thinking education delivery systems to include increased levels of skill development and vocational training for the underemployed and unemployed. Properly educated and prepared individuals will be better able to serve the needs of growing businesses that require selective technological capabilities and skilled trades workers.
- Systematic review of selected regulatory processes to increase efficiencies, reduce red tape and streamline procedures. Facilitating better coordination between the various levels of government in Delaware would help save time and control costs.
- It was also suggested to track regulations throughout the state and identify what specifically tends to be a deterrent for businesses. Businesses are attracted to friendly and stable environments that benefit everyone.

What are other issues or concerns that should be considered by the Task Force?

It was mentioned that some businesses, particularly those new to Delaware, may be experiencing difficulty obtaining loans from regional banking institutions. Banks may be less likely to give loans with an unsure economy that often demands higher levels of security. It may be beneficial to the work of the Task Force to invite a representative from the banking industry who is familiar with small business loans to weigh in on the issue.

5. Next Steps:

In the general discussion that followed the small group reporting period, suggestions were made to invite other individuals, organizations, and community

groups that may be interested, but not currently represented, to participate in future discussions and provide input, as non-voting active members of the Task Force. Since the composition of the Task Force is already prescribed in Senate Joint Resolution 1, the group does not have authority to add additional permanent members. Recommendations made by Task Force members included an individual from the banking industry, a representative from the City of Wilmington, New Castle County, and the Delaware League of Local Governments, the Kent County Administrator, the Sussex County Administrator, and more business representation from Sussex County.

The next Blue Collar Task Force meeting will be held on Monday, September 16th, 2013 at 9:00 a.m. at the Buena Vista Conference Center in New Castle, Delaware.

The Co-Chairs thanked all those in attendance for their comments and urged Task Force members to encourage their constituents to attend one of the four public hearings scheduled for:

September 23 Northern New Castle County Public Hearing, 5:30 – 8:00 pm: Chase Center at the Riverfront.

October 15 Southern New Castle County Public Hearing, 5:30 – 8:00 pm: Middletown Town Hall, 19 West Green St, Middletown.

November 13 Kent County Public Hearing, 5:30 – 8:00 pm: Delaware Department of Agriculture, 2320 S. DuPont Highway, Dover.

November 20 Sussex County Public Hearing, 5:30 – 8:00 pm: UD Carvel Research and Education Center, 16483 County Seat Highway, Georgetown.

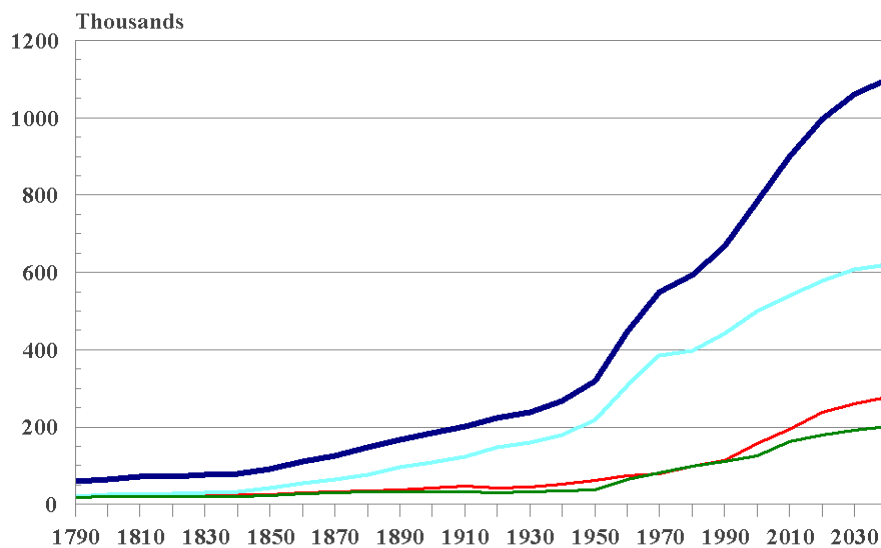
The meeting was adjourned at **1:08 p.m.**

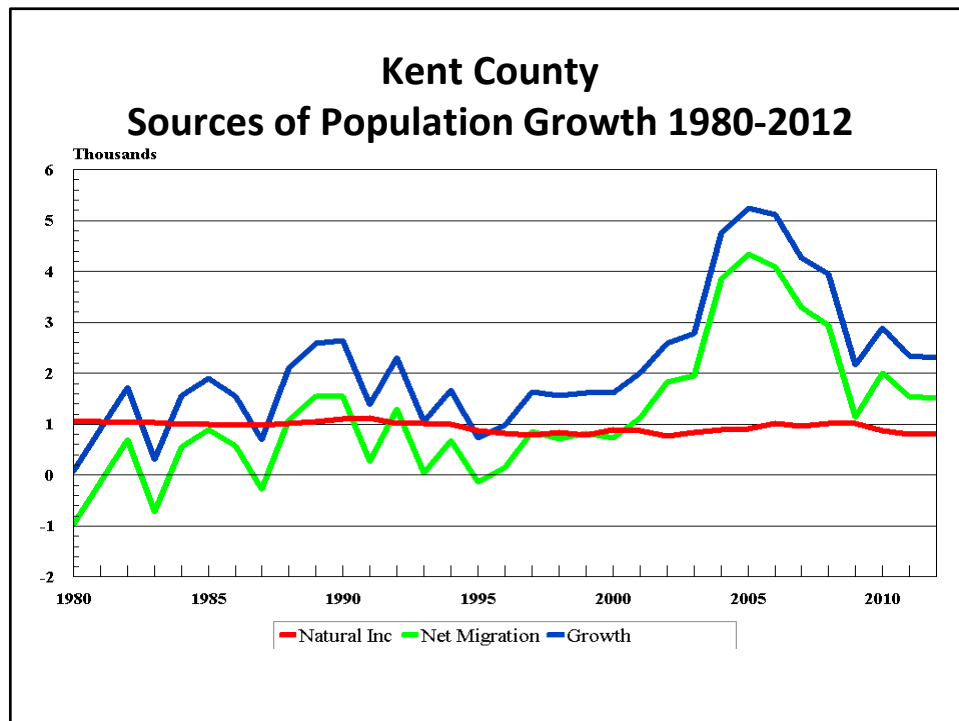
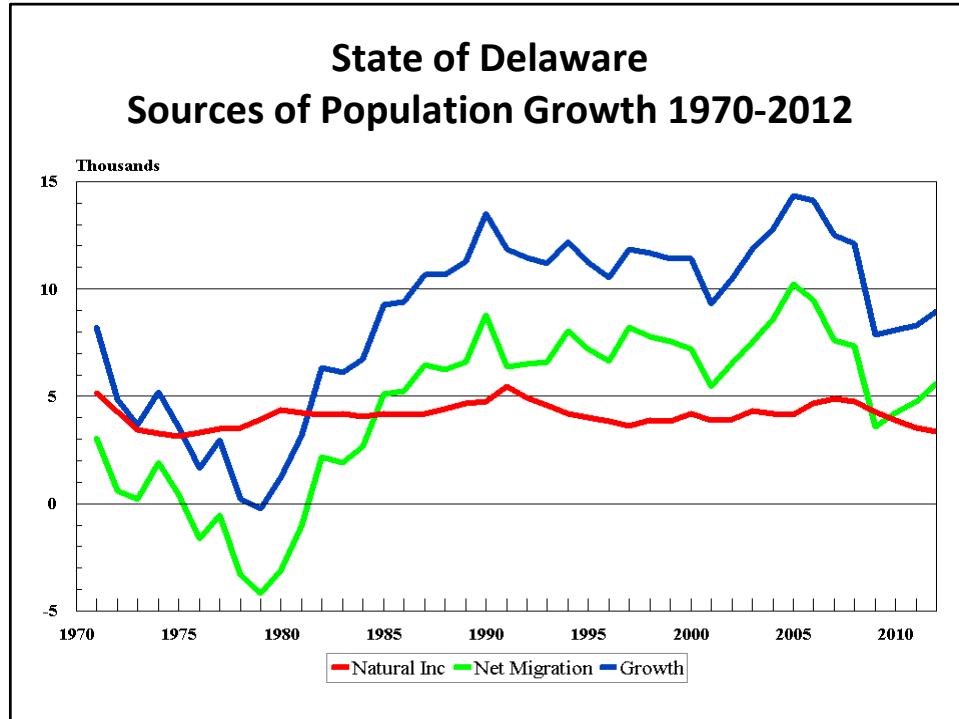
**State of Delaware Economic &
Demographic Trends: Focus on
“Blue Collar” Jobs**

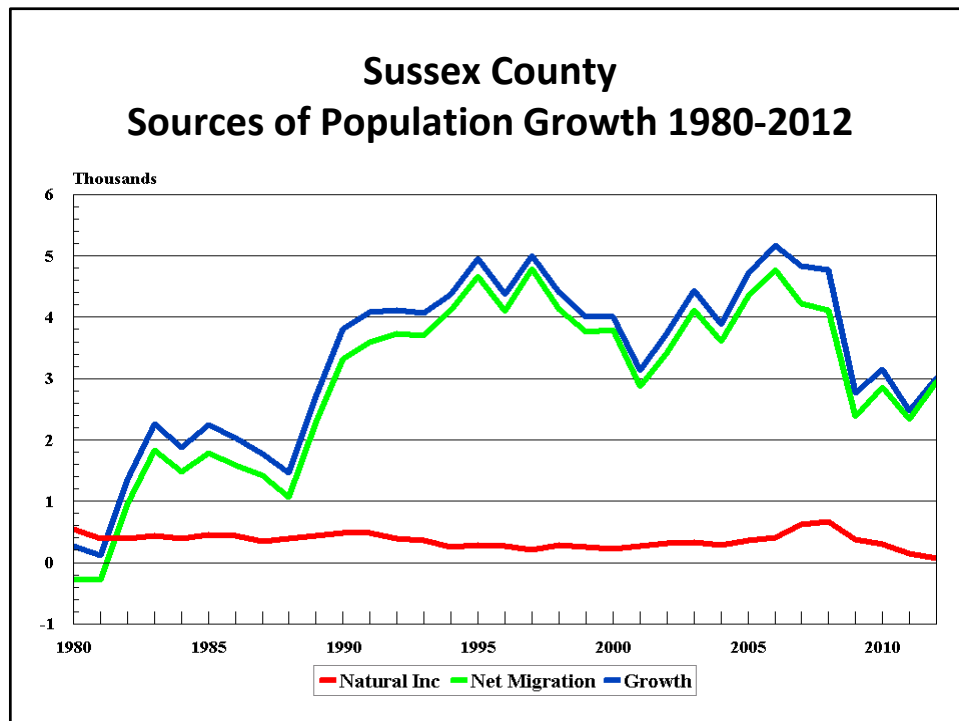
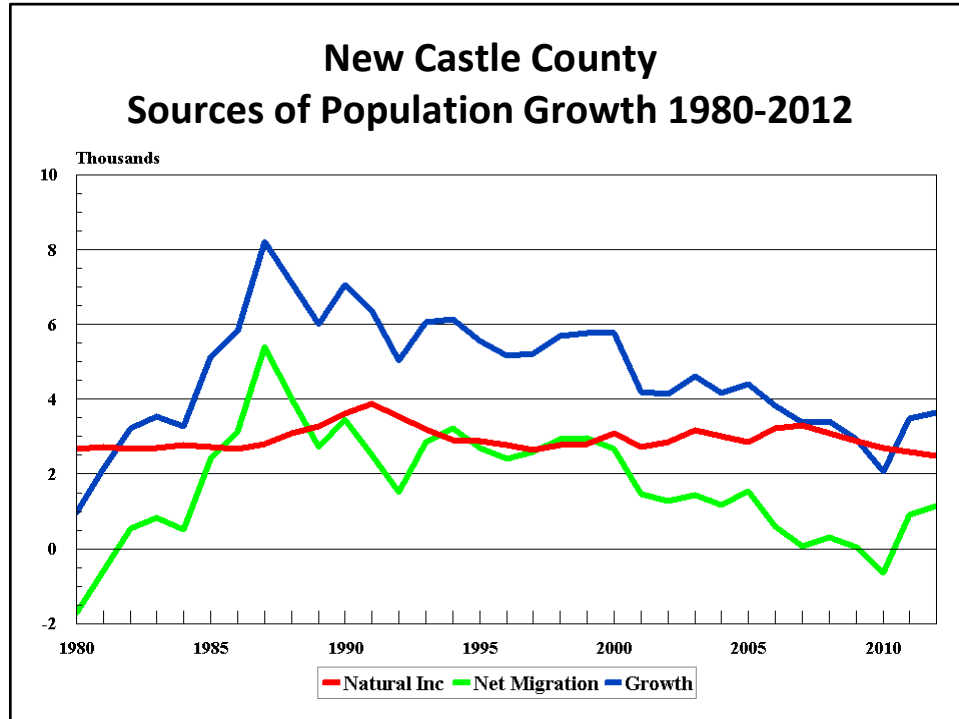
Prepared by
Ed Ratledge
Dan Brown

Center for Applied Demography & Survey Research
University of Delaware

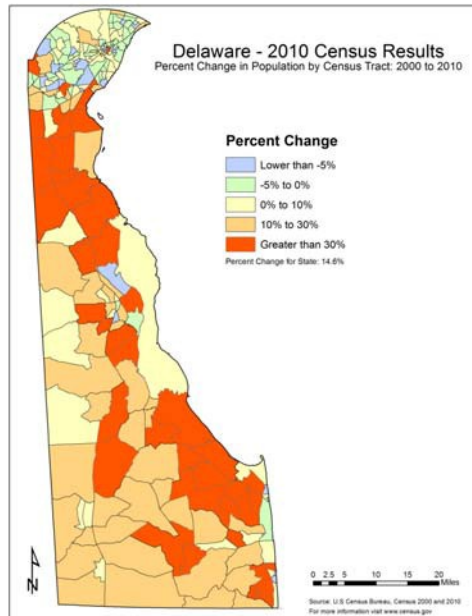
**State of Delaware
Resident Population Growth 1790-2040**



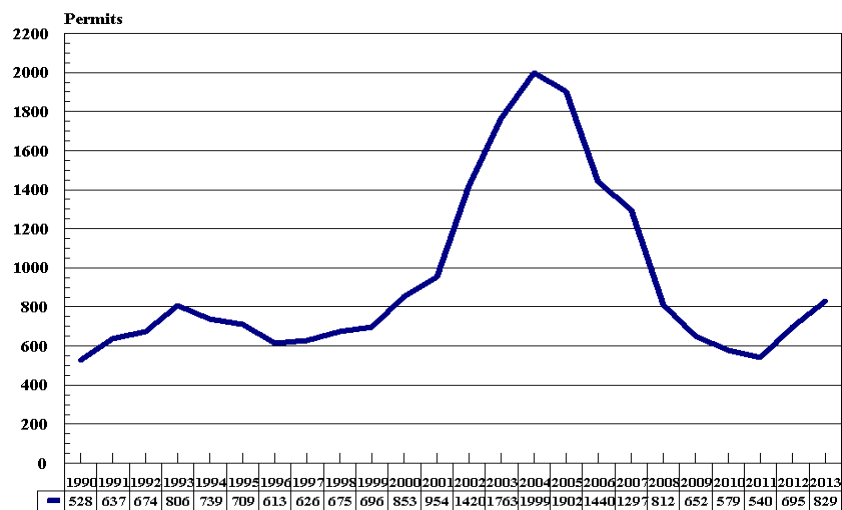


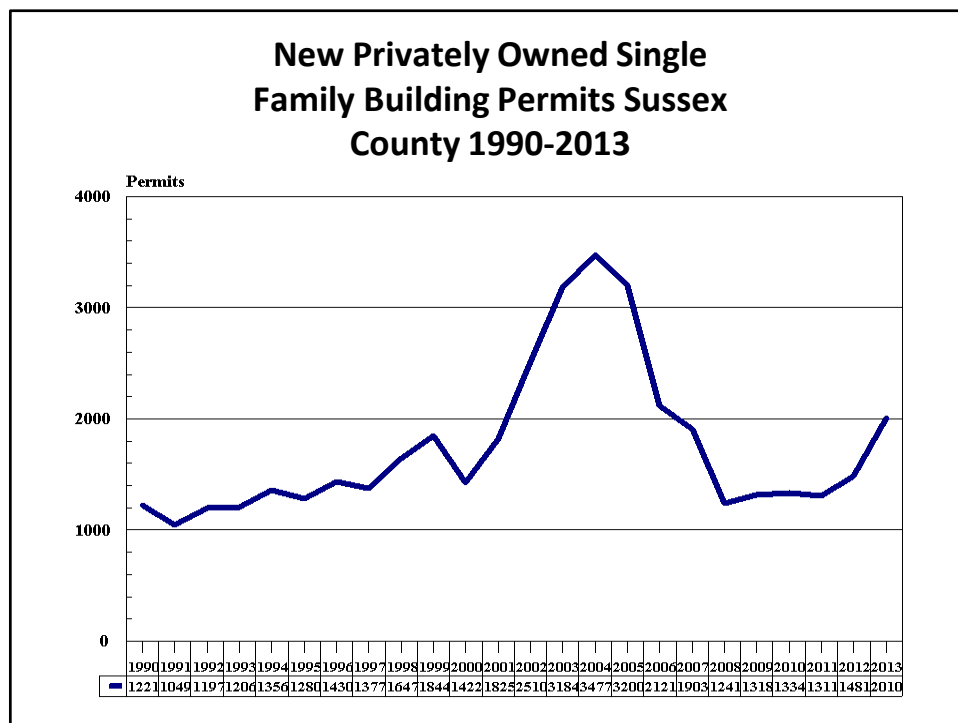
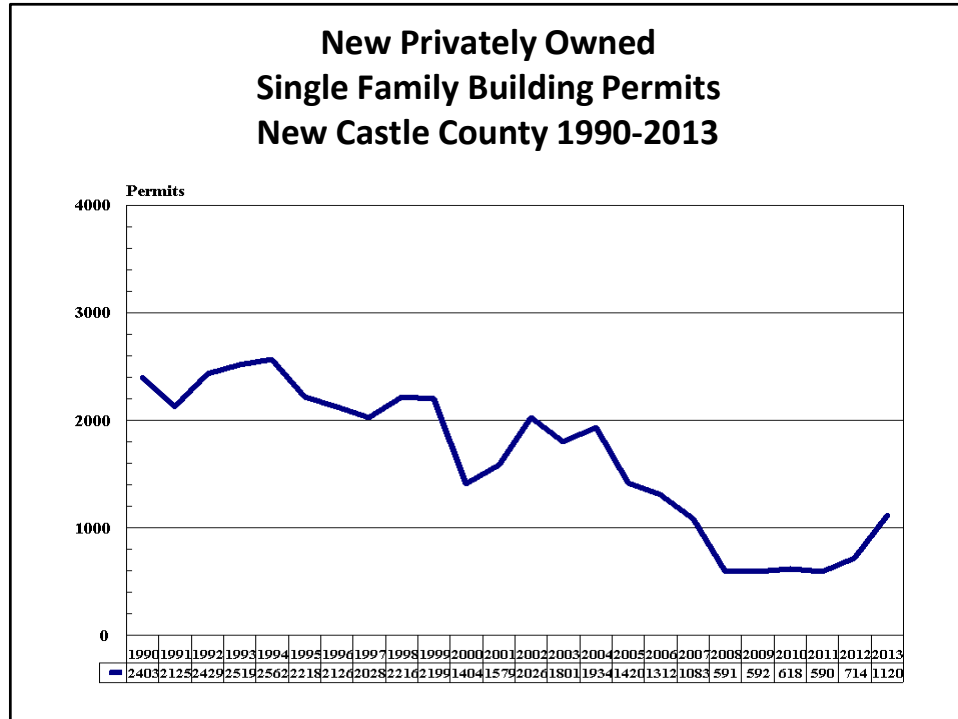


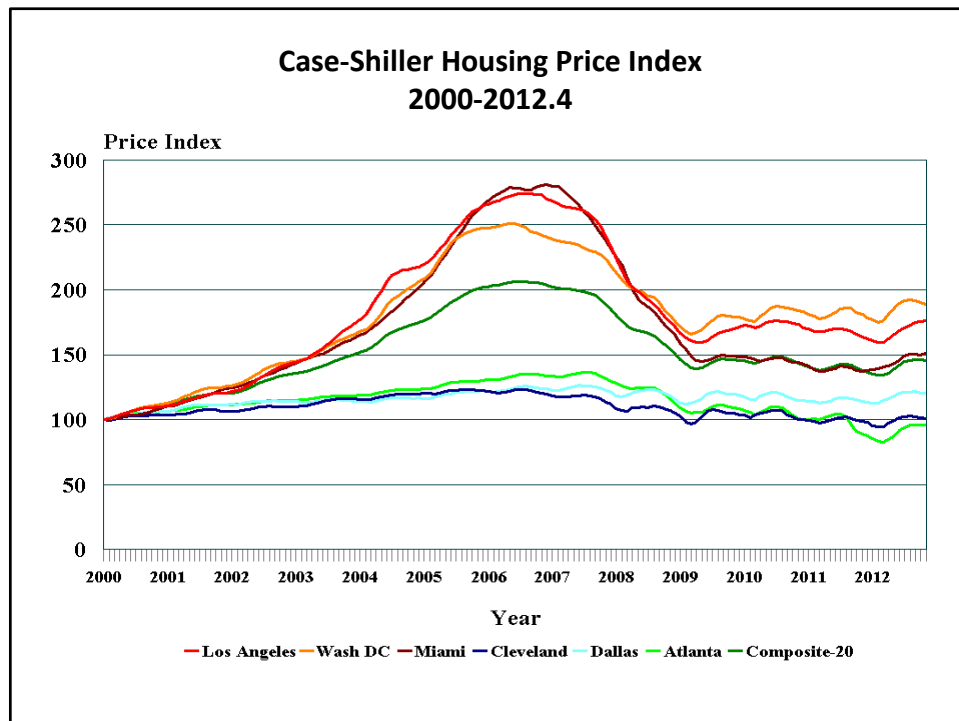
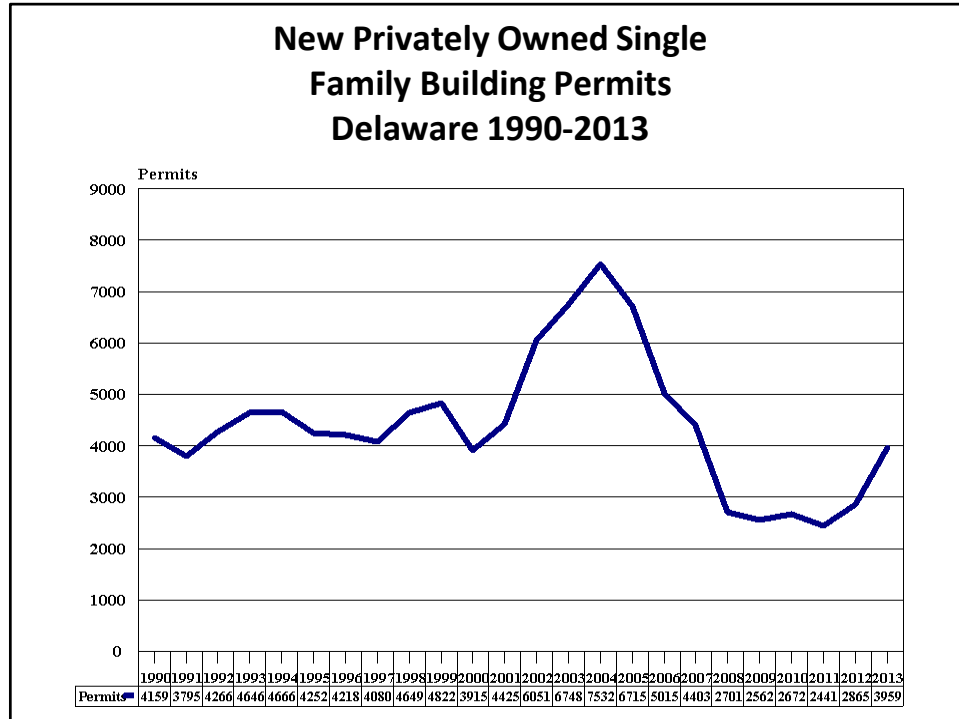
Delaware Population Change 2000-2010 by Census Tract

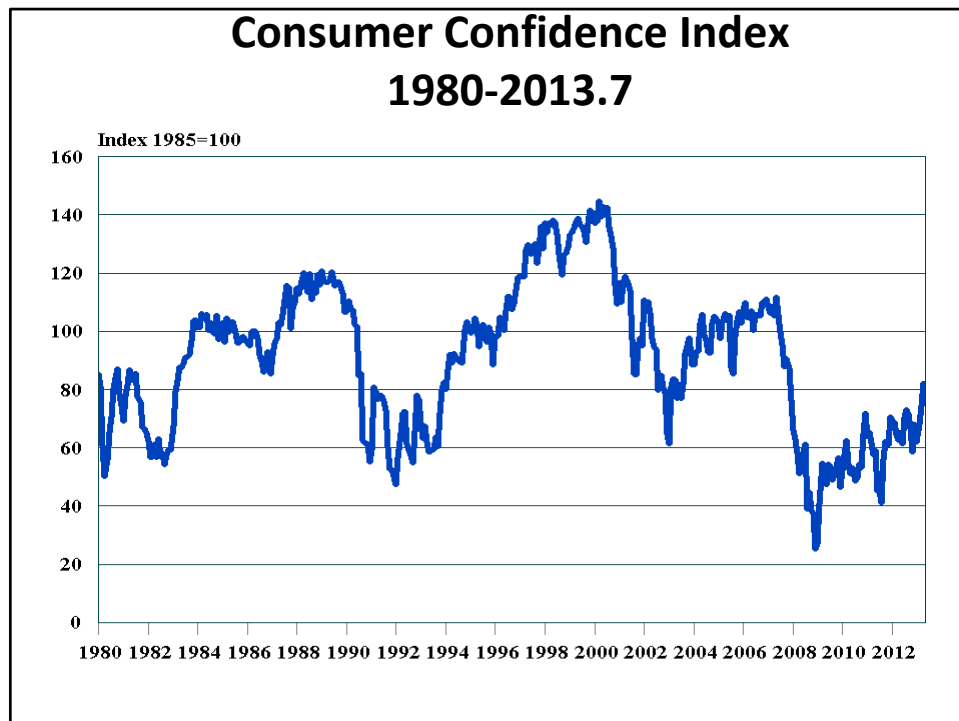
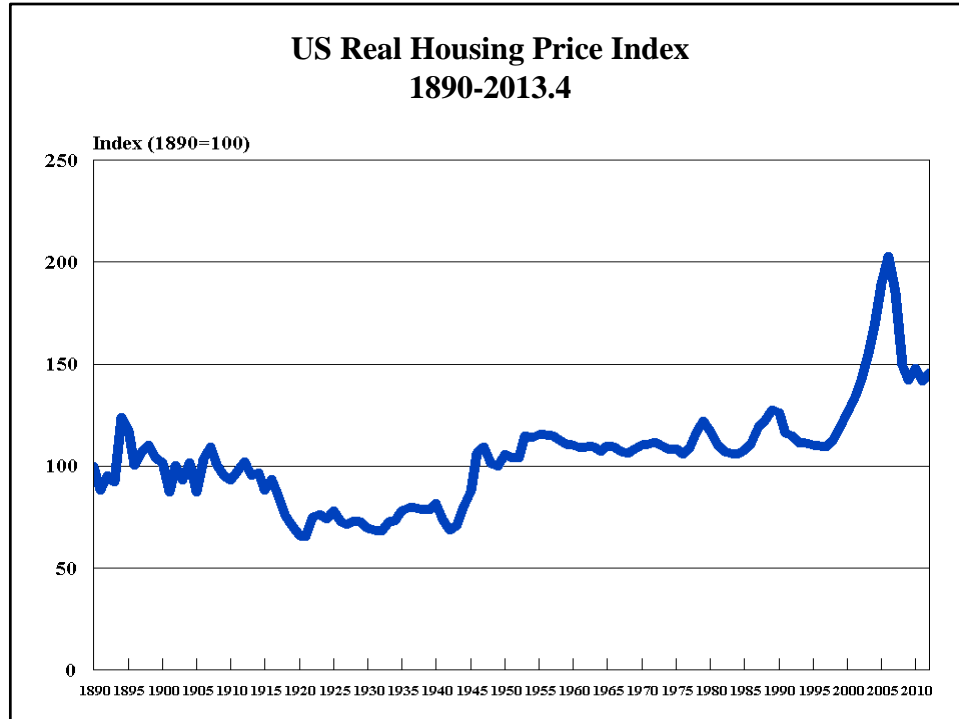


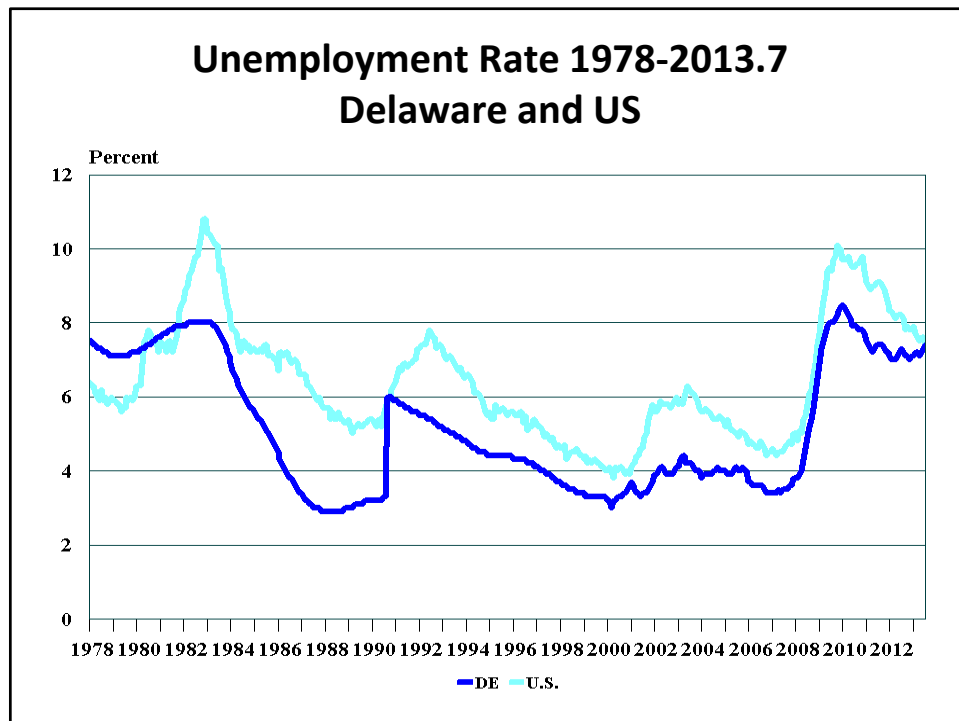
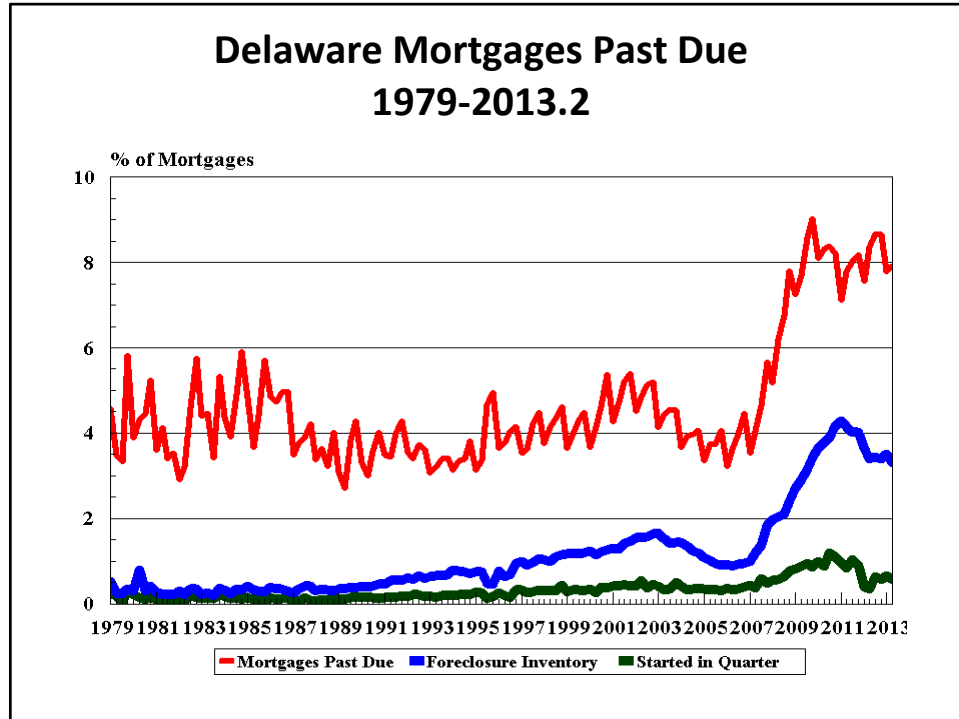
New Privately Owned Single Family Building Permits Kent County 1990-2013

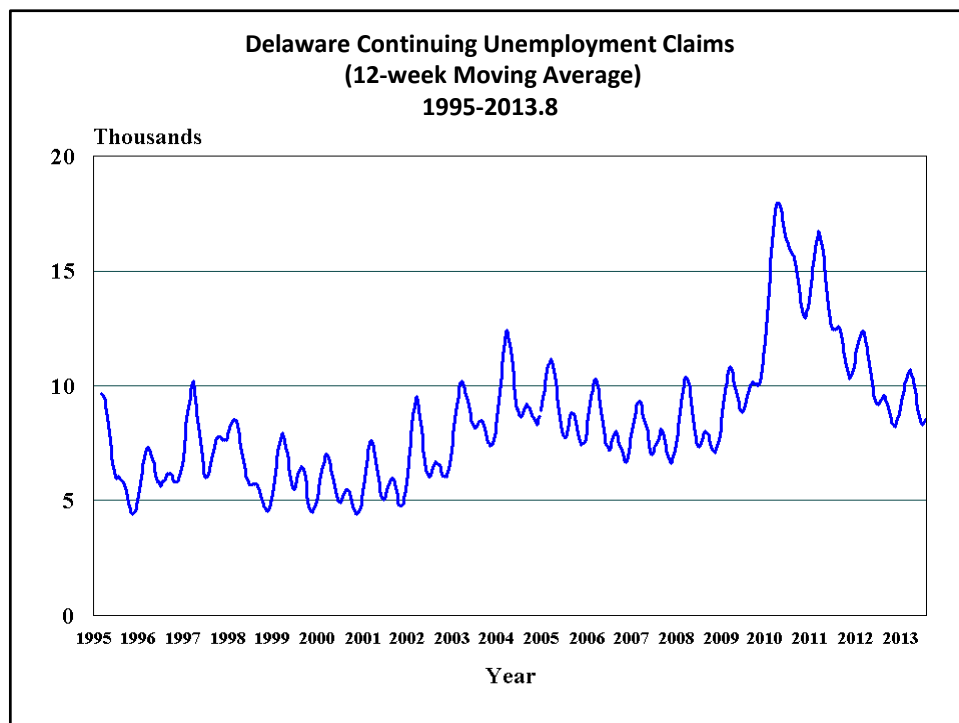
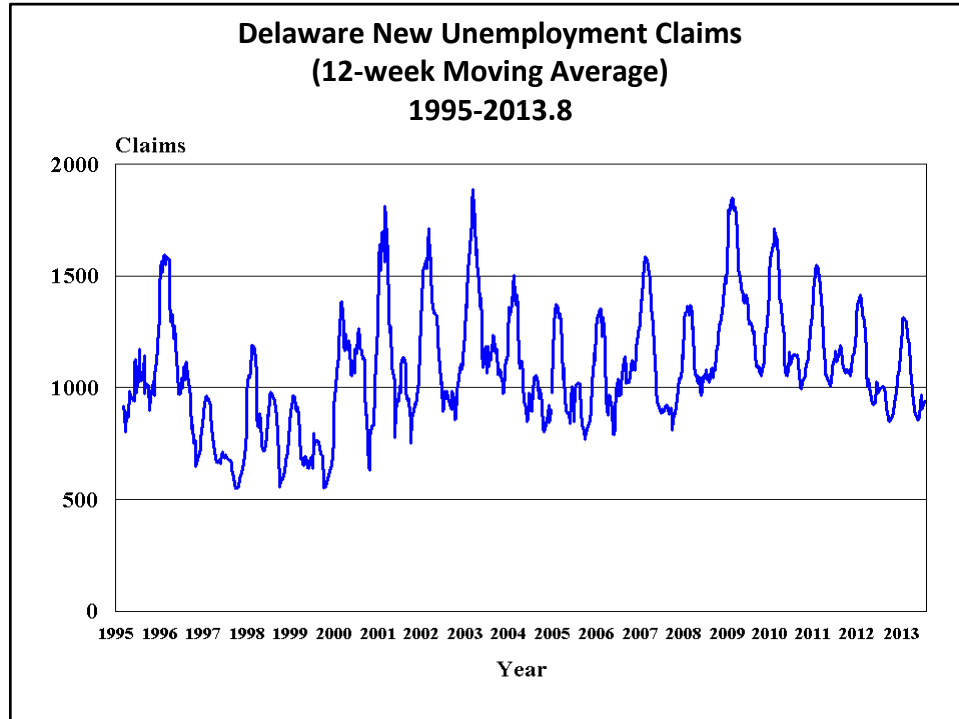


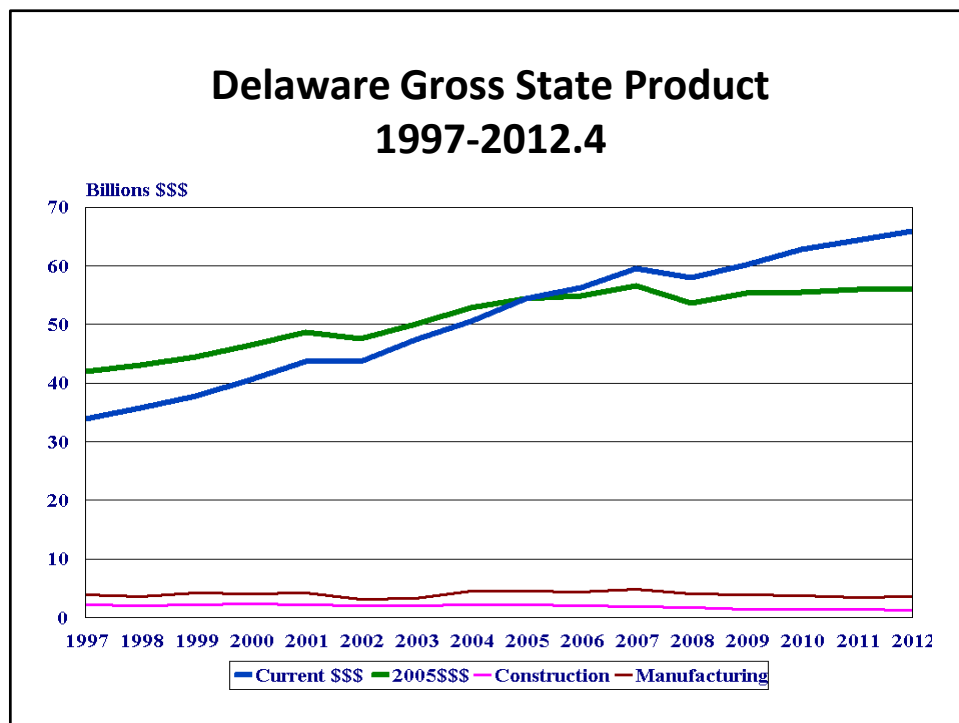
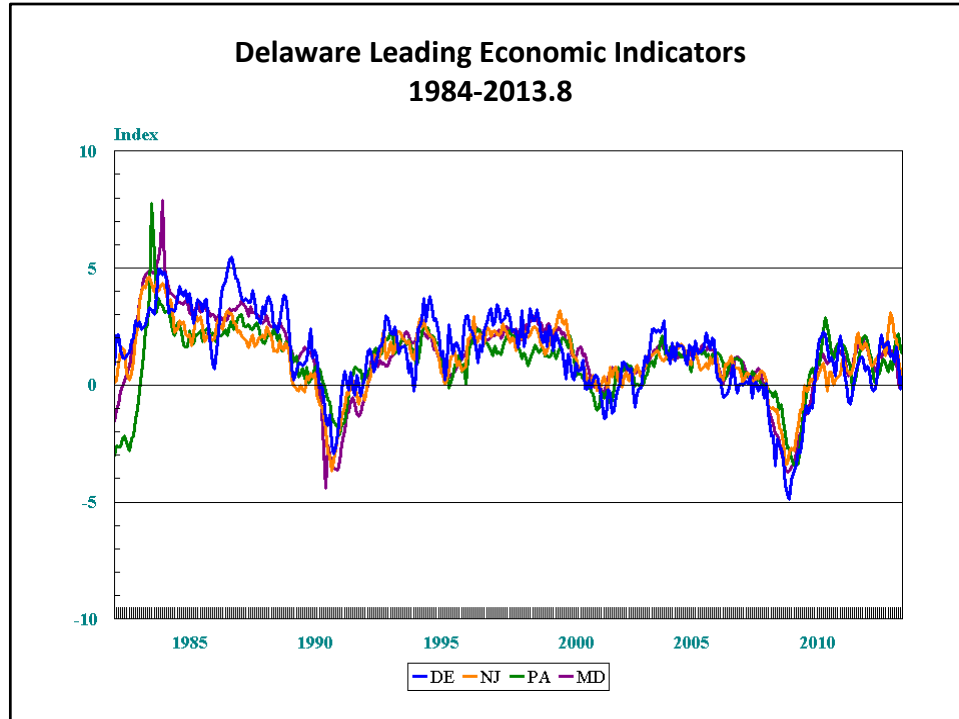




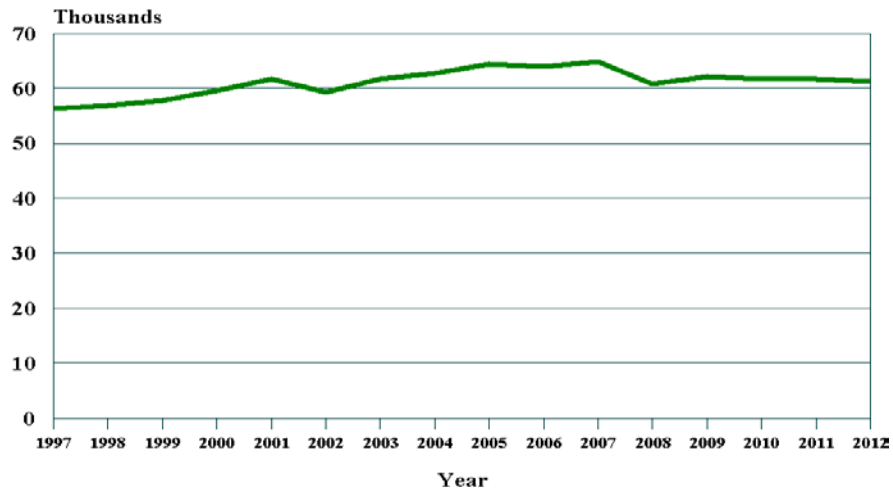




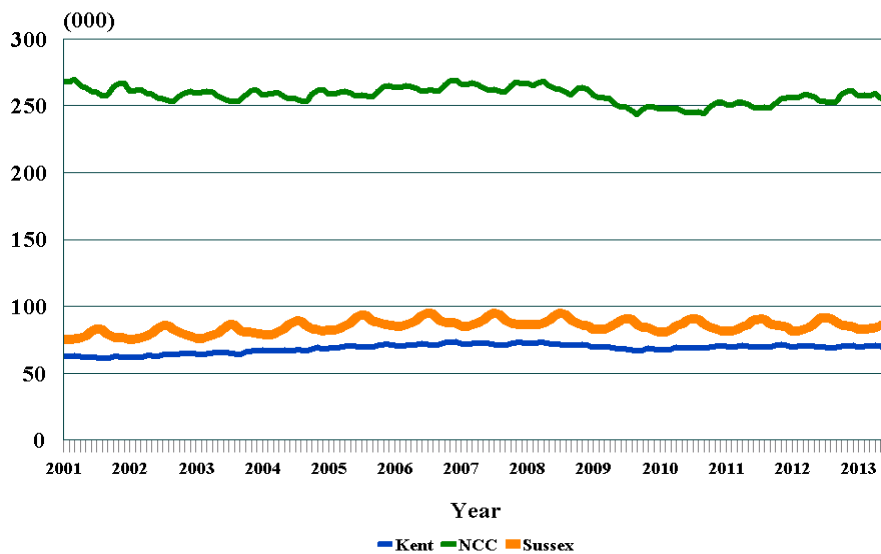




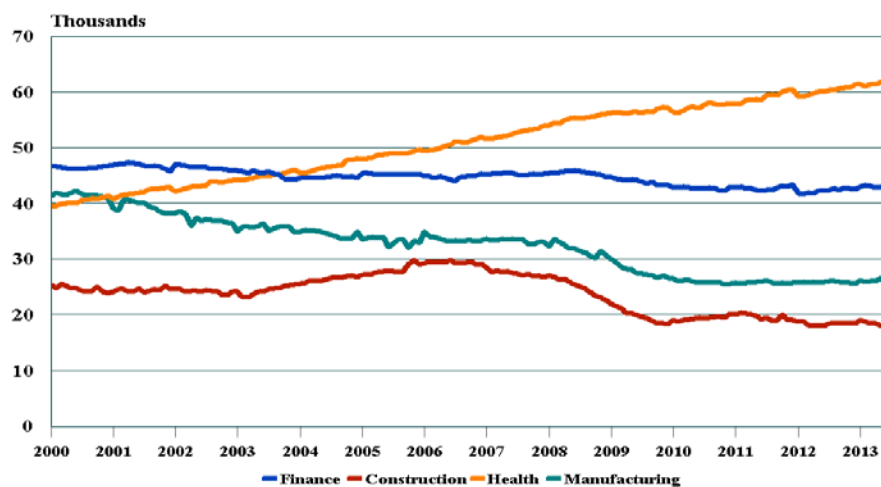
Delaware Per Capita Real GDP 1997-2012



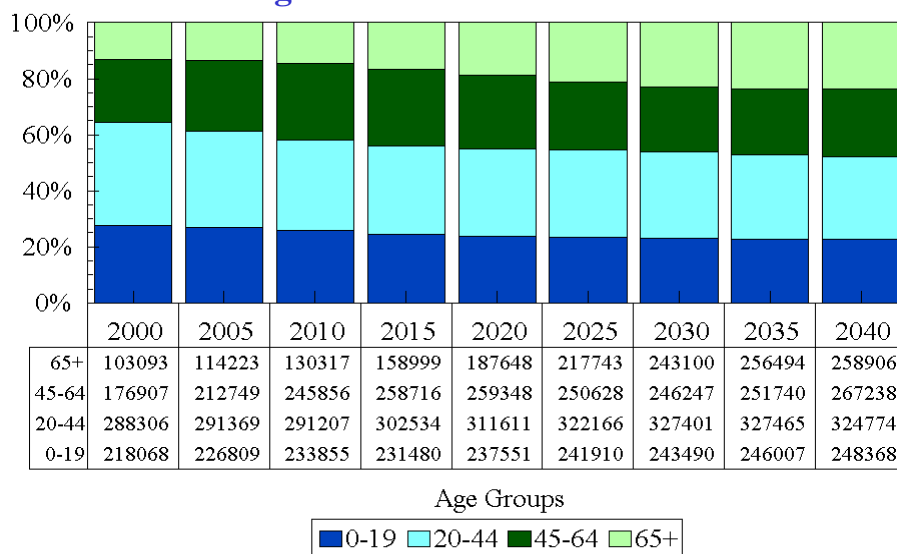
Delaware Counties Non-Agricultural Employment 2001-2013.6

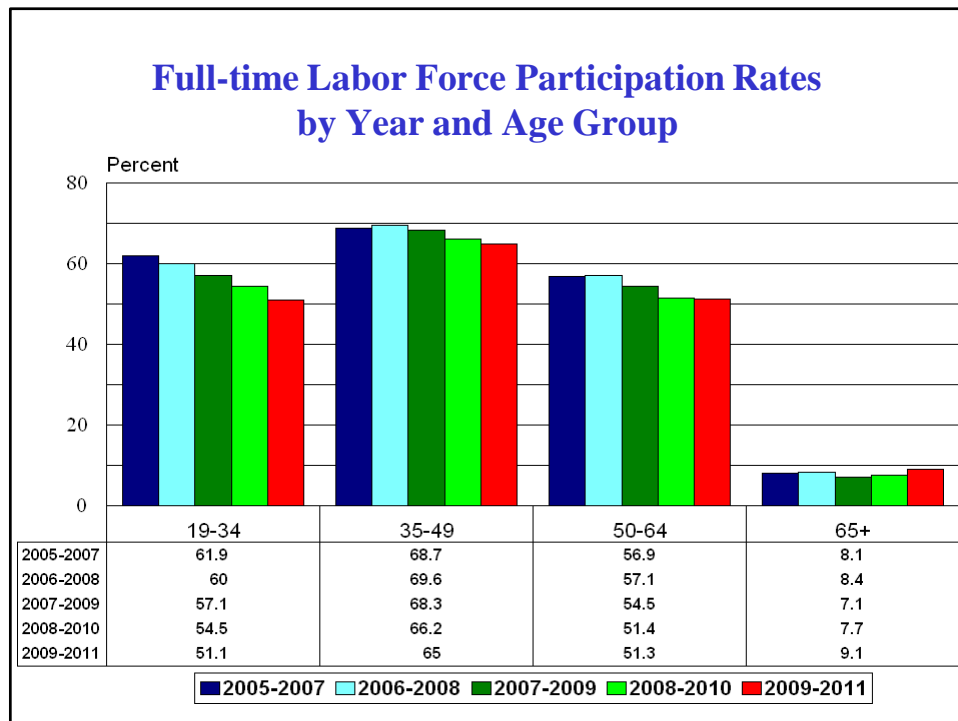
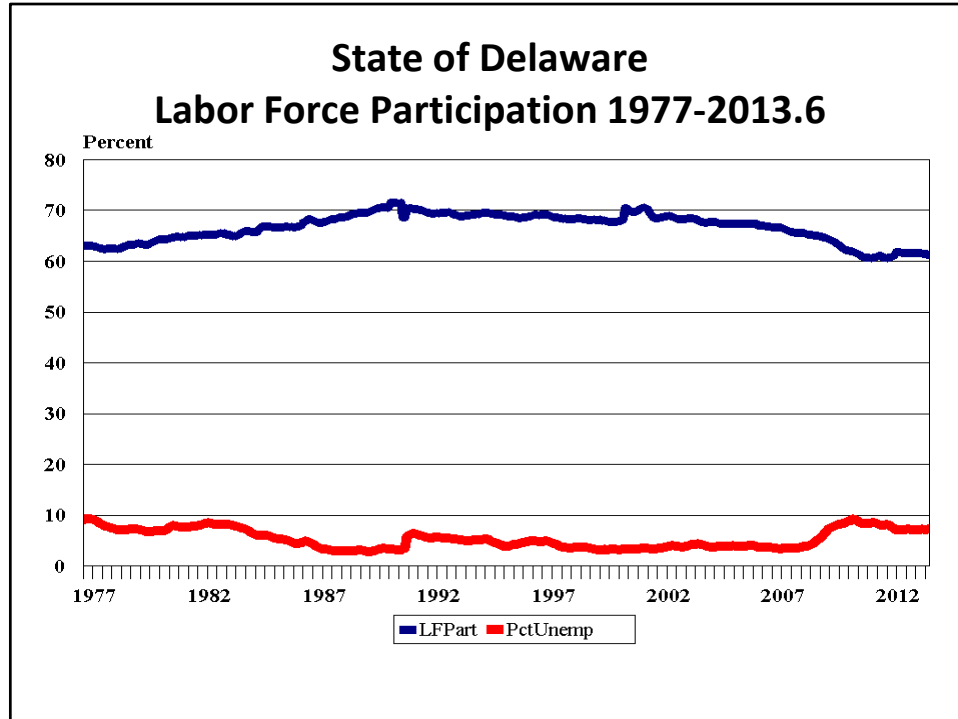


Delaware Non-Agricultural Employment Selected Sectors 2000-2012.3



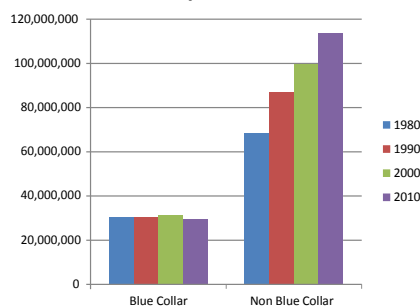
State of Delaware Age Distribution 1950-2040



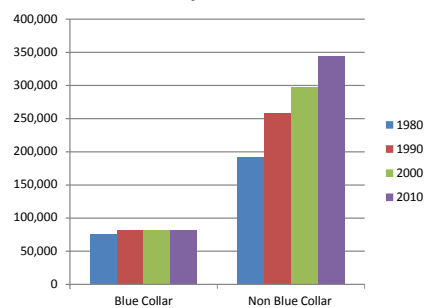


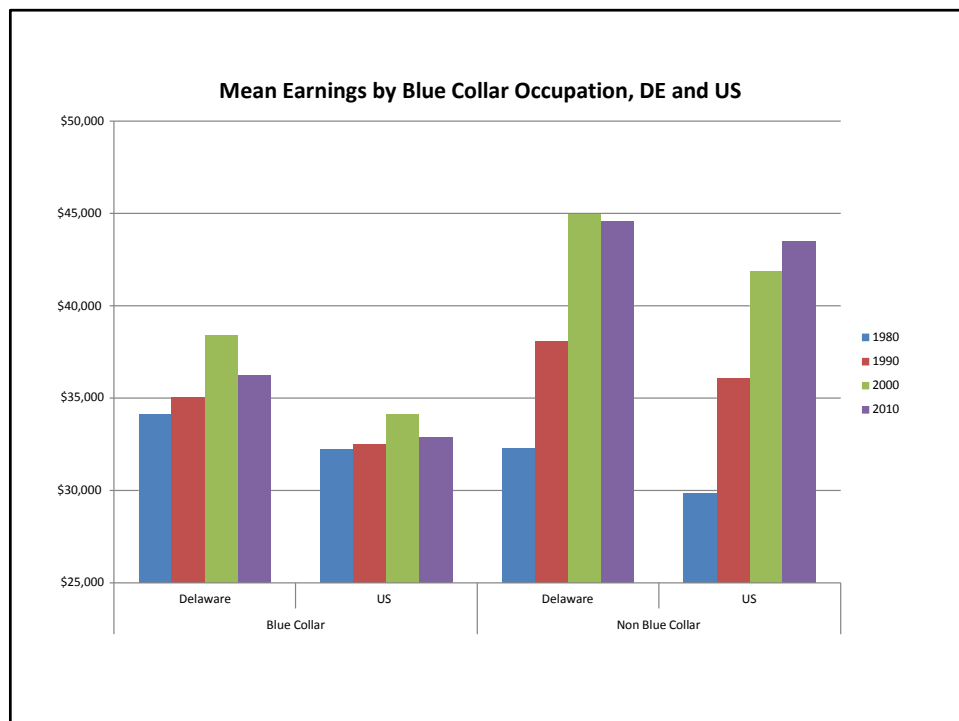
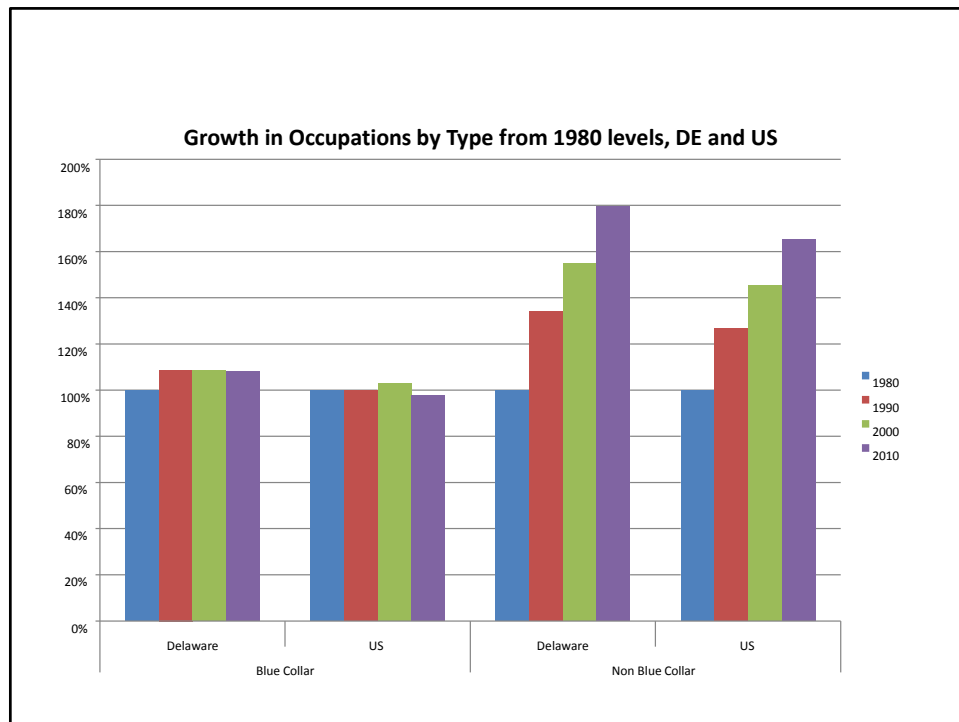
- There are four major types of Blue Collar (BC) occupations:
 - precision, production, craft, and repair occupations;
 - machine operators, assemblers, and inspectors;
 - transportation and material moving occupations;
 - handlers, equipment cleaners, helpers, and laborers
- Blue collar occupations do NOT include service occupations, such as policemen, firefighters, janitorial, nursing, etc.

Employed Persons in Blue Collar Occupations, US

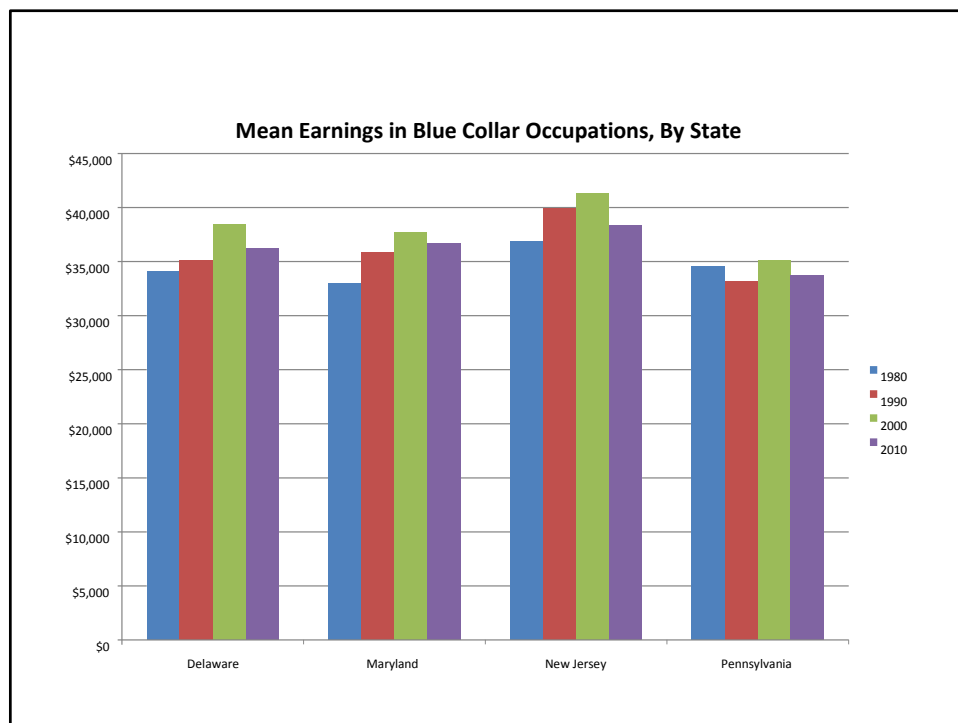


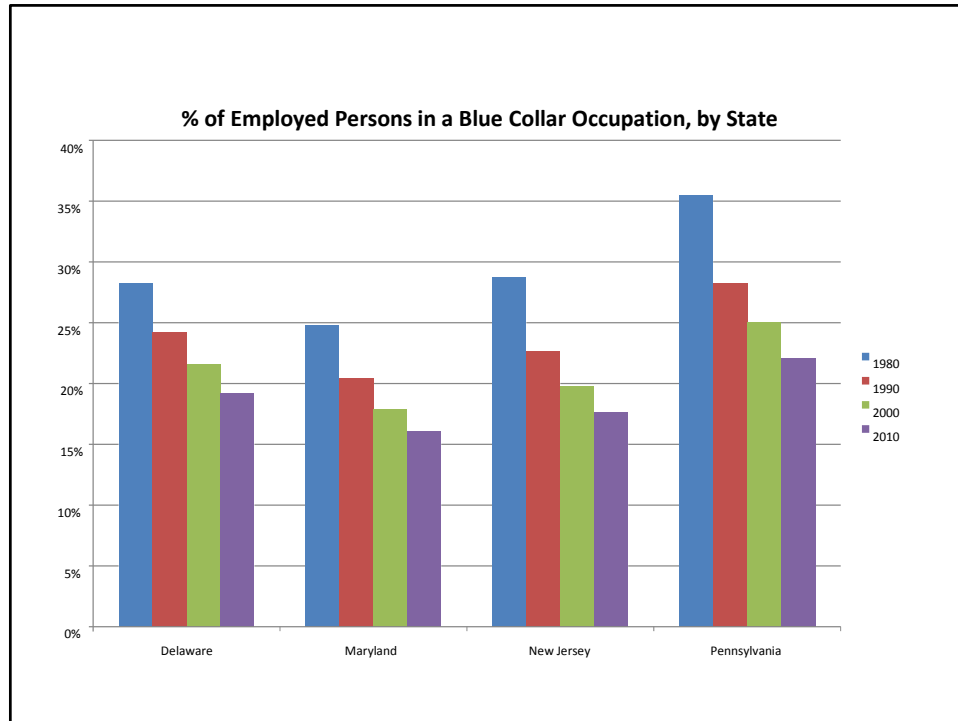
Employed Persons in Blue Collar Occupations, DE



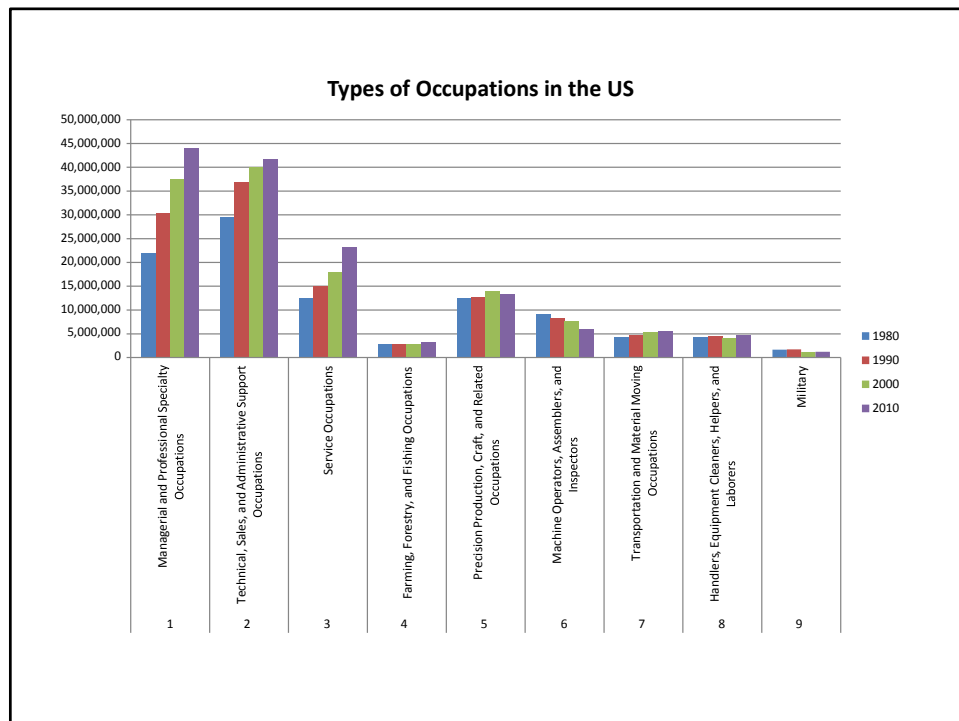
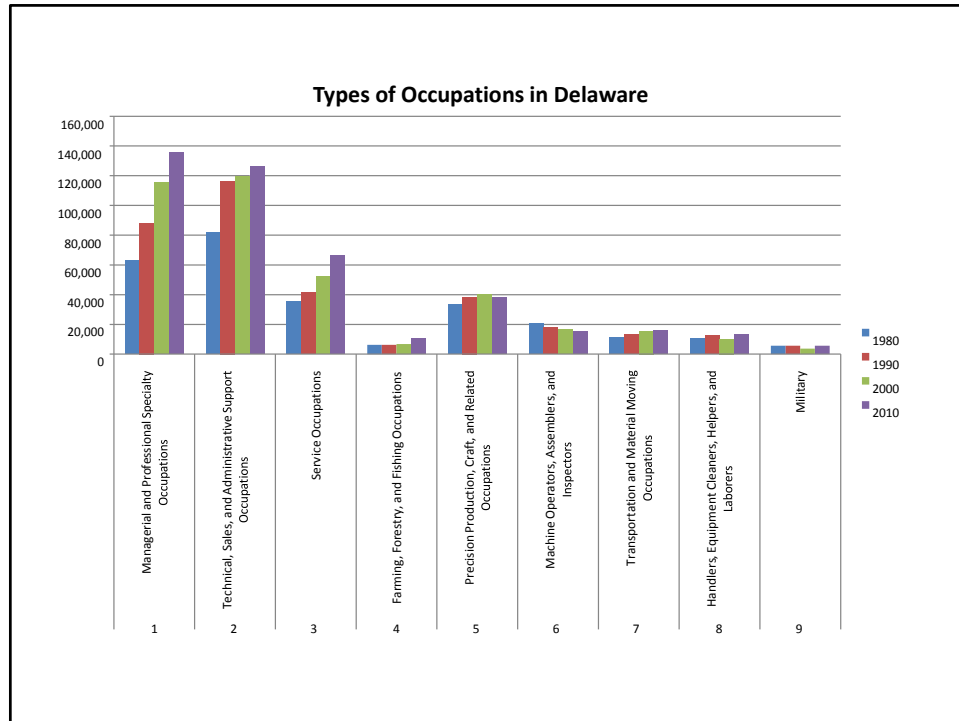


- BC jobs have not been growing in the US or in Delaware. The main economic growth has been in non-BC jobs.
- Between 2000 and 2010, the earnings of persons with BC jobs have fallen as well.
- Declining earnings and employment signals a drop in demand for BC occupations.

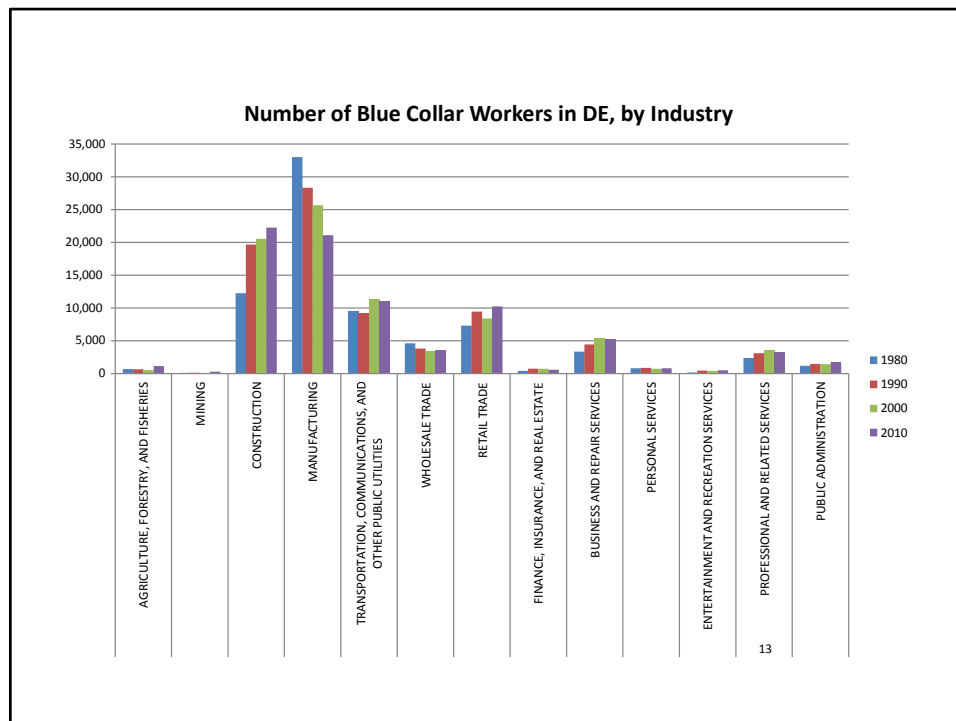


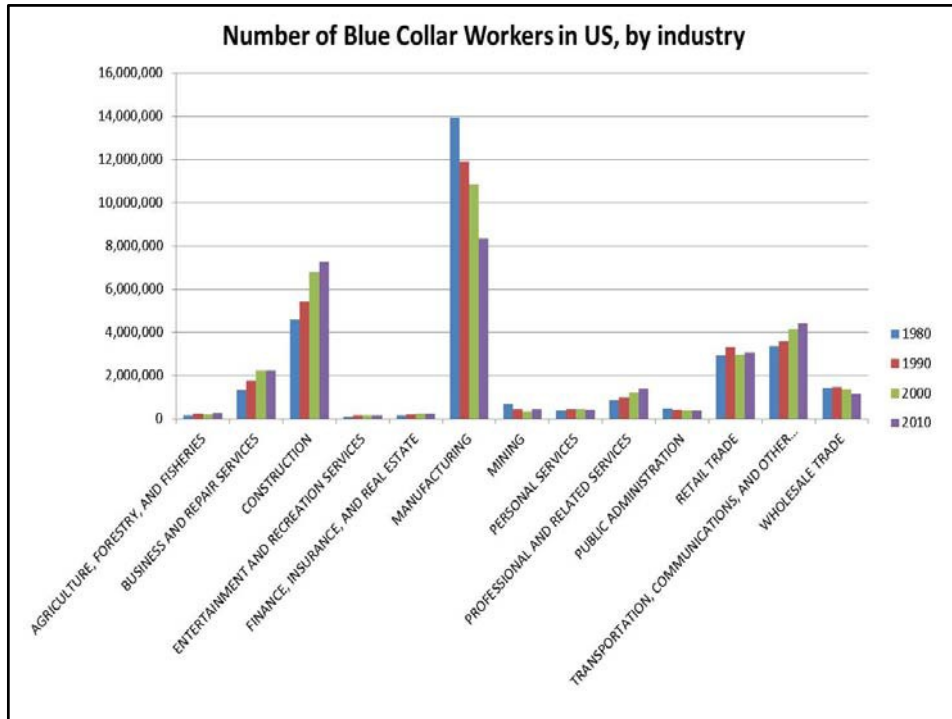


- Delaware is very similar to the region in regarding the declining importance of BC jobs.
- Because many other states are facing the same issues, keep in mind that any policies that show immediate rewards may be imitated.

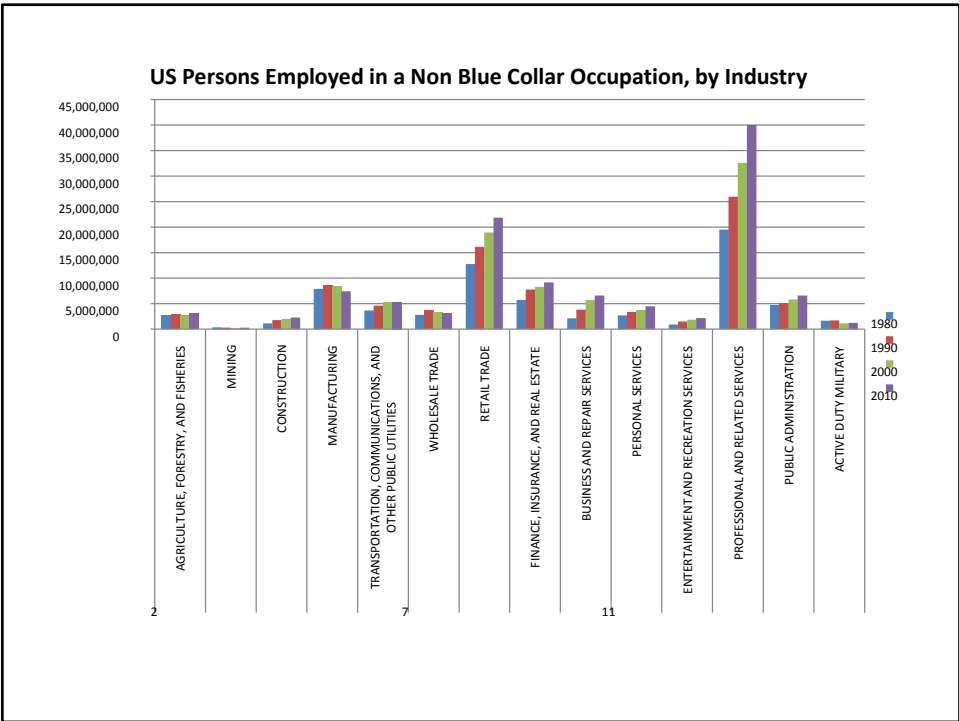
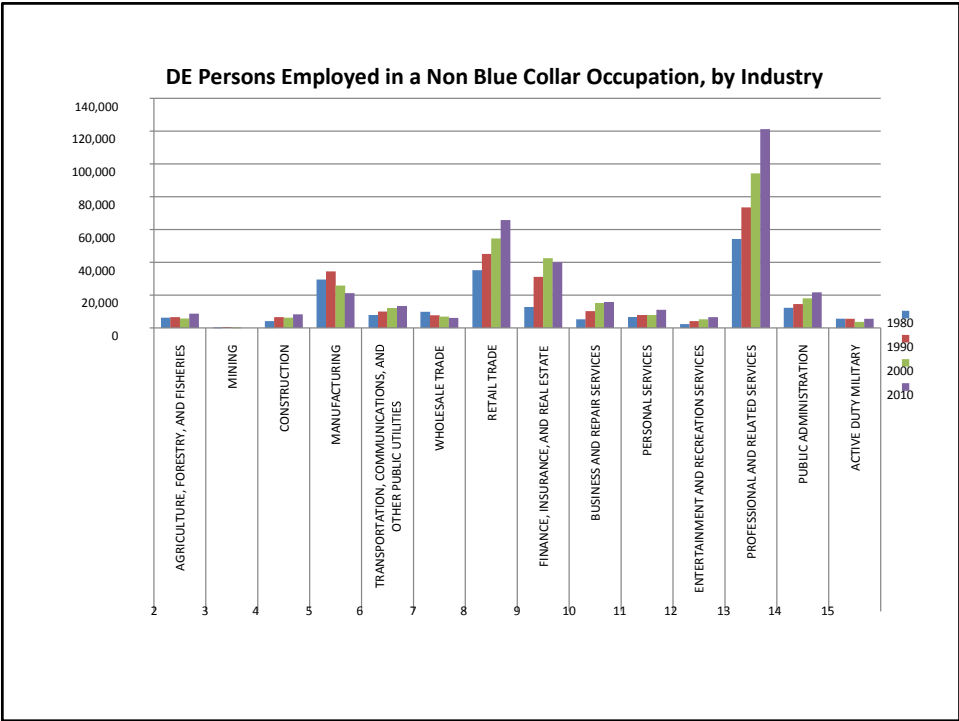


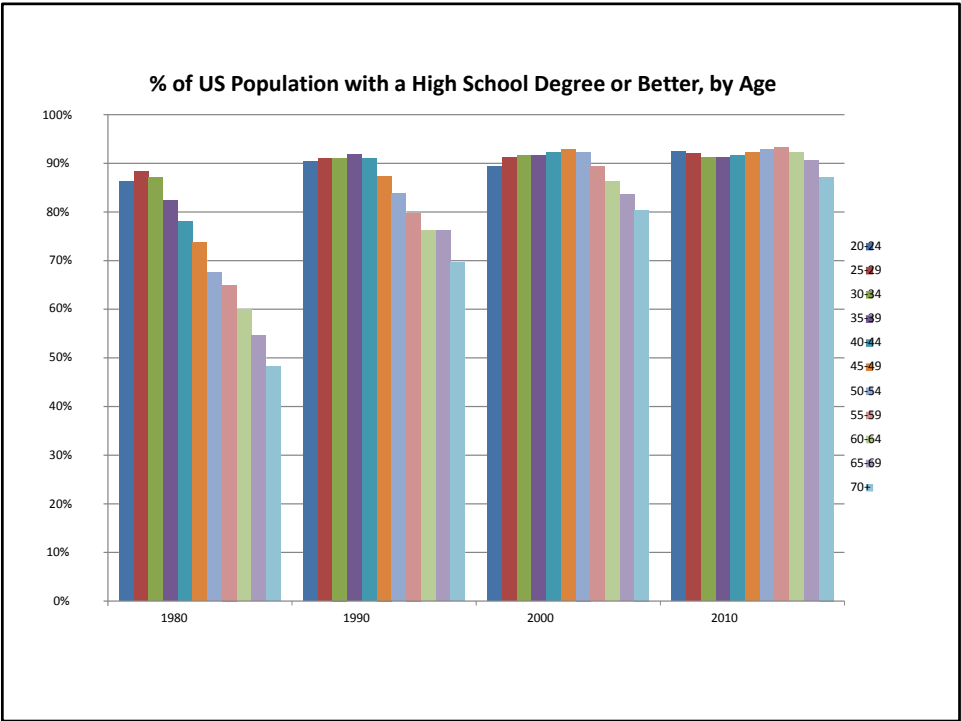
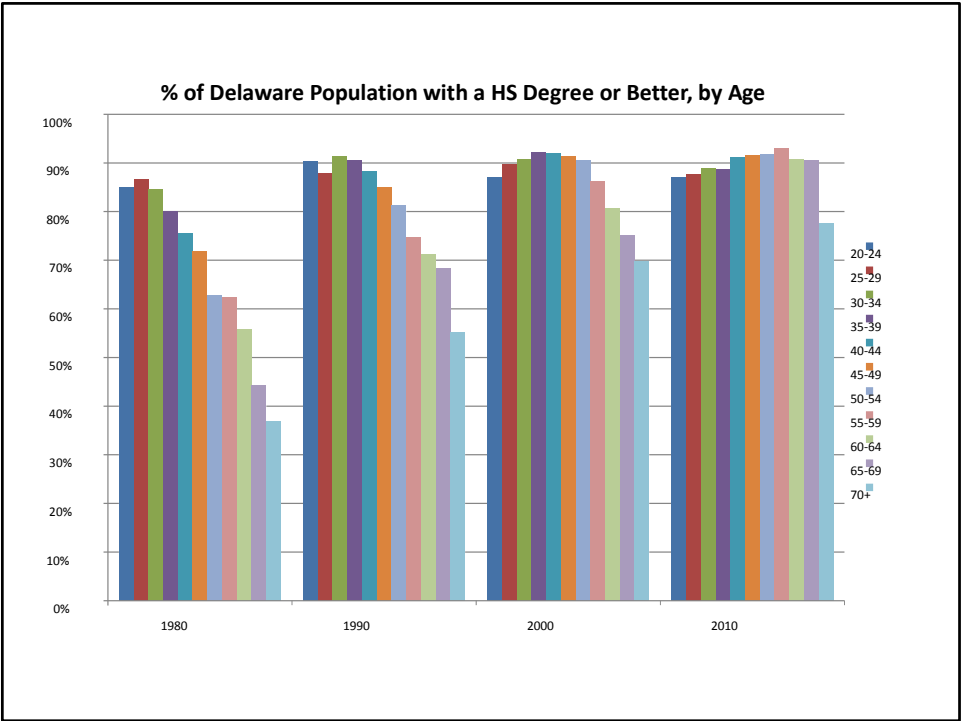
- Breaking down occupations beyond blue collar and non-blue collar, shows that virtually every type of non BC occupation has been increasing.
- Within BC occupations, the machine operators, assemblers, and inspectors (6) have witnessed the steepest employment loss. These occupations traditionally operate the types of machines used in manufacturing.



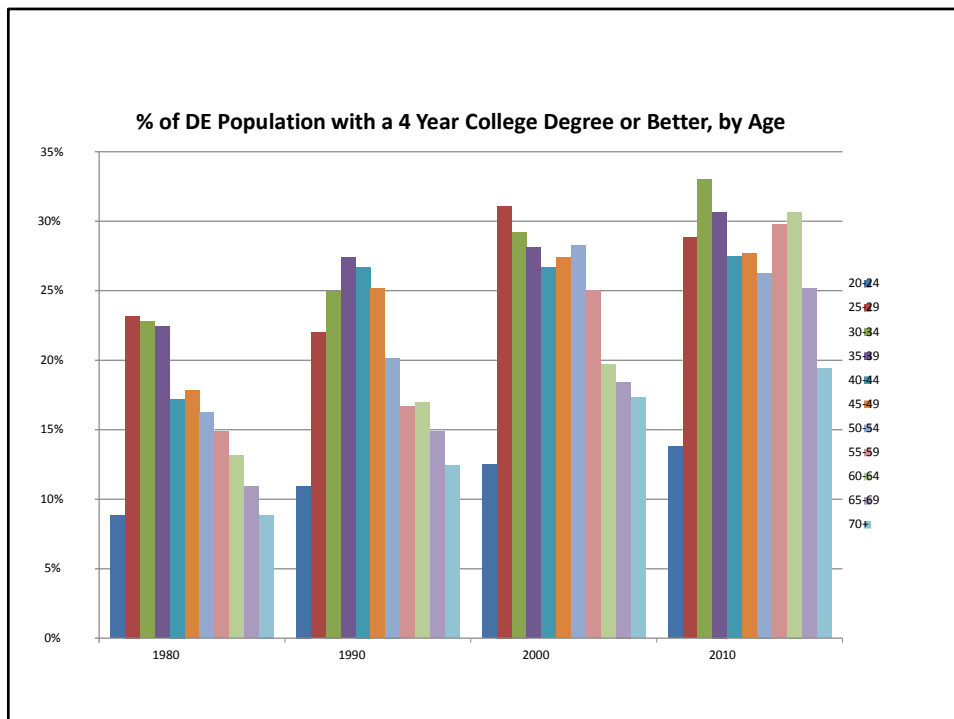


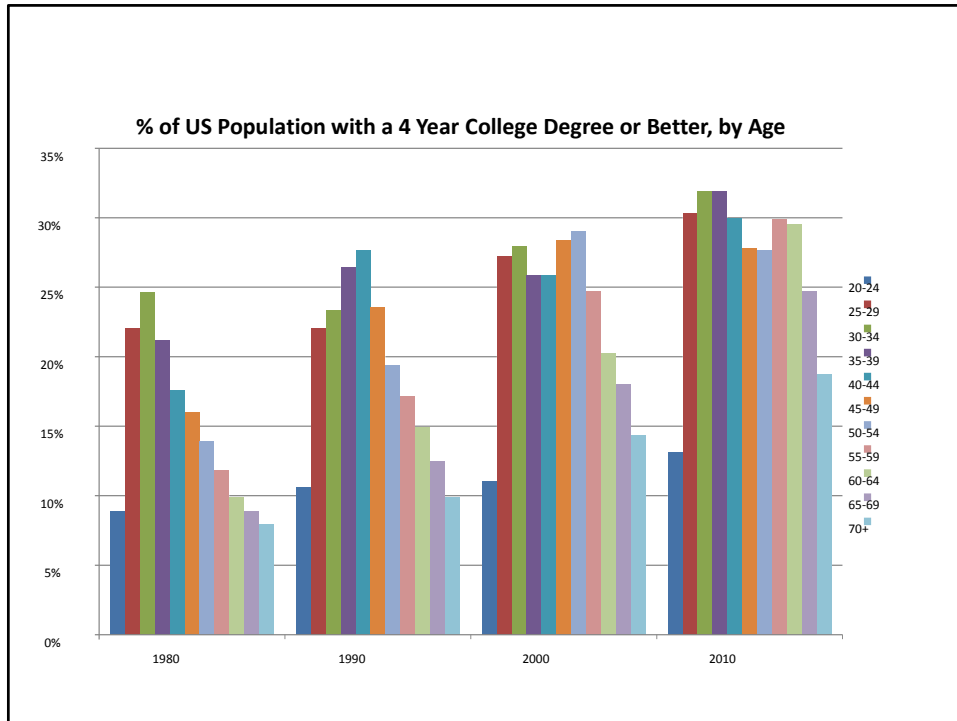
- The BC occupations have decreased sharply in manufacturing.
- BC occupations have increased in the following industries:
 - Construction
 - Transportation, communication, and utilities
 - Business repair services
 - Professional services
- The gains in BC employment among the four industries nearly offset the loss due to manufacturing.



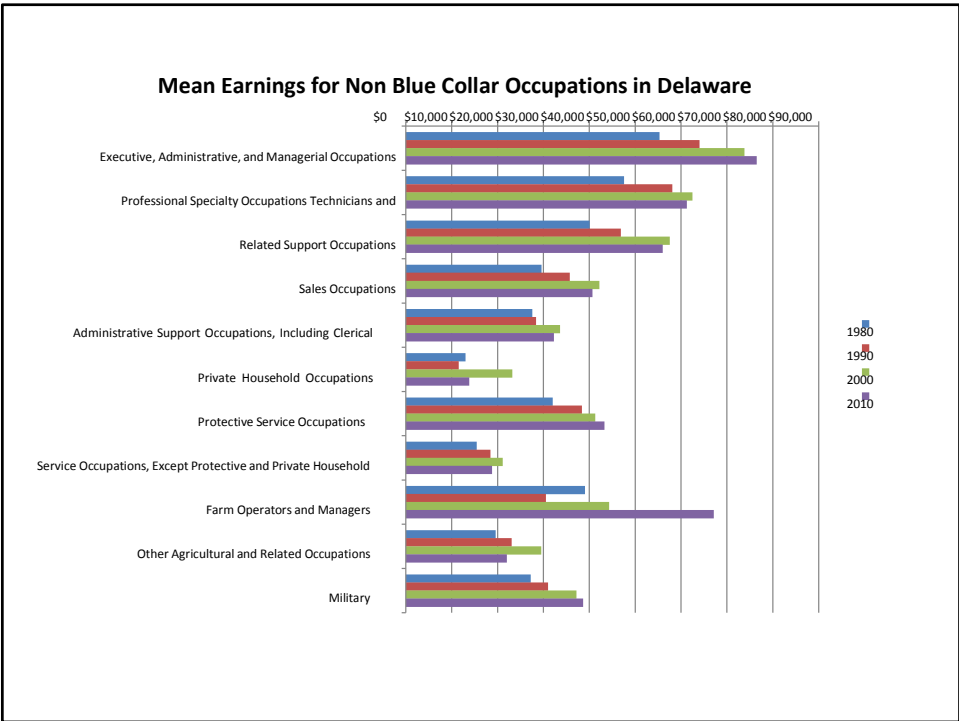
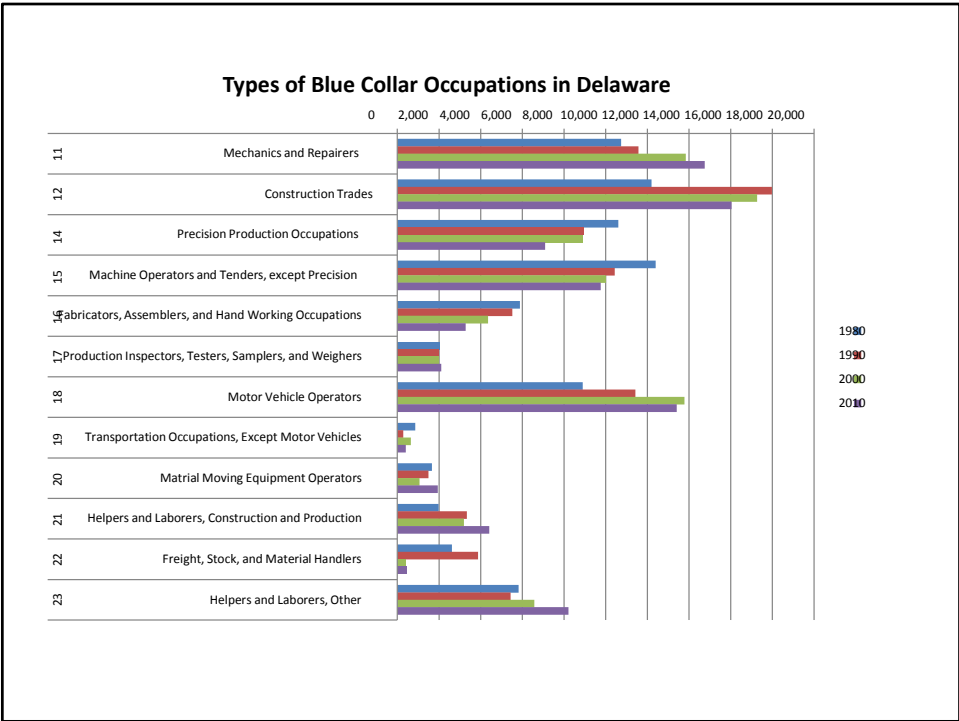


- Traditionally, there used to be a tradeoff between education and experience. Workers with substantial experience may not have or need a high school education.
- Today, nearly all workers have a high school education. That tradeoff between experience and education is no longer relevant.
- Moreover, a high school diploma makes a much sharper distinction on the ability of persons as it used to do. In other words, not having a HS education is worse today than ever before.
- Delaware has more young persons without a high school diploma than the nation, and that situation is getting worse. Even if HS graduation rates improve overnight, there will be a larger cohort of Delawareans that will not have a high school education.





- Similar trends are happening with a college education as they are with a High School diploma.
- There is not much of a tradeoff anymore between experience and a college education.
- With the increasing number of people with college degrees, differentiation by type of degree becomes increasingly important.



- The opposite trend is happening for non-BC jobs.
- Many non BC occupations have increased both employment and earnings, signaling increased demand.
- However, some non BC occupations have seen increased employment but declining earnings, such as administrative support, clerical, and other service occupations. These are jobs which are seeing greater supply of labor than demand.
- Unfortunately, these are the types of jobs which BC workers are most able to enter when changing careers.

**Thank
You**

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APPENDIX 4: BLUE COLLAR TASK FORCE MEETING MINUTES SEP. 16, 2013

Blue Collar Task Force Meeting Minutes

**Monday, September 16, 2013
9:00 a.m.**

Buena Vista Conference Center, Buck Library

Task Force members present:

Sen. Robert Marshall, Delaware State Senate, Co-Chair
Rep. Michael Mulrooney, Delaware House of Representatives, Co-Chair
Rep. Michael Ramone, Delaware House of Representatives
Secretary John McMahon, Department of Labor
Secretary Tom Cook, Department of Finance
Gregory Sawka, Delaware Contractors Association
Edward Capodanno, Associated Builders and Contractors, Inc.
Harry Gravell, Delaware Building & Construction Trades Council
Samuel Lathem, Delaware AFL-CIO
Judy Diogo, Central Delaware Chamber of Commerce
Gary Stockbridge, Public Member
Joseph Durham, Public Member
Jim McNally, Public Member

Staff present:

Mariclaire Luciano, Delaware State Senate
Rylene Harper, Delaware House of Representatives
Edward Ratledge, Center for Applied Demography & Survey Research, University of Delaware
Jerome Lewis, Institute for Public Administration, University of Delaware
James Flynn, Institute for Public Administration, University of Delaware
Julia O'Hanlon, Institute for Public Administration, University of Delaware
Kelly Sherretz, Institute for Public Administration, University of Delaware
Christopher Kelly, Institute for Public Administration, University of Delaware
Neil Kirschling, Institute for Public Administration, University of Delaware
Verity Watson, Institute for Public Administration, University of Delaware

Public Attendees:

Mary Kate McLaughlin, Delaware Department of Education
John Casey, Delaware Contractors Association
Paul Morrill, The Committee of 100
Nello Paoli, Preferred Electric, Inc.
Michael Harkins
Andrew Dinsmore, Office of U.S. Senator Chris Coons
Julie Wheatley, Sussex County Economic Development
Jordan Seemans, Rhett Ruggerio Government Relations

Dwight Holden, City of Wilmington Mayor's Office
Mark Murowany
Dennis Loftus
Maria Matos, Latin American Community Center
Morris Deputy, Town of Middletown
Gwendolyn Lane, Delaware State American Postal Workers Union 2
Rich Heffron, Delaware State Chamber of Commerce
Brett Taylor, Delaware Department of Transportation
Brian McGlinchey, Laborers' Union, LECET
David Grimaldi, New Castle County Executive Office
Mark Martell, Emerald Ridge Investments, LLC
Stephanie Herron, Sierra Club
Kathy Murphy, Institute for Public Administration, University of Delaware
Jim Black, Partnership for Sustainability in Delaware
Cerron Cade, Office of U.S. Congressman John Carney
Rep. Kim Williams, Delaware House of Representatives
Joe Rogalsky, Delaware Department of Justice
Gerald Robbins, 350.org
John Dudziec, Experienced Auto Parts Inc.
Tony Simkovich, OPEIU 277, American Income Life
Rep. Gerald Brady, Delaware House of Representatives
John Taylor, Delaware Public Policy Institute

Documents Shared with participants:

- Meeting Agenda
 - Small Group Assignment List
 - Small Group Activity Sheets (Representing 3 main discussion areas)
-

The meeting was called to order at **9:03 a.m.** by Senator Robert Marshall, Co-Chair.

1. Introductions (9:03 a.m.)

Representative Michael Mulrooney, Co-Chair, welcomed new members to the meeting. Senator Marshall shared with Task Force members his belief that some specific policy remedies and recommendations can be identified among the group. Senator Marshall mentioned that "new-collar people," those who like to work, no matter what the profession, can earn a living and be a part of the system, working their way forward in keeping with the American Dream. He added that a meaningful job can support families by providing them with safety and security. Senator Marshall cited research that suggests Delaware might be one of few states that could fall back into a recession; therefore, the Task Force must be open to new ideas and willing to address important issues. Appropriate information must be collected to recommend appropriate action steps. Senator Marshall then

introduced the guest speaker, John Dudziec, owner and operator of Experienced Auto Parts, Inc.

2. Challenges and Issues Facing Employment Growth: A Small Business Perspective (9:15 a.m.)

Mr. Dudziec thanked the Task Force for the opportunity to speak. He opened his remarks with a brief summary of his background and experience, indicating that college life was not for him—that he needed to be in a more hands-on profession. He explained that he briefly worked as an insurance appraiser before buying his current business in 1990. He owns and operates an automotive recycling company that employs three individuals besides himself. From Mr. Dudziec's perspective, Delaware small businesses face major challenges, including finding qualified employees, adhering to regulations of multiple levels of government, and providing benefits for his employees.

Qualified Work Force

According to Mr. Dudziec, one of the primary challenges of running a small business is finding qualified individuals with the right skill set and personal motivation. Mr. Dudziec noted two key traits that seem to be lacking in young people whom he has recently encountered: a strong work ethic and common sense. He also noted that while schools do a good job in general, but they are not devoting sufficient time to teaching trades and providing their students with hands-on experience in those trades. Students in vocational-technical schools, in his opinion, should be more exposed to shops that are equipped with tools and technology that can help them get jobs and that are aligned with new ways of practicing trades—replicating the conditions that students will encounter in the real world. As a small business owner, Mr. Dudziec has found that he must adapt to the changing economy and therefore needs employees who possess certain technological skills. He also noted that vocational-technical schools have changed over time and that good grades are an important factor in being accepted into some of these institutions.

Regulations

The need to adhere to an ever-increasing number of government regulations tends to make business operations more difficult. Mr. Dudziec is currently required to maintain six licenses to operate his business. This can sometimes be overwhelming and overly complicated. He claims that the necessity for completing paperwork takes him away from actually running his business. He often finds himself working 80 hours per week. His suggestions on ways to streamline the paperwork requirements needed to maintain licenses include updating and simplifying

notifications and regulations so that they are less confusing and burdensome, having state employees more available to provide assistance, and offering better opportunities for small-business owners to express their challenges (e.g., during times that do not conflict with prime work hours). Mr. Dudziec also mentioned the importance of an equal and level playing field related to regulatory enforcement. While he does not mind conforming to regulations, he claims that not all business owners follow regulations and that this puts him at a major disadvantage (i.e., the time it takes to complete paperwork is time away from running his daily business operations).

Cost of Providing Benefits

Mr. Dudziec would like to be able to offer health insurance to his employees, but he cannot afford to do so—a common issue among small businesses. Benefits are an effective way to attract and retain qualified employees, but the cost of providing them is too great for many small businesses. This leaves small business owners unable to compete with larger businesses in retaining key staff.

Questions/Comments

Several Task Force members responded to Mr. Dudziec's remarks with comments related to the small-business owner perspective, licensing, and intergovernmental coordination. A comment was also made about the challenges associated with vocational technical schooling criteria and that good academic standing is a key factor in getting into such programs.

At 9:45 a.m. Senator Robert Marshall gave instructions on how the small group activity would work. Task Force members, according to their pre-determined small-group assignments, were directed to their designated meeting rooms.

3. Small Group Activity (10:00 a.m.)

The Task Force broke out into assigned small groups to discuss major topics and issues identified and raised during the August 19 meeting at the Chase Center. Identified topics and issues were divided into three main categories: ***economic development, regulatory/environmental and public education/job training/skills development***. Each small group member was asked to select three sub-topics /priorities within each major category. After individual group members had the opportunity to review and select three items they thought should be the highest priority for consideration or research by the Task Force, the groups discussed their preferences and tallied their priorities.

The following bullet points represent the major small group discussion points related to each of the main areas.

Economic Development Discussions Among the Small Groups:

- Cultivate a business-friendly environment that includes education, infrastructure, and ease of negotiating government regulations.
- Keep in mind the small businesses that have already made a commitment to the state. These existing businesses should be offered incentives as well as new business prospects.
- For continued growth, it may be better to focus on encouraging more small business development rather than on the—big fish.
- What jobs boost the middle class? What jobs bring income to the state? What do other states want to buy?
- Some business owners are not driven simply by financial incentives. Some want better-prepared employees, streamlined regulations, etc. Tax credits are not always the main incentive.
- “Front-end” incentives provided to bring new businesses into the state are less impactful than “back-end” incentives that promote existing businesses and assist them in growing larger.
- Look around the state for possible partnerships (e.g., Wilmington Riverfront).
- Public Works: look into natural gas pipelines, roadways, aging infrastructure, and railway infrastructure.
- Small business incubators:
 - Incubators would reduce overhead costs and operating rates by allowing new businesses to share resources and physical space
 - Could also improve efficiency of the regulatory agencies since they can reach many businesses at the same time.
- Need to create an attractive business environment first:
 - “Right to work” and high energy costs stated as two important items
 - Importance of public-works expenditures to allow for mobility of employees and products; improving infrastructure widens the workforce.
- Overseas investment:
 - There is a history of foreign private investors underwriting transportation and infrastructure for state, county, or private businesses.

Public Education/Job Training/Skill Development Discussions Among the Small Groups:

- So much time is being spent trying to score well on standardized tests that the teaching of valuable job skills is being largely ignored.
- Maybe we should not be asking 14-year olds what they want to do with the rest of their lives. If children are not educated with the basic skills, they will automatically have limited opportunities.
- Soft skills are lacking. We should start incorporating growth of social skills into school-effectiveness ratings.
- Vocational technical training and technology may be outdated. Possibly partnering with local businesses would provide students with hands-on, project-based experience.
- Some students go to vocational-technical schools simply because they would rather go there than their district high schools, not because they want to learn technical skills.

Regulatory/Environmental Discussions Among the Small Groups:

- There needs to be a way to address individual business concerns as well as the small business community as a whole.
- The Public Policy Institute is looking into zoning and permitting procedures.
- Identify the unique challenges that are facing each county.
- There should be a way to track which businesses are submitting permits and required paperwork and which are not. We need to strengthen accountability.
- Streamline regulations so they are not impinging on one another.
- Agencies should be there to assist businesses with the process, not to instill fear in them.
- Look into finding ways to provide advice on legal and financial services, such as a professional services cooperative agreement.

For each main area (economic development, public education/job training/skill development, and regulatory/environment), an overall tally was taken of issues identified among the small groups (bold represents most selected topics/issues – those considered highest priority for consideration).

Economic Development – Three areas selected most/highest priority for consideration: financial incentives for “growing” existing businesses and industries, identifying and targeting organizations that compliment and strengthen existing Delaware businesses, and the availability/utilization of private sector investment funds.

Economic Development Topic/Issue	Number of Group Participants Who Identified as a Priority*
Financial incentives for start-up businesses and industry opportunities	11
Financial incentives for “growing” existing businesses and industries	17
Non-financial incentives for businesses and industrial growth	10
Special incentives (financial and non-financial) to encourage largest employers with the potential to add more jobs/work sites	4
Identify and target organizations that compliment and strengthen existing Delaware businesses and industries	14
Unique issues of the Port of Wilmington: Labor costs, intermodal transportation needs, facility capabilities, shipping channel	7
Availability/utilization of private sector investment funds	17
Targeted Public works expenditure	13

Public Education/Job Training/Skill Development – Three areas selected most/ highest priority for consideration: secondary-level vocational technical education programs, retraining program for the underemployed/unemployed, and aligning education/job training programs with employer needs.

Public Education/Job Training/Skill Development Topic/Issue	Number of Group Participants Who Identified as a Priority*
Secondary-level vocational technical education programs	20
Post-secondary vocational technical education programs	14
Retraining program for the underemployed/unemployed	16
Aligning education/job training programs with employer needs	23
Marketing Strategy	3

Regulatory/Environmental – Three areas selected most/ highest priority for consideration: better coordination among all levels of government in Delaware, streamlining existing regulatory procedures at every level of government, and financial and time delays association with new construction projects.

Regulatory/Environmental Topic/Issue	Number of Group Participants Who Identified as a Priority*
Better coordination among all levels of government in Delaware	17
Coastal Zone Act: barriers in current legislation; deterrents to future growth	11
Review existing “right to work” and “prevailing wage” legislation	4

*The number of participants in each small group varied.

4. Report Outs From Small Groups (10:57 a.m.)

Institute for Public Administration staff provided summary reports from each small group. Due to time constraints, only the major points of the small group discussions were reported.

Group 1

There was a very broad discussion of many ideas, but most centered on the availability/utilization of private-sector investment funds and identifying and targeting organizations to compliment/strengthen existing businesses and industries. On the first point, how can businesses – particularly small businesses – be helped to grow? Private sector funding (almost like venture capital) could be co-mingled with public funds to underwrite start-ups and/or provide “incubator” space for businesses to function. On the second point, existing businesses could develop mentorships with new firms; The Delaware State Chamber of Commerce is preparing to launch a new initiative aimed at small companies. Can regulations be written in plainer language or could government and the chambers of commerce co-sponsor regulatory training sessions? Can the taxing structure be re-worked so that existing firms that increase jobs will be granted a decrease in taxes for a specific period of time (a sliding scale depending on number of jobs added and size of firm)? Also, have more policing of existing regulations so that all businesses are actually keeping records and filing activity reports, not just the few.

Group 2

For this group, the most pressing items related to regulatory/environmental issues included better coordination among all levels of government, streamlining existing regulations, and financial and time delays associated with new construction. The group notes that many of these selected topics/issues are interconnected. Economic development priorities included financial incentives for growing existing businesses and industries, availability/utilization of private sector funds, and targeted public works expenditures. The group did not have much time to discuss the education-related category, but was able to identify priority areas: secondary level vocational-technical education, retraining programs for the underemployed/unemployed, and aligning education and job training with employer needs.

Group 3

The most popular issues for the education-related area were secondary-level vocational technical education programs, aligning education/job training programs with employer needs, and post-secondary vocational technical education programs. For the regulatory/environmental issues, the most popular selections were streamlining existing regulatory procedures at every level of government, better coordination among all levels of government in Delaware, and financial and time

delays associated with new construction projects. The economic development issues identified as priority were financial incentives for —growing existing businesses and industries, identifying and targeting organizations to compliment and strengthen existing Delaware businesses and industries, financial incentives for start-up businesses and industry opportunities, and availability/utilization of private-sector investment funds.

5. Closing Comments *(11:03 a.m.)*

Senator Robert Marshall thanked the group for participating and asked everyone to encourage attendance at the public hearings scheduled for September 23 (5:30-8:00 p.m.) at the Chase Center and October 15 (5:30-8:00 p.m.) at the Middletown Town Hall. The next Task Force meeting will be on October 18, 2013 at 9:00 a.m. at the Buena Vista Conference Center.

6. Adjournment *(11:05 a.m.)*

The meeting was adjourned at **11:05 a.m.**

APPENDIX 5: NORTHERN NEW CASTLE COUNTY PUBLIC HEARING SEP. 23, 2013

Blue Collar Task Force Public Hearing

Location: Chase Center on the Riverfront, Wilmington, DE

Start: 5:41 p.m.

End: 7:39 p.m.

Panel: Led by Senator Robert Marshall (D-3) and Representative Michael Mulrooney (D-17)

Members present included John McMahon (Secretary, Delaware Department of Labor), Alan Levin (Director, Delaware Economic Development Office), and Thomas Cook (Secretary, Delaware Department of Finance).

The panel members thanked everyone in attendance and stated their commitment to incorporating public opinion into policy decisions made concerning the status of “blue collar” jobs in the state. Senator Marshall noted that Director Levin and Governor Markell have been working diligently to grow Delaware’s economy and the Blue Collar Task Force will continue to look for solutions to grow the manufacturing and labor industries in the state. Members of the public were given the chance to provide input on the status of “blue collar” jobs in Delaware. The following is a summary of major points:

Concerns:

1. **Lack of educational and training opportunities** for youth who may not fit the traditional college mold
2. Bureaucratic difficulties make it **difficult to get licenses for contracting and construction projects**
3. The **formerly incarcerated have a difficult time finding and obtaining re-entry jobs**
4. **Lack of job preference for Delawareans**
5. **Manufacturing jobs have gone overseas**

Suggested Solutions:

1. **Create/implement job preference for Delawareans**
2. **Bolster vocational education/training** in the state
3. **Loosen “red tape”** to make obtaining licenses easier
4. Provide **incentives to corporations to relocate manufacturing to Delaware** (AMTRAK railcar manufacturing/maintenance was cited as an example)

5. **Earmark funds for public works projects** in each county (primarily in transportation/infrastructure)
6. **Revitalize and repurpose the Port of Wilmington** (various proposed purposes)
7. **Set quotas for re-entry jobs** (set aside jobs for the formerly incarcerated)
8. **Eliminate the “black box”** to reduce discrimination in hiring former convicts

APPENDIX 6: SOUTHERN NEW CASTLE COUNTY PUBLIC HEARING OCT. 15, 2013

Blue Collar Task Force Public Hearing

Location: Middletown Town Hall, Middletown, DE

Start Time: 5:38

End Time: 7:35

Panel: Led by task force Co-chairs Senator Robert Marshall and Representative Michael Mulrooney. Members present consisted of Joan Verplanck (President & CEO, Delaware Chamber of Commerce), John McMahon (Secretary, Delaware Department of Labor), Joe Durham (Public Member), and Representative Michael Ramone.

Senator Marshall thanked everyone in attendance and called the meeting to order. He explained the goal for the meeting was to explore creative solutions to the chronic unemployment problem in the state of Delaware, which consistently is above 7 percent with a large portion of that being “blue collar” workers.

Dr. James Flynn explained that the task force, which is a bi-partisan panel made up of 22 members from all sectors of community, had the goal of exploring what could be done to address the persistent unemployment problem within Delaware. To this end, it is the role of the Task Force to illustrate what is currently being done to spur “blue collar” employment in the state, as well as to fully understand the term, and make suggestions on avenues of growth in the future. He gave a progress report on previous task force working group meetings and public hearings, and explained that the working group had found three broad areas that the task force should explore in greater detail. They are as follows:

1. The task force should understand the importance of small business growth as the means for economic development in the state;
2. The regulative environment in the state should be analyzed and adjusted to allow for the most efficient environment for business development. The state’s environmental regulations need to be re-evaluated to determine if they are still necessary, as well as determining if they are preventing job growth in the state; and
3. Special attention needs to be provided to public education, job training, and skill development to train citizens of the state in both ‘hard skills’ and ‘soft skills’ as a means of accessing well-paying jobs.

Members of the public were given the chance to provide input on the status of “blue collar” jobs in Delaware. The following is a summary of major points:

Concerns:

1. Delaware does not maintain an adequate funding source for its' secondary education system, which inhibits economic development in the manufacturing industry due to a lack of ability to locally train employees.
2. Adolescents today do not learn the *soft skills* such as communication and workplace behavior, leaving them unprepared to enter the workforce.
3. There is a drop-out problem in the state of Delaware due to a lack of support for students with a "college is not for me" mentality.
4. Delaware lacks a long-term economic vision, making all economic development efforts inefficient.
5. Providing tax breaks and other incentives to large employers to come to the state without guarantee of business permanency costs the state revenue. Emphasis needs to be placed on small business for economic growth and employment growth.

Solutions:

1. Create a technical institute not tied to the community college system centered on the STEM education model. Examples of successful systems are the Williamsport Technical Institute located in the Pennsylvania College of Technology, or the Workforce Education & Lifelong Learning at Temple University.
2. There needs to be increased state support for vocational and skills training programs devoted to *at-risk* children. Good examples of this type of program are the Challenge Program in Wilmington and vocational programs in New York. Specifically due to the rich maritime history of the state, a school teaching all maritime skills could vastly advantage the blue collar workforce.
3. The state as a whole needs to do a better job understanding the assets provided by being a small state, including speed, efficiency, and a "know everybody" mentality, and market these to potential businesses looking to relocate.
4. Funding and state support should be given for business incubators and entrepreneurial support.
5. There is Federal grant money for businesses as well as governments and non-profits, yet finding it is tedious and time consuming. State support should be provided to help find such grants.
6. There is no "silver bullet," to enact change it will take a joint effort from the governor, legislature, and the private sector, as well as financial support from the state, and support for projects that have not previously been tried- more "outside of the box" thinking.

APPENDIX 7: BLUE COLLAR TASK FORCE MEETING MINUTES OCT. 18, 2013

Blue Collar Task Force
Meeting Minutes
Friday, October 18, 2013
9:00 a.m.

Buena Vista Conference Center, Buck Library

Task Force members present:

Sen. Robert Marshall, Delaware State Senate, Co-Chair
Rep. Michael Mulrooney, Delaware House of Representatives, Co-Chair
Rep. Michael Ramone, Delaware House of Representatives
Secretary John McMahon, Department of Labor
Secretary Ed Kee, Department of Agriculture
Secretary Tom Cook, Department of Finance
Gregory Sawka, Delaware Contractors Association
Samuel Lathem, Delaware AFL-CIO
Judy Diogo, Central Delaware Chamber of Commerce
Gary Stockbridge, Public Member
Jim McNally, Public Member

Staff present:

Mariclaire Luciano, Delaware State Senate
Rylene Harper, Delaware House of Representatives
Ed Ratledge, Center for Applied Demography & Survey Research, University of Delaware
Julia O'Hanlon, Institute for Public Administration, University of Delaware
Kathy Murphy, Institute for Public Administration, University of Delaware
Kelly Sherretz, Institute for Public Administration, University of Delaware
Christopher Kelly, Institute for Public Administration, University of Delaware
Verity Watson, Institute for Public Administration, University of Delaware
Saran Singh, Institute for Public Administration, University of Delaware

Public attendees:

Mary Kate McLaughlin, Department of Education
Gwendolyn Lane, Delaware State American Postal Workers Union
Mark Murowany, IFG Insurance
Tony Simkovich, OPEIU 277, American Income Life
Dennis Loftus
Gary Robbins, Garald G. Kitchen & Bath Designs, 350.org Delaware
Julie Wheatley, Sussex County Economic Development
Scott Kidner, C S Kidner Associates
Secretary Collin O'Mara, Department of Natural Resources & Environmental Control
Paul Morrill, The Committee of 100
Jim Black, Partnership for Sustainability in Delaware

Maria Matos, Latin American Community Center
Tyrone Johnson, Churches Take a Corner, Inc.

Items Shared with Participants:

- Meeting Agenda
 - *Blue Collar Task Force Activities Review*. PowerPoint Presentation by Julia O'Hanlon (October 18, 2013).
 - *Delaware Wages 2012: Occupational Employment Statistics*. Office of Occupational and Labor Market Information, Delaware Department of Labor (June 2013).
 - *Delaware 2020: Occupation and Industry Projections*. Office of Occupational and Labor Market Information, Delaware Department of Labor (July 2012).
-

The meeting was called to order at **9:13 a.m.** by Senator Marshall, Co-Chair.

I. Welcome and Introductions

Senator Marshall welcomed all those in attendance. He noted that the most recent public hearing, held just a few days prior in Middletown (October 15, 2013, at Middletown Town Hall Council Chambers), yielded a small turnout, but great comments that we be valuable as the Task Force continues its efforts. He introduced the University of Delaware Institute for Public Administration (IPA) staff, including Julia O'Hanlon, who served as the meeting's primary facilitator.

II. Summary of Task Force Activities and Primary Themes Thus Far

Ms. O'Hanlon also introduced the IPA staff, as well as the graduate students present. She indicated that the goals for the day included (1) reviewing major themes/ideas from earlier Task Force meetings, (2) confirming major priorities identified thus far, and (3) determining how these priorities might be translated into specific actions and recommendations.

Ms. O'Hanlon provided a brief overview of the Task Force activities to-date, which included both the prior two meetings (8/19/13 and 9/16/13), as well as the prior two public hearings (9/23/13 and 10/15/13). She then recapped the three main themes that have been identified thus far:

- *Economic Development*
- *Public Education/Job Training/Skills Development*
- *Regulatory/Environmental*

III. Discussion Leader Remarks**A. The Honorable Collin O'Mara – Secretary, Delaware Department of Natural Resources & Environmental Control (DNREC)**

Secretary O'Mara discussed two overarching components/themes related to bringing jobs to Delaware—infrastructure issues and regulatory barriers. He divided infrastructure issues into five areas:

1. Transportation

Secretary O'Mara suggested that transportation be viewed as the overall movement of goods and services, not just roads and bridges. Delaware, as a long-range goal, should consider way to better utilize her railway systems and the potential of New Castle Airport, operated by the Delaware River & Bay Authority.

2. Water/Sewer

Secretary O'Mara noted that there will be \$600 million in unmet water/sewer needs in the coming years; 80-90 percent are smaller sized, local projects. Executing these projects, in turn, drives local employment. He also noted that Delaware does not have funding specifically dedicated to water infrastructure repair and maintenance as some other states do. He cited a source that estimated that for every \$1 million spent on such projects, 10-15 jobs will be created.

3. Energy

In terms of energy, Secretary O'Mara felt that the state has plenty of opportunities to improve service delivery while also creating jobs. Possibilities include moving away from coal-fired plants to cleaner natural systems. This transition could be expedited with a natural gas pipeline running from New Castle County to the central/southern portions of the state. He again mentioned an estimate that 17-24 jobs are created for every \$1 million invested in such public works projects.

He mentioned that HB 179, *AN ACT TO AMEND TITLE 26 OF THE DELAWARE CODE RELATING TO ENERGY EFFICIENCY RESOURCE STANDARDS AND RENEWABLE ENERGY PORTFOLIO STANDARDS*, passed unanimously in the House last session and he anticipates that this legislation will continue to gain support in the coming year.

4. Eco-Tourism Assets

Delaware currently has a \$6 billion tourism industry, and there is still potential for more to be done in this area. He mentioned earlier conceptualizations, such as possibly expanding the Christiana Mall into a "King of Prussia" like destination that would keep people in the state for more than just tax-free shopping. However, there is also a massive gap in available long-term funding for such an initiative. States like New Jersey and New York are investing a great deal of money to improve their tourism industries.

He also noted that Delaware could push private industries to consider partnerships that would utilize public parks in new and more varied ways, such as kayaking, pleasure boating, recreational fishing or simply making our parks and waterways more accessible.

5. Brownfields

The Brownfield project has cleaned up 140 sites within the last three years, but is still seen as too reactive. He asked the Task Force to consider recommending procedures that would do a better job of identifying sites still in need of remediation and considering how they might be converted for use as public assets

after rehabilitation. Again, smaller local businesses could serve a vital role in these efforts.

Secretary O'Mara then elaborated on the second "big picture" item: regulatory issues. He stated that the problem is not the timeliness of getting permits, especially at the state level, but rather with predictability after the permit is initially issued. For example, an appeal of a permit issuance can delay a project for years since there is a chance a project will end up in litigation. He noted that sometimes individuals may contend there is an environmental concern when they simply do not want to see the project implemented. He also stated that permit fees have generally not changed since 1992. If these fees were increased, the state could invest in better technology to make the process more efficient and easily accessible.

B. The Honorable John McMahon – Secretary, Delaware Department of Labor (DOL)

Secretary McMahon spoke about the challenges facing the Department of Labor and Delaware employers. He first responded to the question of defining "workforce-ready" employees. Secretary McMahon stated that all potential employees are "workforce-ready," but in varying capacities. Workforce readiness depends on acquiring the necessary skill sets for specific jobs. While some careers require minimal prior education, other fields mandate extensive prerequisites. The workforce-readiness of a potential employee will vary depending on the field, position, and employer. He also asserted that employers are increasingly seeking new workers with "soft skills," such as reliability, punctuality, creativity, a sense of collaboration and the ability to communicate effectively with others in the workplace.

Secretary McMahon asserted that today's students must understand that lifelong learning is a necessity. In order to remain competitive, employees must constantly seek out additional learning opportunities and strive for personal improvement. Employers seek hardworking, dedicated employees who show consistency and reliability. Workforce entrants must be conscious of these facts and showcase both soft and hard skills to potential employers.

Secretary McMahon next discussed common obstacles facing employers during the hiring process. He stated that employers often complain about the lack of soft skills amongst potential employees. Employers seek those with a wide variety of skills and qualifying characteristics. Potential employees should be able to read and write at a high school level, show competence in algebra and geometry, and bring creativity and innovation to the workplace. Today's employers also seek those able to communicate effectively, utilize new technology, and participate in engaging discussions.

Secretary McMahon concluded by outlining common barriers facing startup companies. Speaking on behalf of the Delaware Economic Development Office, whose representatives were unable to attend the meeting, McMahon presented the

major obstacles that nascent companies seek to overcome. The Delaware Economic Development Office offers assistance to newly formed companies, but finds that these businesses often suffer from a lack of knowledge about available resources. Many have already utilized all available funds and are wary of the permit process. In addition, startup companies often lack access to capital for prototype development and affordable office space. The Delaware Economic Development Office plans to provide more informational resources and support for technology-based startups in the future.

C. Mary Kate McLaughlin – Chief of Staff, Delaware Department of Education (DOE)

Mary Kate McLaughlin addressed the Task Force on the condition of public education and vocational training in Delaware. She outlined a number of recent and pending changes to the state core curriculum, college and career readiness, and strategies for the future.

Ms. McLaughlin reported that around 50 percent of Delaware students attend some form of post-secondary education and about one-third of those graduate. The DOE encourages all forms of post-secondary education, including college and career training. 59 percent of jobs currently require some form of post-secondary training, and Delaware incorporates this into the state's education model. She stated that the DOE wants to encourage more students to attend and graduate from college, but also understands the importance of vocational training. The Department's goal is to improve education quality in Delaware so that all students reach the benchmark for "college-readiness" (as indicated by a score of 1550 or higher on the SAT) and thus have the opportunity to choose whether to attend college or pursue other career options.

Ms. McLaughlin reiterated Secretary McMahon's assertion that companies are increasingly seeking employees with "soft skills," and noted that the DOE is taking steps to address this challenge through the new Common Core state standards that incorporate individualized learning with an emphasis on persistence and resilience with the hope of cultivating these skills. Teachers are now encouraged to reflect on each student's individual learning style and to utilize blended classrooms to address varied needs.

Ms. McLaughlin also agreed that vocational training and testing standards should be reformed. New models under development will aim to redesign testing and allow for a writing component and expanded problem-solving sections. The DOE is reviewing the current vocational education system and anticipates expanding to a broader array of career clusters in the future. Both the DOE and the Department of Labor hope to integrate vocational education more fully with apprenticeships and certification programs, particularly with partner institutions such as Delaware Technical and Community College, among others.

Ms. McLaughlin concluded by addressing common questions from the Task Force. She noted that parent and community involvement is difficult to cultivate, but will

focus on early initiatives and ongoing communication. She acknowledged that many students do not view a high school diploma as valuable and reiterated that focusing on classroom engagement will be the key to changing this perception. Finally, she emphasized her belief that the new Common Core state standards will drastically transform education in Delaware and bolster student involvement and retention.

D. Dennis Loftus – Former Superintendent, New Castle County Vocational-Technical School District

Dennis Loftus led a brief discussion on the current climate impacting Delaware's public education system. He mentioned that the DOE is going through drastic organizational re-alignment which, in turn, has the potential to negatively impact its performance as well as the expectations of stakeholders. The biggest challenge the public education system faces, according to Dr. Loftus, is that its reputation is very low. This low reputation is detrimental to the state's economy because it may deter potential employers from locating businesses in the state for fear of a weak inventory of qualified workers. To improve the education system's reputation, regular information sharing meetings and collaborative projects must be held between school districts, the DOE and business leaders. Such meetings would provide a neutral venue in which the parties could explain both their long- and short-term needs/expectations and explore avenues for improving the reputation of the educational system. Dr. Loftus is now forming a group from the business community and the school districts that will develop strategies for such meetings to occur.

Other topics that Dr. Loftus discussed included the need for the public educational system to network with the business community to gauge their concerns and interests, improving the engagement of students that are currently discouraged in school, and adapting the system to accommodate different learning styles and abilities, such as changing the belief that a student must graduate within 12 years to be considered successful.

One participant commented that the provision of quality daycare and preschool programs to children of low socioeconomic status will assist them greatly with their future endeavors. Currently, the early childhood education system is flawed, according to this participant, because purchase of care is assigned to the working parent, not the child. This creates a situation where the child's ability to attend a quality early childhood program is susceptible to any changes in the working parent's employment status.

E. Ed Ratledge – Director, Center for Applied Demography & Survey Research, University of Delaware

Mr. Ratledge discussed current characteristics of the local and national economies including the trend of larger businesses to focus on their core services, the decrease of employment in the manufacturing sector, and decreased labor force participation rates in the 19-34 age group. Due to these trends, Mr. Ratledge urged the Task Force to focus on recommendations that will support companies

providing critical business and professional services to larger organizations. Typically, these are companies that employ less than 50 individuals and need support in the form of small grants and, possibly, public works opportunities.

Mr. Ratledge also discussed the importance of reducing regulatory time burdens. This goal can be achieved by reducing the frequency of reporting requirements and by providing an online mechanism that will allow reporting, permitting, and licensing to be completed electronically. These requirements are achievable due to modern technology. However, creation and operation of a single portal for reporting, permitting, and licensing would require communication and cooperation across state, county and local agency boundaries.

IV. Path Forward & Closing Comments

As the meeting drew to a close, participants mentioned that they believed the Task Force was engaging in important and valuable work and that, ultimately, it would lead to actions that would improve the economic and business environment needed to bring/retain more jobs in Delaware.

Ideas such as the unified online system for licensing, permitting, and regulations, innovative eco-tourism initiatives, creating a more business friendly state by focusing on our strengths and mitigating potential weaknesses, approaching economic development strategies with an eye more toward long-term, holistic goals rather than short-term fixes, and improving the public education system, particularly a focus on vocational-technical schools, were reiterated by participants as important steps.

The meeting concluded with the Task Force Co-Chairs, Senator Marshall and Representative Mulrooney, thanking participations for their ideas and reminding them of the upcoming public hearings in Kent County (November 13, 2013 at the Delaware Department of Agriculture, 2320 S. DuPont Highway, Dover) and Sussex County (November 20, 2013 at the UD Carvel Research and Education Center, 16483 County Seat Highway, Georgetown). Both public hearings begin at 5:30 p.m.

The next Blue Collar Task Force meeting, currently scheduled for December 9, will most likely be rescheduled for an earlier date, preferably November 25, 2013. Once the next meeting has been rescheduled with Buena Vista Conference Center, the new date and time will be communicated. (*Update: Next meeting is from 1 – 4 p.m. on November 25, 2013 in the Buck Library*)

V. Adjournment

The meeting was adjourned at **12:33 p.m.**

APPENDIX 8: KENT COUNTY PUBLIC HEARING NOV. 13, 2013

Blue Collar Task Force Public Hearing

Notes 11.23.13

Location: Delaware Department of Agriculture, Dover, DE

Start: 5:50 p.m.

End: 6:45 p.m.

Panel: Led by Senator Robert Marshall (D-3). Members present included John McMahon (Secretary, Delaware Department of Labor), Harry Gravell (Delaware Building & Construction Trades Council, AFL-CIO), Joe Durham (Public Member), and Ed Kee (Secretary, Department of Agriculture).

The chair thanked everyone in attendance and stated their commitment to incorporating public opinion into policy decisions made concerning the status of “blue collar” jobs in the state. Senator Marshall noted that Secretary Levin and Governor Markell have been working diligently to grow Delaware’s economy and the Blue Collar Task Force will continue to look for solutions to grow the manufacturing and labor industries in the state. Members of the public were given the chance to provide input on the status of “blue collar” jobs in Delaware. The following is a summary of major points:

Concerns:

6. **Broad banding capabilities** are needed for libraries to be able to offer services and training to individuals seeking jobs (job centers) and for individuals to complete job applications online.
7. **Infrastructure challenges, especially natural gas availability**
8. **Need for strategic planning for future development**

Suggested Solutions:

9. **Provide support for Job Centers in public libraries.** Four already exist in the state. The centers:
 - a. **Offer assistance with job applications, resume critiquing, interview preparation**
 - b. **Provide job training** for those not going to college
 - c. Partner with DOL, DEDO, DEMEP
 - d. Are looking into **video conferencing** with individuals seeking jobs, a strategy used by other libraries across the country
10. Post **video recordings online** (topic suggestion: entrepreneurship)
11. **Ensure availability of bus routes to libraries** in order to increase access to computers and job training resources
12. Look into a **Workforce Investment Board**
13. Look at transportation system, natural gas lines, and one stop shopping for business permits when **planning for future development**
14. **Utilize public works** project to underwrite natural gas expansions

APPENDIX 9: SUSSEX COUNTY PUBLIC HEARING NOV. 20, 2013

Blue Collar Task Force Public Hearing

Notes 11.20.13

Location: University of Delaware - Carvel Research and Education Center, Georgetown, DE

Start: 5:48 p.m.

End: 6:55 p.m.

Panel: Led by Senator Robert Marshall (D-3) and Representative Michael Mulrooney (D-17) Members present included Alan Levin (Delaware Economic Development Office), Joe Durham (Public Member), Harry Gravell (Delaware Building & Construction Trades Council, AFL-CIO), Tom Cook (Secretary, Department of Finance), Ed Kee (Secretary, Department of Agriculture)

The chairs thanked everyone in attendance and stated their commitment to incorporating public opinion into policy decisions made concerning the status of “blue collar” jobs in the state. Senator Marshall noted that Secretary Levin and Governor Markell have been working diligently to grow Delaware’s economy and the Blue Collar Task Force will continue to look for solutions to grow the manufacturing and labor industries in the state. Members of the public were given the chance to provide input on the status of “blue collar” jobs in Delaware. The following is a summary of major points:

Concerns:

9. Small business owners spend too much time with report writing
10. The large amount of small business farms are a major economic drain
11. Substantial **unemployment and underemployment** despite promising economic trends like the increase in tourism

Suggested Solutions:

15. Centralize the payment of licensing fees with **One Stop Shop**
16. Provide **financial assistance to small businesses** to fuel job growth
17. **Attract large businesses** with more jobs on their force into the state
18. Enhance the potential for **public libraries** to provide walk-in assistance to job seekers
 - a. Libraries have the ability to help job seekers learn the online application process, utilize job websites, determine skills, and create a resume
19. **Disseminate more information on “Open for Business” Activities**
20. Examine **late night fixed route services** for those employed in tourism and recreation
21. Strengthen **training for middle-aged individuals seeking trades jobs**
22. **Determine which markets have untapped potential** and produce goods and services that are not currently produced in the state.
23. **Increase efforts to market local businesses**

APPENDIX 10: BLUE COLLAR TASK FORCE MEETING MINUTES NOV. 25, 2013

Blue Collar Task Force

Meeting Minutes

Monday, November 25, 2013

1:00 p.m.

Buena Vista Conference Center, Buck Library

Task Force members present:

Sen. Robert Marshall, Delaware State Senate, Co-Chair
Rep. Michael Mulrooney, Delaware House of Representatives, Co-Chair
Sen. Colin Bonini, Delaware State Senate
Rep. Michael Ramone, Delaware House of Representatives
Secretary John McMahon, Department of Labor
Secretary Ed Kee, Department of Agriculture
Director Alan Levin, Delaware Economic and Development Office
Edward Capodanno, Associated Builders and Contractors, Inc.
Harry Gravell, Delaware Building & Construction Trades Council
Samuel Lathem, Delaware AFL-CIO
Judy Diogo, Central Delaware Chamber of Commerce
Gary Stockbridge, Public Member
Joseph Durham, Public Member
Jim McNally, Public Member

Staff present:

Mariclaire Luciano, Delaware State Senate
Rylene Harper, Delaware House of Representatives
Edward Ratledge, Center for Applied Demography & Survey Research, University of Delaware
Jerome Lewis, Institute for Public Administration, University of Delaware
James Flynn, Institute for Public Administration, University of Delaware
Julia O'Hanlon, Institute for Public Administration, University of Delaware
Kelly Sherretz, Institute for Public Administration, University of Delaware
Christopher Kelly, Institute for Public Administration, University of Delaware
Verity Watson, Institute for Public Administration, University of Delaware

Public attendees:

Mary Kate McLaughlin, Department of Education
Secretary Collin O'Mara, Department of Natural Resources & Environmental Control
Bill Andrew, Delaware Electric Co-op
Jim Black, Partnership for Sustainability in Delaware
John Casey, Delaware Contractors Association
Michael Harkins
Maria Matos, Latin American Community Center
Paul Morrill, The Committee of 100

Mark Murowany, IFG Insurance
Nello Paoli, Preferred Electric, Inc.
Joseph Schorah, Business Agent of Sheet Metal Workers Local 19
Jordan Seemans, Rhett Ruggerio Government Relations
Tony Simkovich, OPEIU 277, American Income Life
Julie Wheatley, Sussex County Economic Development

Documents Shared with Participants:

- Meeting Agenda
 - Potential Areas for Discussion and Consideration Sheet (Representing three main areas)
-

The meeting was called to order at **1:09 p.m.** by Senator Marshall, Co-Chair.

I. Welcome and Introductions

Senator Marshall greeted Task Force members and guests and briefly provided a framework for the day. He mentioned that the next meeting would tentatively be scheduled for Friday, January 10, which should result in a completed report by the end of January. Representative Mulrooney stated that he thought progress has been made among the committee, and through the county public hearings, and that he is looking forward to narrowing down the committee's focus; honing in on a couple of short-term action items, and possibly a longer-term project that might stimulate jobs in Delaware. Representative Mulrooney then introduced Dr. James Flynn with the Institute for Public Administration (IPA) at the University of Delaware (UD).

II. Recap of Kent and Sussex County Public Hearings

Dr. Flynn discussed the outcomes of the two public hearings that occurred on November 13 in Dover and on November 20 in Georgetown. He stated that most of the themes were similar to those raised at the New Castle County hearings; however, a few new points were raised during the most recent hearings. At both hearings, representatives from the Job Center @ Delaware Libraries were present to shed light on training that they provide throughout the state. Some challenges they hear about through individuals with whom they assist include unfamiliarity with technology and inability to create a resume or apply for jobs online. The Job Center @ Delaware Libraries is interested in learning how community groups could be of more assistance to individuals who are looking for employment opportunities.

Dr. Flynn also noted that the “one-stop shop” for licensing was discussed at the Georgetown hearing and was well received. It was mentioned that Kent and Sussex counties are home to 2,500 small businesses including family-owned farms that are economic drivers for the state and should be included in discussions. Mr. Bill Andrew (President and CEO of Delaware Electric Cooperative), who attended the Kent County hearing, was then invited to share his remarks/perspective to Task Force members.

III. Challenges and Issues Facing Employment Growth: CEO Perspective

Mr. Andrew remarked on the importance of job training opportunities and the ability of Delaware to compete with surrounding states. In his view, infrastructure needs to support businesses, specifically in terms of natural gas facilities. Businesses looking to come to Delaware normally ask if there is natural gas availability. Mr. Andrew explained that Delaware should consider extending its natural gas resources to the southern counties via a gas main positioned down Route 1. In addition to natural gas, he mentioned that the state should also extend its broadband and data-transfer capabilities in a comprehensive and complete manner. Mr. Andrew mentioned that it might be important to review other state models of implementation. Mr. Andrew mentioned the power plant in Rising Sun, Maryland that created 500 construction jobs and will create about 100 permanent positions.

It was noted by the Task Force that similar infrastructure projects in Delaware could become an economic catalyst for the state, but the economics of implementing would be very challenging. The current market is too tight to have one company bear all the costs, and the infrastructure funding is lacking. Secretaries Alan Levin (DEDO) and Collin O'Mara (DNREC) briefly provided insight regarding the feasibility of such a project.

IV. Confirmation of Primary Themes and Formulating Recommendations

A. Focusing on Small Business Creation and Expansion

The two main issues raised included how to get more Delawareans to work and how to make Delaware a more attractive place to set up businesses. If the main concern is how to get Delawareans to work, it may be worthwhile to look into measures that make Delaware contractors more attractive than those from out of state. It was then noted that most infrastructure projects in Delaware are built with federal dollars. Several Task Force members mentioned the issue of reciprocity from other states. Workers compensation costs were also mentioned as a challenge.

Ed Ratledge, Director, Center for Applied Demography & Survey Research (CADSR), UD, noted that larger businesses tend to have negative net job growth and start-ups usually have positive net job growth. Business services lead all other sectors in job growth.

Other ideas mentioned included earmarking the strategic fund to provide services to small businesses, identifying energy and tourism industry opportunities that have the greatest capacity for job growth, and encouraging UD students to stay in Delaware upon graduation and start-up businesses.

B. Creating Job Opportunities for the Long-term Unemployed and Underemployed

Eco-friendly public works projects were mentioned as a potential hiring mechanism. It was stated that most unemployed Delawareans have a strong work ethic, but just need an employment opportunity. While this plan would not immediately address the state's unemployment issues, it might give individuals hope and job training opportunities. An argument against this plan was that the state should not fund jobs that are not long term; when funding dries up, the jobs will no longer be available if this is not properly administered or funded. Delaware is limited in its capacity to create jobs at this moment, but the right kind of public works project would allow for the unemployed to build skills that could be transferred into another job. With the diversification of the economy, it is worthwhile to focus on the sectors that are experiencing the most significant job growth such as education, technology, and medicine.

Other topics discussed were "Right to Work" elements or opportunities and addressing the Port of Wilmington. It was mentioned that foreign companies heavily favor bringing businesses to "Right to Work" states. It was suggested to create a trial "right to work" zone in Wilmington. In terms of the Port of Wilmington, the state currently owns this asset, but may not be the most efficient long-term operator. It was argued that the Port remains an important economic driver, and needs the continued support of the legislature.

C. Providing Workforce Ready Graduates

Two primary types of unemployed youth were discussed: 1) those who are ready for the workforce and possess the "soft skills" necessary and 2) those who are not prepared to enter the workforce and lack such skills. It was mentioned that soft skills are extremely hard to manage and teach because they are driven by other social factors (background, environment, etc.). Therefore, better connections between the business and education communities, including internships and shadowing programs, may be helpful to train and develop important life and work-

skills. Career Cruising programs could be helpful to youth in determining their career paths.

V. Closing Comments

Delaware should be competitive with its neighboring states. In terms of infrastructure, the question left on the table was whether it was best to frontload spending that is likely going to occur anyway. It was argued that the state should structure spending to bring in jobs and leverage private investments while taking advantage of low interest rates. The nonprofit community should be included in the discussion because they are able to do a lot more with less. The Task Force must suggest ideas to the legislature early in the session before other issues fill the legislative agenda. Lastly, it is imperative to consider the economic impacts of any potential recommendation or action item presented by the Task Force.

VI. Adjournment

The meeting was adjourned at **4:15 p.m.**

APPENDIX 11: BLUE COLLAR TASK FORCE MEETING MINUTES JAN. 13, 2014

Blue Collar Task Force-DRAFT

Meeting Minutes

Monday, January 13, 2014

9:00 a.m.

Buena Vista Conference Center, Buck Library

Task Force members present:

Sen. Robert Marshall, Delaware State Senate, Co-Chair
Rep. Michael Mulrooney, Delaware House of Representatives, Co-Chair
Sen. Colin Bonini, Delaware State Senate
Rep. Michael Ramone, Delaware House of Representatives
Secretary John McMahon, Department of Labor
Secretary Tom Cook, Department of Finance
Gregory Sawka, Delaware Contractors Association
Edward Capodanno, Associated Builders and Contractors, Inc.
Harry Gravell, Delaware Building & Construction Trades Council
Samuel Lathem, Delaware AFL-CIO
Mark Kleinschmidt, New Castle County Chamber of Commerce
Judy Diogo, Central Delaware Chamber of Commerce
Jim McNally, Public Member

Staff present:

Mariclaire Luciano, Delaware State Senate
Edward Ratledge, Center for Applied Demography & Survey Research, University of Delaware
James Flynn, Institute for Public Administration, University of Delaware
Julia O'Hanlon, Institute for Public Administration, University of Delaware
Kelly Sherretz, Institute for Public Administration, University of Delaware

Public attendees:

John Casey, Delaware Contractors Association
Michael Harkins
Dennis Loftus
Mary Kate McLaughlin, Department of Education
Paul Morrill, The Committee of 100
Mark Murowany, IFG Insurance
Nello Paoli, Preferred Electric, Inc.
Tony Simkovich, OPEIU 277, American Income Life
Julie Wheatley, Sussex County Economic Development

The meeting was called to order at **9:15 a.m.** by Senator Marshall, Co-Chair.

I. Welcome and Introductions

Senator Marshall welcomed Task Force members and opened the meeting with a brief agenda review. He suggested that Task Force members, as a group, go through each of the 10 drafted recommendations, openly discuss, and vote for approval. Dr. James Flynn with the Institute for Public Administration (IPA) at the University of Delaware (UD) was asked to provide additional relevant information for each recommendation and facilitate open discussion among the group.

II. Final Review and Approval of Draft Task Force Recommendations

Dr. Flynn described how the recommendations will fit in to the final, full report, which will be approximately 50-pages in length with appendices. A draft copy of the larger, full report was passed around for Task Force members to preview.

The following notes describe the general conversations among participants about each recommendation:

1. Develop Public Works, Jobs-Creation Strategy

As part of the final Task Force report Appendix, a list of approved, but unfunded, projects will be included with this recommendation. While the recommendation calls for a short-term commitment to projects aimed at providing immediate jobs in Delaware, concerns were raised about potential state spending cap changes and increases in interest rates that could ultimately jeopardize the state's AAA bond rating. A majority of attending Task Force members (all but one) approved the recommendation with added language re the "evaluation of all potential project proposals on the likely impact they might have on interest rates and the state's AAA rating." Members also agreed that wording should be added to indicate that project proposals should be directly targeted at longer-term, statewide economic development and employ Delawareans. "Building" improvement projects will be added to the second paragraph of the recommendation —related to the specific types of public works projects that should be considered.

2. Extend Natural Gas Pipeline Into Kent and Sussex Counties

This recommendation, which requests several state agencies to examine the opportunity to extend a pipeline into the lower two counties, was unanimously approved (as written) by attending Task Force members with no discussion. The goal of such an extension would be to reduce energy costs, improve environmental conditions, and encourage business expansion across the region.

3. Develop Plan to Support Port of Wilmington Business

This recommendation was approved unanimously (as written) with little discussion. In recognition of the “niche market” the Port has developed and nurtured, particularly as it relates to the international fruit business, the Task Force urges continued support for efforts aimed at securing long-term commitments from current fruit customers, as well as long-range plans seeking growth in this core business.

4. Increase Strategic Fund Resources Committed to Small Businesses

Based on earlier Task Force meeting conversations and concerns raised about the definition of “small business,” members unanimously approved this recommendation with minor language changes. The group agreed that this recommendation should be targeted at small businesses with “75 or less Full Time Equivalent (FTE) employees.” Additionally, it was agreed that “DEDO *significantly* increase the share of Strategic Fund resources committed to existing small businesses with recent history of job growth” (versus the previously suggested percentage change). The Task Force also agreed to include “small business support programs” as part of the targeted assistance and incentives described.

5. Create Single Portal that Aligns Licensing and Permitting Requirements**6. a. Review Licensing & Permitting “Best Practices” in Other States
b. Implement Cross-Agency Review of Regulatory & Licensing Practices****7. Implement Web-Based Small Business Network**

Recommendations 5, 6a and b, and 7 were discussed collectively and unanimously approved by the Task Force. These recommendations address issues related to improving the business environment in Delaware and making it easier for businesses to acquire various required licenses through a single portal; reviewing best practices for licensing and permitting in other states; and a cross-agency review of these practices in Delaware. There was discussion around including language about tax incentives and a decision to update recommendation 7 with wording about “tax incentive programs such as those described in the Delaware Tax Preference Report” (to be added in the first sentence between “strategies for business development/growth” and “as well as better access to state grants/contracts...”).

<http://finance.delaware.gov/publications/taxpref.shtml>

8. Conduct Study Comparing Statutory/Regulatory Environments for Economic Development in Delaware as Compared with Other States

Task Force members unanimously agreed with the recommendation with no discussion.

9. Create Sector-Based, Workforce Development Strategy

10. Expand Collaborative Programs to Reduce School Dropout Rate and Support Workforce Readiness

Members of the Task Force discussed recommendations 9 and 10 collectively. These two recommendations are in line with regional and national activities aimed at bringing balance back into schools by giving students who may not be college bound the knowledge and job information (informed by business needs) needed to pursue other post-secondary options.

The Department of Education recognizes the need for better career pathways for non-college-bound youth and noted that this recommendation is aligned with initiatives currently being considered by the department. There was also discussion around reaching students before they enter high school and ensuring parents understand the importance of technical education opportunities. Additional comments were made about the need for more career counselors in the public schools system and better representation of school districts in state and local chambers of commerce activities. There were no changes made to the wording of the recommendations and they were unanimously approved by attending Task Force members.

III. Closing Comments

Senator Marshall opened the floor for additional comments and informed Task Force members of the path forward and timeline for finalizing the report. The group agreed that no additional meetings were necessary. With support from UD staff in updating the recommendations and formatting the report, the final version will likely be completed and sent electronically within several days. Several Task Force members thanked the co-chairs and the support staff for coordinating the meetings, and tracking/reporting the work of the Task Force over the past five months.

IV. Adjournment

The meeting was adjourned at **11:32 a.m.**

APPENDIX 12: SUPPLEMENTAL RESEARCH & INFORMATION RELATED TO RECOMMENDATION 1- DEVELOP PUBLIC WORKS, JOBS-CREATION STRATEGY

For example, currently the state permits \$187m annually in new debt issuance. If an additional \$100m in debt were earmarked to underwrite a public works initiative that would require changing the current cap from 5 percent to 7.67 percent and it would increase annual debt service by \$3.5m. And the projects funded with \$100m would likely increase jobs by 1,425 if only Delawareans were hired; or 1,200 if Delawareans constituted 75 percent of the new hires. In either case, the jobs created have a “one time” impact since there is no continuing funding.

Center for Applied Demography & Survey Research, University of Delaware

