TALENT 2.0 | WORKFORCE STRATEGY
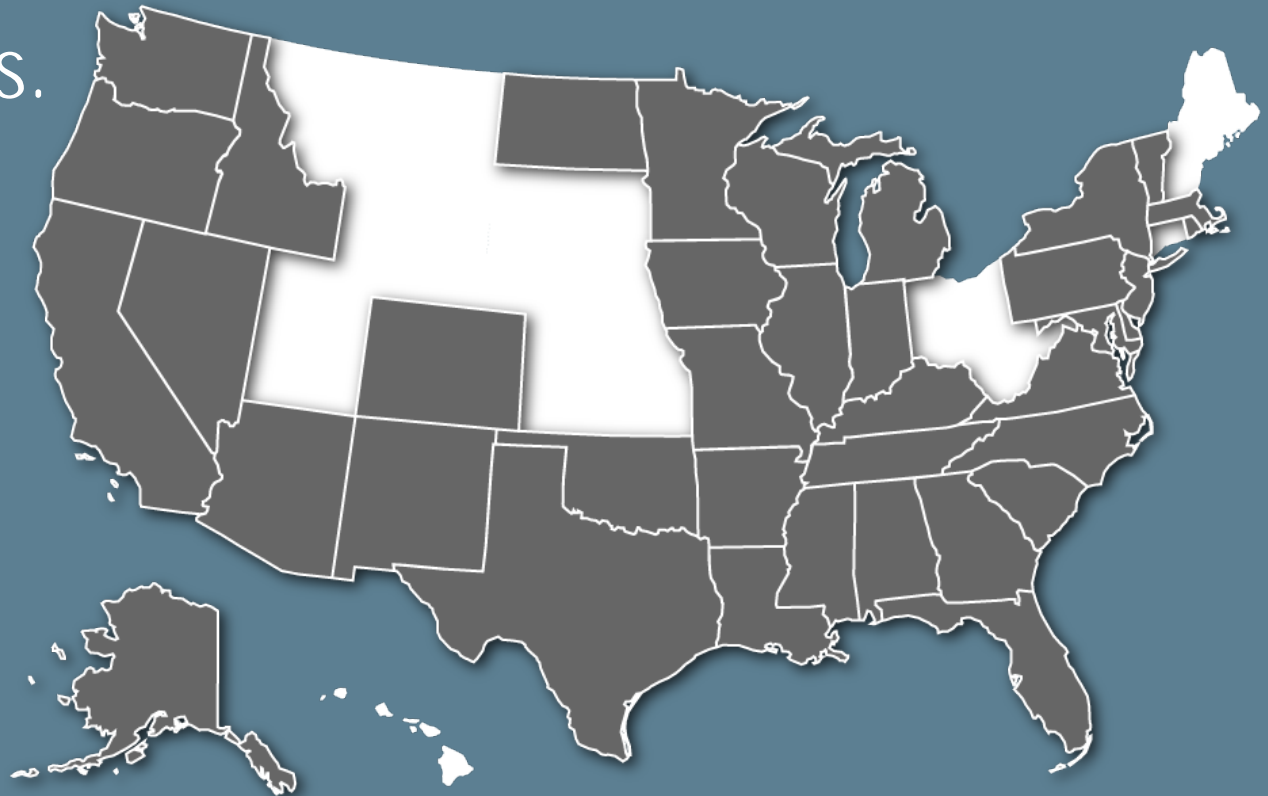## FORT COLLINS – LOVELAND MSA

TIPstrategies
AUSTIN • SEATTLE

TOM STELLMAN   •   CAROLINE ALEXANDER   FEBRUARY 2017

1

INTRODUCTION

We have over **20** years of experience in over **200** unique communities, across **38** states & **4** countries.

SERVICES

STRATEGIC PLANNING

WORKFORCE ASSESSMENT

ECONOMIC ANALYSIS

CURRENT & RECENT PROJECTS

Auburn, WA – Economic Development Strategy

Austin, TX – Workforce Master Plan

Fort Campbell, KY – Regional Economic Diversification Strategy

Fort Worth, TX – Economic Development Strategy

Green Bay, WI – Economic Development Strategy

Kern County, CA – Regional Economic Diversification Strategy

Massachusetts Development Authority – Defense Industry Diversification Strategy

Minneapolis-St. Paul, MN – Core City Districts Strategy

Northern Iowa Corridor – Economic Development Strategy

Northwest Florida – Economic Development Strategy

Oregon Talent Council – Workforce Study & Investment Strategy

Savannah River Site, SC – Consequences Analysis

South Carolina I-77 Alliance, SC – Labor Study & Target Industry Alignment

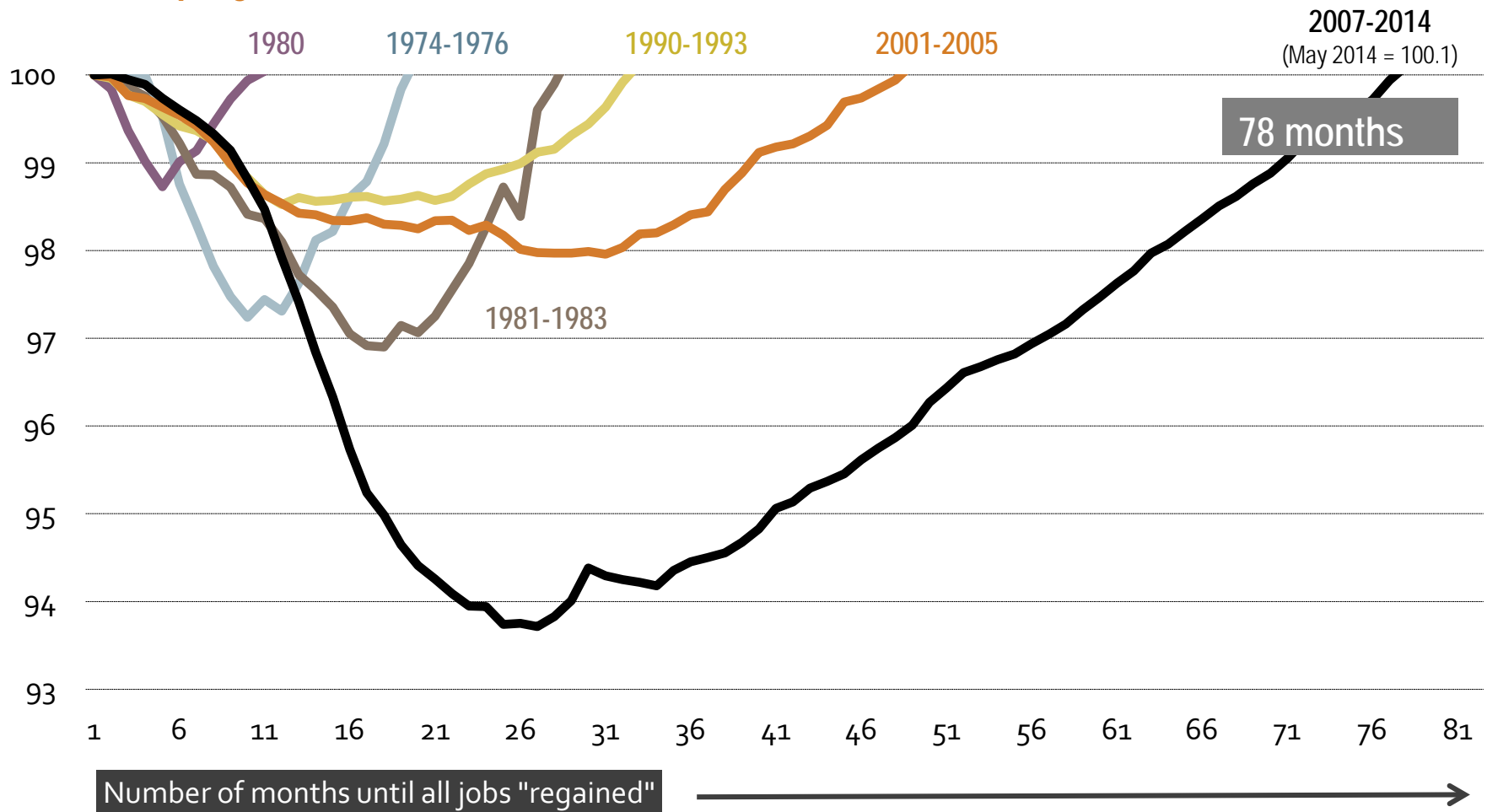**Washington Military Alliance** - Defense Industry Diversification Strategy

2

NATIONAL TRENDS

Recessions Compared
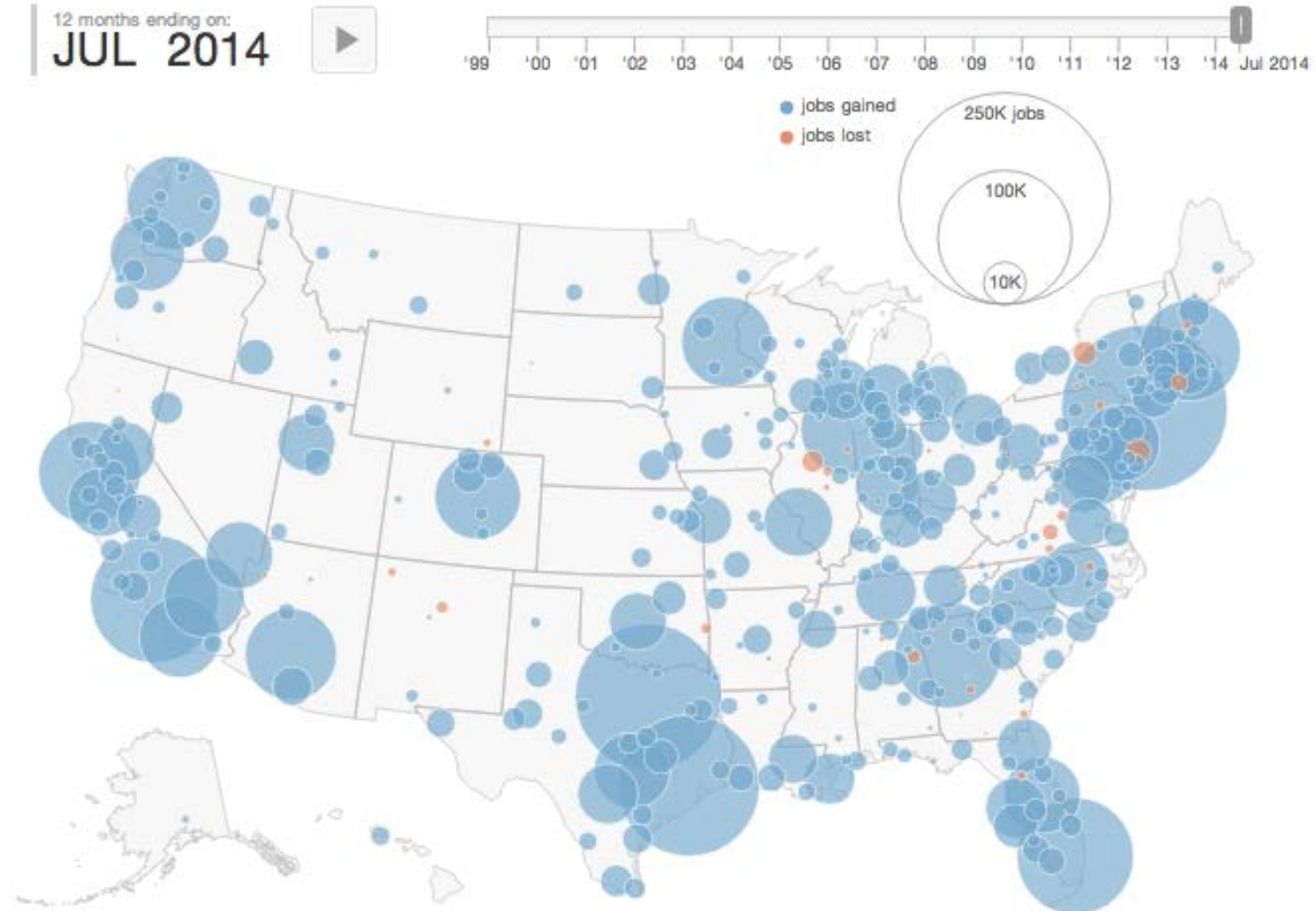
RECESSIONARY EMPLOYMENT TRENDS
Peak employment = 100

1980   1974-1976   1990-1993   2001-2005   **2007-2014**
(May 2014 = 100.1)

78 months

1981-1983

Number of months until all jobs "regained"

Sources: U.S. Bureau of Labor Statistics, Current Employment Statistics (total nonfarm employment, seasonally adjusted); NBER (recession dates); New York Times (format)
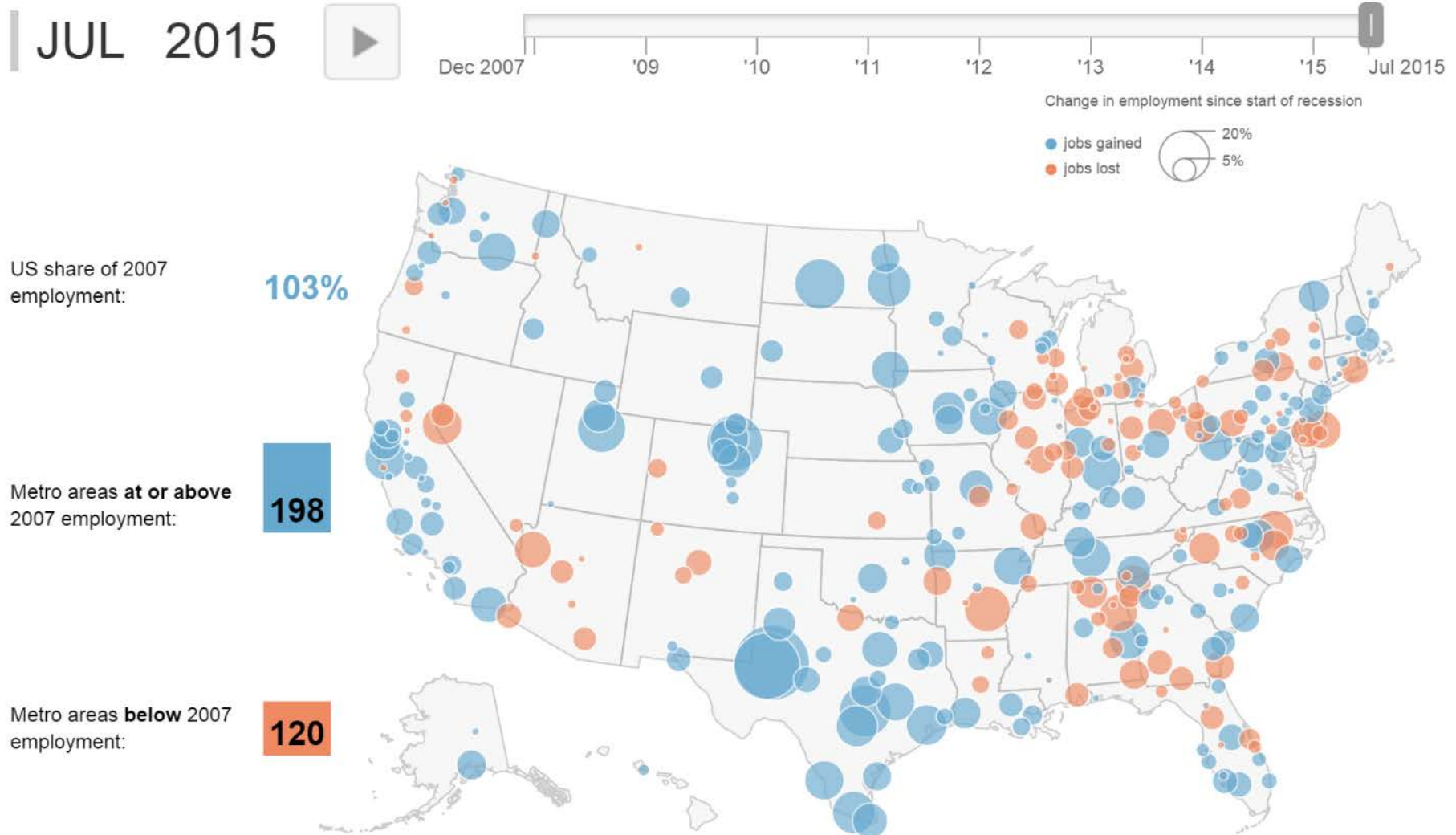
The Geography of Jobs

Net Job Gains/Losses by Metropolitan Statistical

12 months ending on:
JUL 2014 ▶

'99 '00 '01 '02 '03 '04 '05 '06 '07 '08 '09 '10 '11 '12 '13 '14 Jul 2014

● jobs gained
● jobs lost

250K jobs
100K
10K

axismaps

THE GEOGRAPHY OF RECOVERY

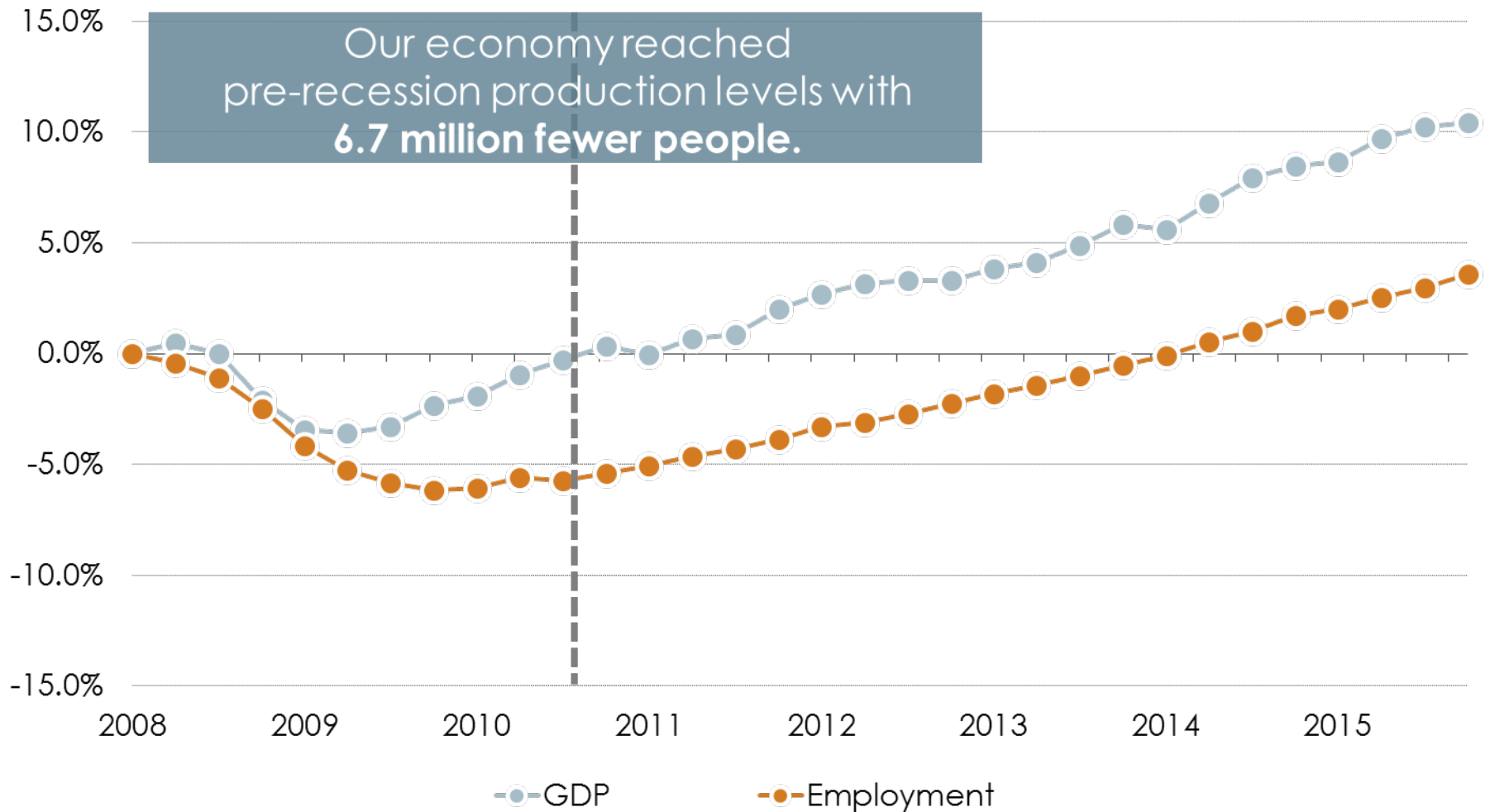Cumulative Change in Employment Since the Beginning of the Great Recession

Source: U.S. Bureau of Labor Statistics, Current Employment Statistics; TIP Strategies

A JOBLESS RECOVERY?

COMPARISON OF REAL GDP TO EMPLOYMENT
2008 to 2015, cumulative change since 2008

Our economy reached
pre-recession production levels with
6.7 million fewer people.

15.0%
10.0%
5.0%
0.0%
-5.0%
-10.0%
-15.0%

2008   2009   2010   2011   2012   2013   2014   2015

GDP   Employment

Source: Bureau of Economic Analysis, Bureau of Labor Statistics.

EVIDENCE OF TALENT SHORTAGE

PERCENT EMPLOYERS REPORTING DIFFICULTY FILLING JOBS
2006 to 2016
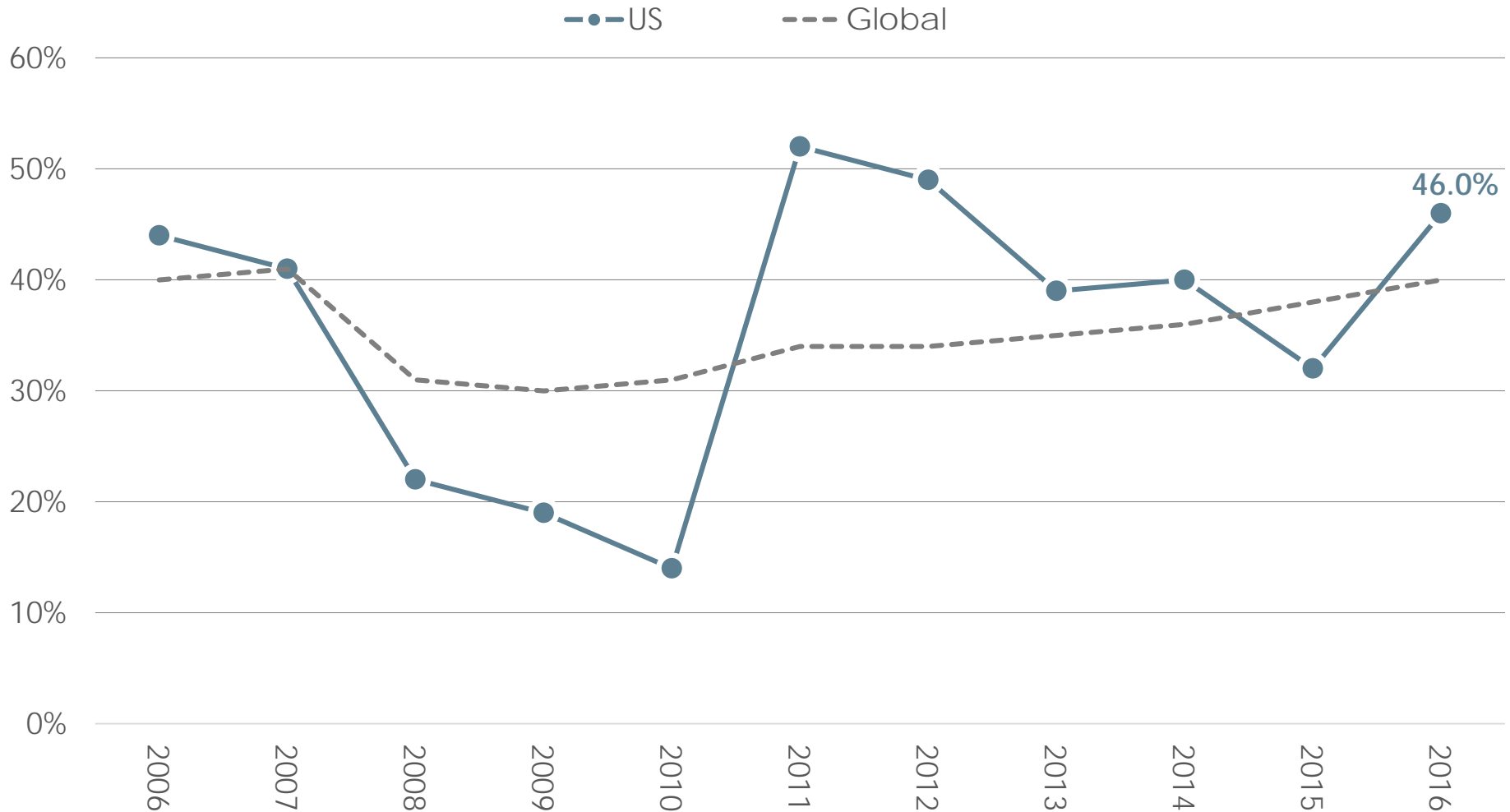
Source: Manpower 2016 Talent Shortage Survey.

TOP 10 JOBS
EMPLOYERS ARE HAVING DIFFICULTY FILLING

GLOBAL
1. Skilled Trades
2. IT Personnel
3. Sales Representatives
4. Engineers
5. Technicians
6. Drivers
7. Accounting & Finance Staff
8. Management/Executive (Management/Corporate)
9. Production Operators/Machine Operators
10. Secretaries, PAs, Receptionists, Administrative Assistants, & Office Support Staff

UNITED STATES
1. Skilled Trades
2. Drivers
3. Sales Representatives
4. Teachers
5. Restaurant & Hotel Staff
6. Accounting & Finance Staff
7. Nurses
8. Laborers
9. Engineers
10. Technicians

CHANGING DEMOGRAPHICS

PROJECTED NET ANNUAL CHANGE IN THE US WORKING-AGE POPULATION

COUNTER FORCES
- Advancement of retirement age
- Relaxed immigration restrictions
- Technology reduces employment needs
- Out-sourcing of labor to cheaper markets

2027
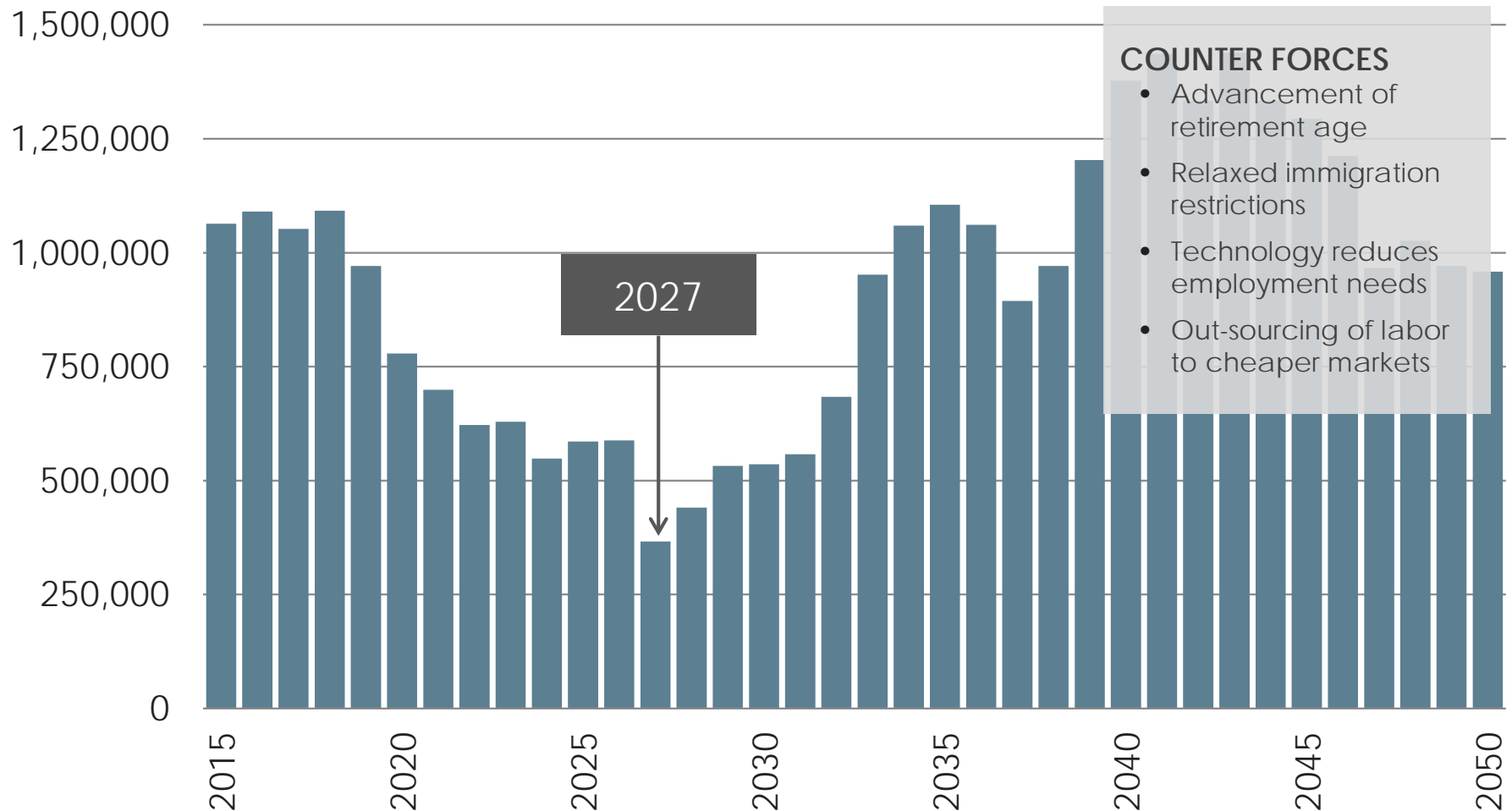
Sources: TIP Strategies, U.S. Census Bureau (NP2014_D1)

"Working-age" defined as 18-66 (average planned retirement age based on April 2014 Gallup poll.

MANUFACTURING

HEALTH CARE

John A. Rogers, University of Illinois, Seitz Materials Research Laboratory
Google
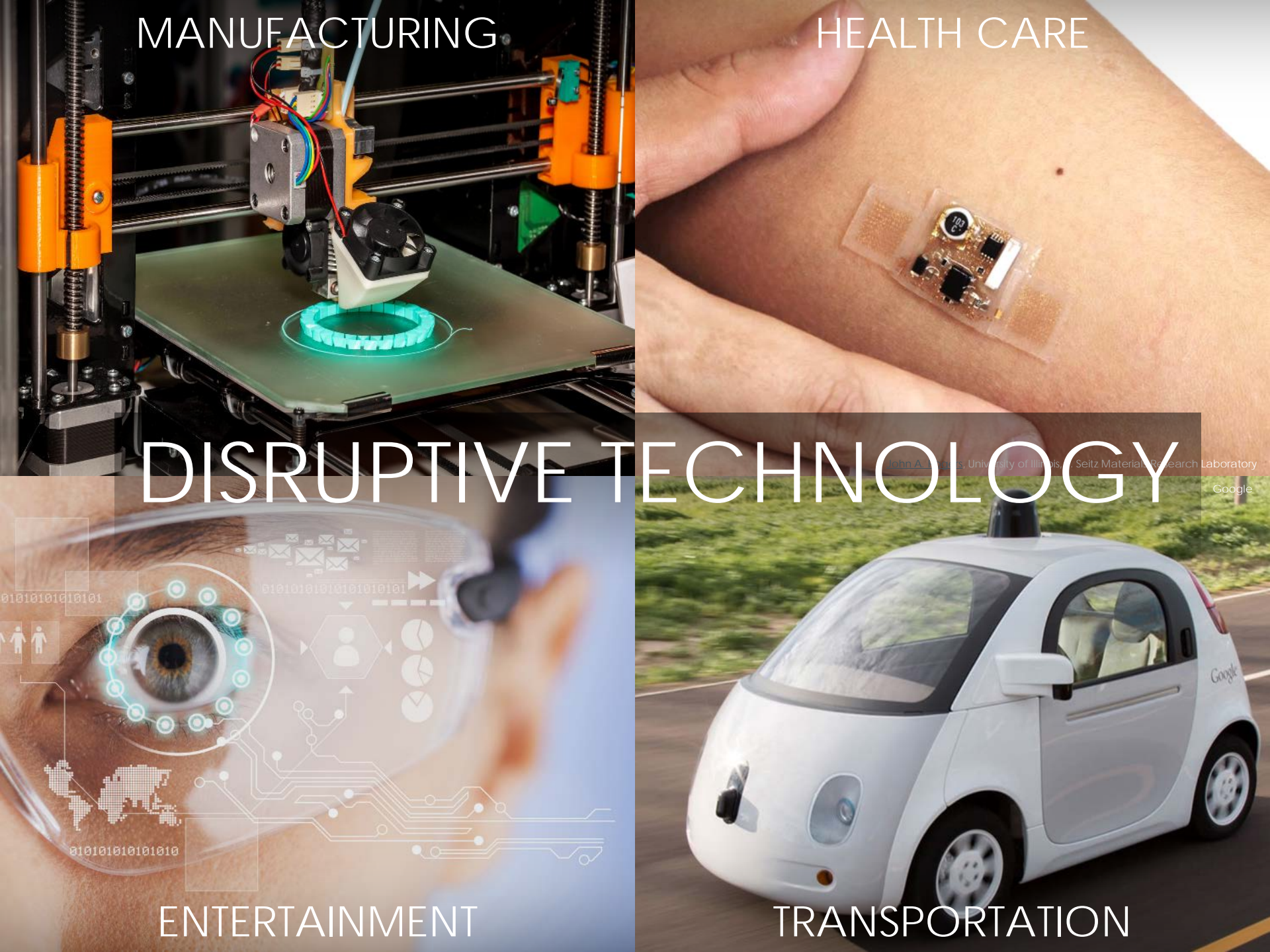
DISRUPTIVE TECHNOLOGY

ENTERTAINMENT

TRANSPORTATION

By 2020, the US economy is expected to create 55 million job openings: 24 million of these will be entirely new positions.

-Georgetown Center on Education and the Workforce

47%

of US employment is
at-risk of automation
over next 20 years.

- "The Future of Employment," Dr Michael Osborne and Dr Carl Frey, University of Oxford.

Predictors of Automation

1. Technical feasibility

2. Development & deployment cost

3. Cost/availability of labor

4. Benefits beyond labor substitution

Source: McKinsey & Company.

Time spent in US occupations, %
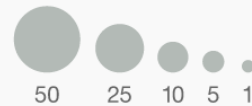
Technical feasibility, % of time spent on activities that can be automated by adapting currently demonstrated technology

50 25 10 5 1

0   50   100

Sectors[1]

Managing others • Applying expertise[2] • Stakeholder interactions • Unpredictable physical work[3] • Data collection • Processing data • Predictable physical work[3]

- Accommodations and food service
- Manufacturing
- Agriculture
- Transportation and warehousing
- Retail trade
- Mining
- Other services
- Construction
- Utilities
- Wholesale trade
- Finance and insurance
- Arts, entertainment, and recreation
- Real estate
- Administrative
- Healthcare and social assistance
- Information
- Professional
- Management
- Educational services

3

KEY WORKFORCE CHALLENGES

CHALLENGE #1: HIRING DIFFICULTY
From 2010 to 2015, the regional economy added almost 20,000 jobs but only 11,000 workers. Combined with low unemployment and high underemployment, the hiring environment is already difficult.

GROWTH TRENDS: JOBS VS LABOR FORCE

TOTAL EMPLOYMENT
2010 TO 2015

+20K

Thousands

147

167

2010 2011 2012 2013 2014 2015
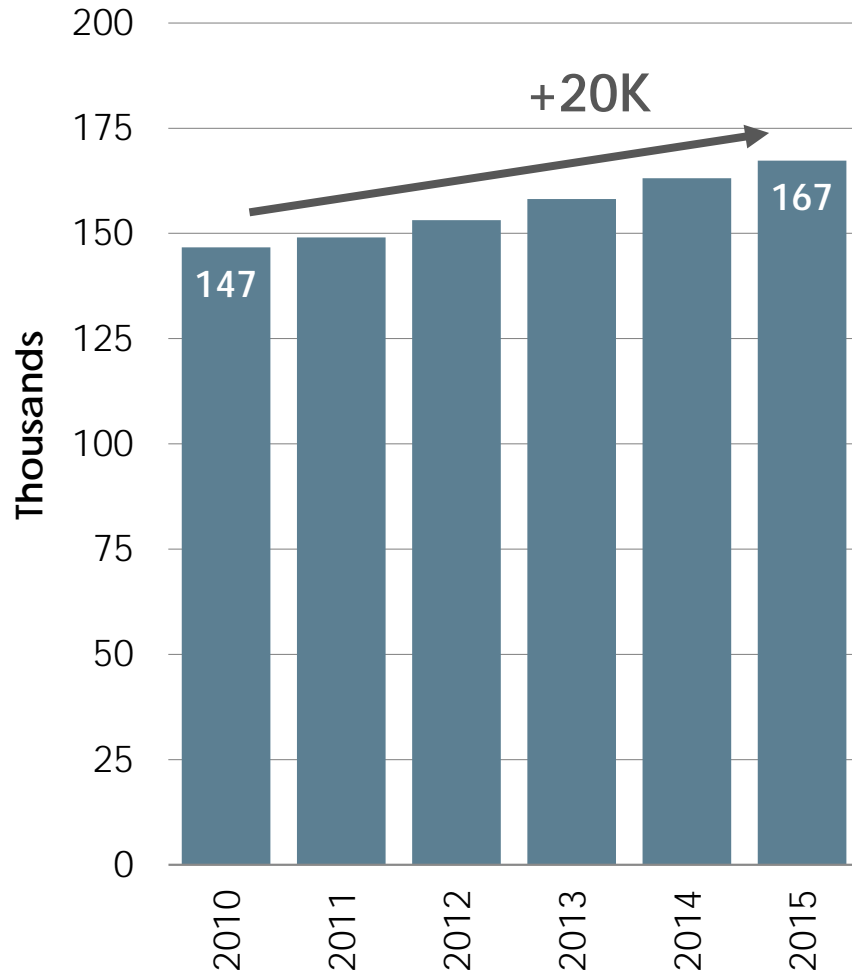
CIVILIAN LABOR FORCE
2005 TO 2015

+11K

Thousands

169

180

2010 2011 2012 2013 2014 2015

Sources: EMSI, Bureau of Labor Statistics.
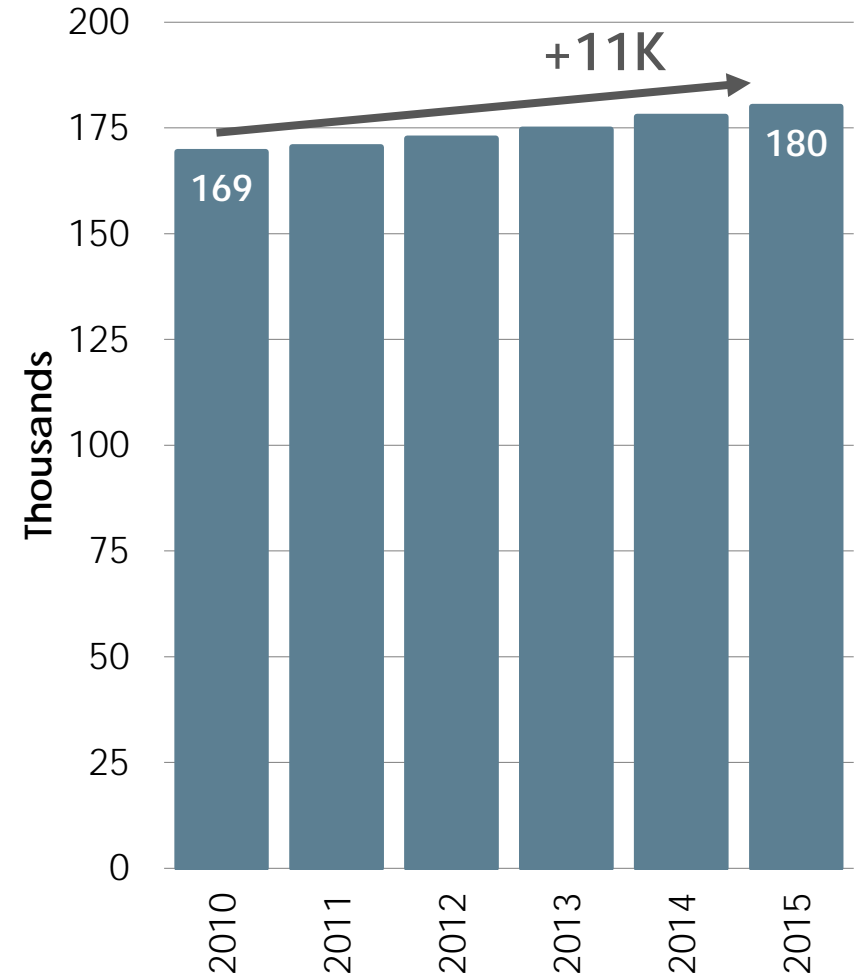
COMMUTING PATTERNS

43,594

Commute to jobs in Fort Collins - Loveland from outside

Of the 124,146 workers that held jobs in Fort Collins - Loveland in 2014, 35 percent lived outside the geo type here.

80,552
Live and work in Fort Collins - Loveland

Of the 131,787 residents employed in 2014, 39 percent commuted to jobs outside the geo type here.

Live in Fort Collins - Loveland and commute to jobs outside

51,235

Source: U.S. Census Bureau, Local Employment Dynamics.

UNEMPLOYMENT

COMPARATIVE UNEMPLOYMENT, AVERAGE ANNUAL RATES
2005 TO 2015
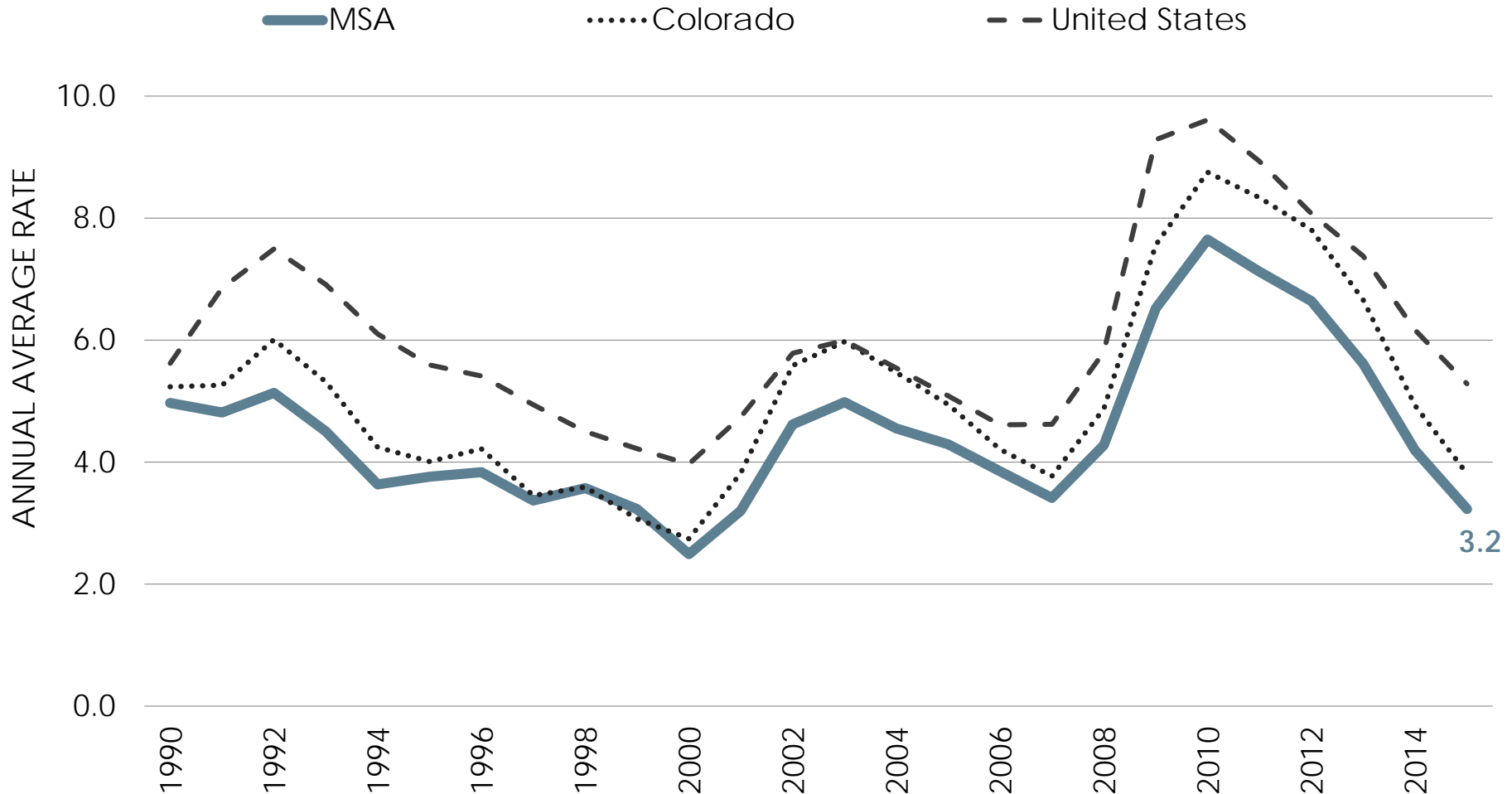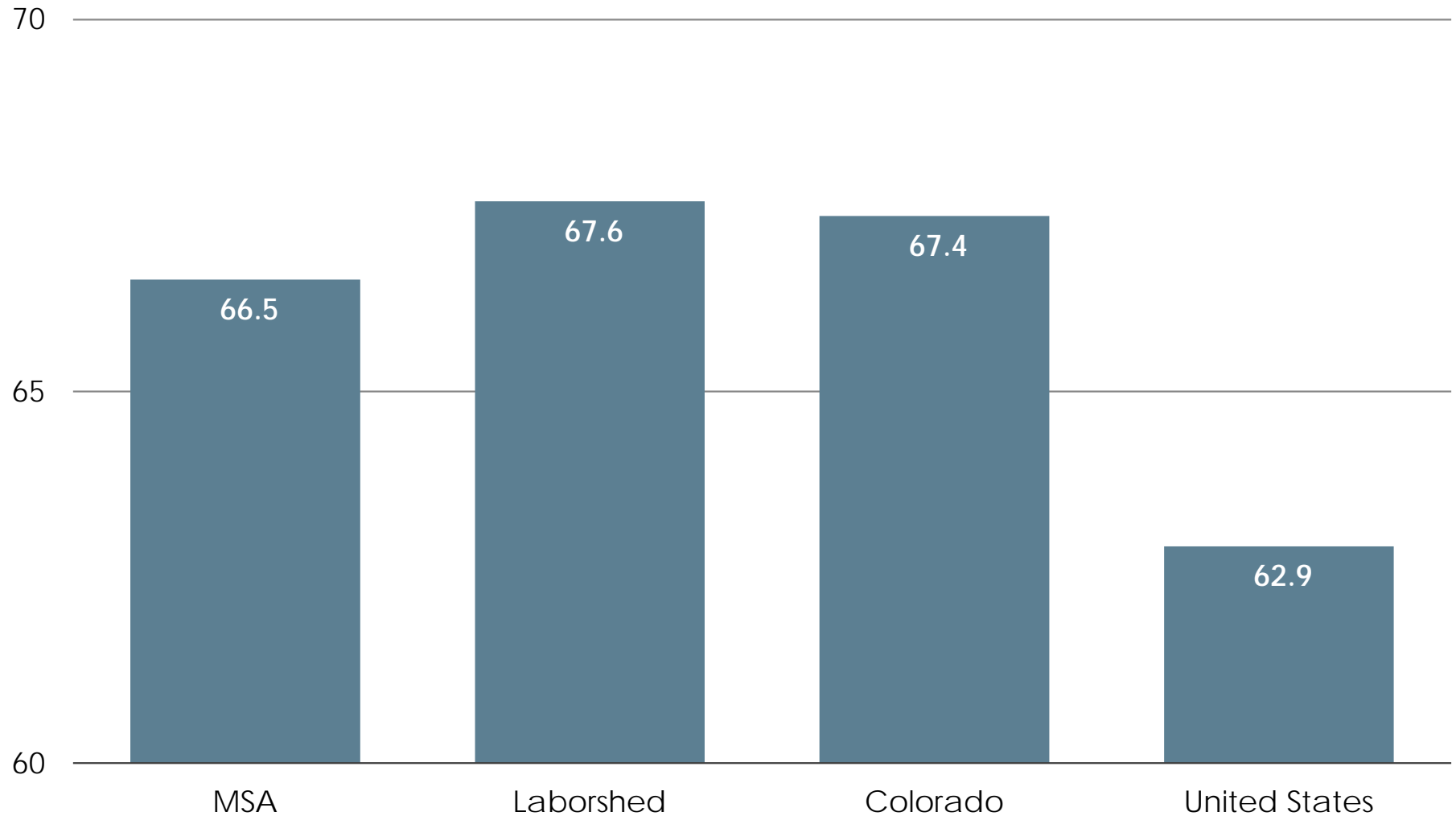
Source: U.S. Bureau of Labor Statistics via Moody's.

RECRUITMENT CHALLENGES

- Difficulty attracting:
  - Talent from Denver and from coasts
  - C-Level executives
  - Young professionals
- Reliable workers to fill jobs with high physical requirements – warehouse, waste collection, construction laborers
- Workers that can pass the drug test – most often fail due to marijuana use
- Low-wage services – food services, housekeeping

RETENTION CHALLENGES

- Underemployment means that overqualified workers are always looking for a better job
- Generational expectations
- Young professional gap

EVIDENCE OF UNDEREMPLOYMENT

EDUCATIONAL REQUIREMENTS OF JOBS VS ATTAINMENT OF LABOR FORCE

Fort Collins – Loveland MSA

- Labor Force ■ Jobs

Category	Labor Force	Jobs
Bachelor or Higher	45%	20%
Some College	33%	10%
High School or Equivalent	18%	44%
Less than High School	3%	26%

United States

- Labor Force ■ Jobs

Category	Labor Force	Jobs
Bachelor or Higher	36%	21%
Some College	31%	12%
High School or Equivalent	25%	40%
Less than High School	9%	28%
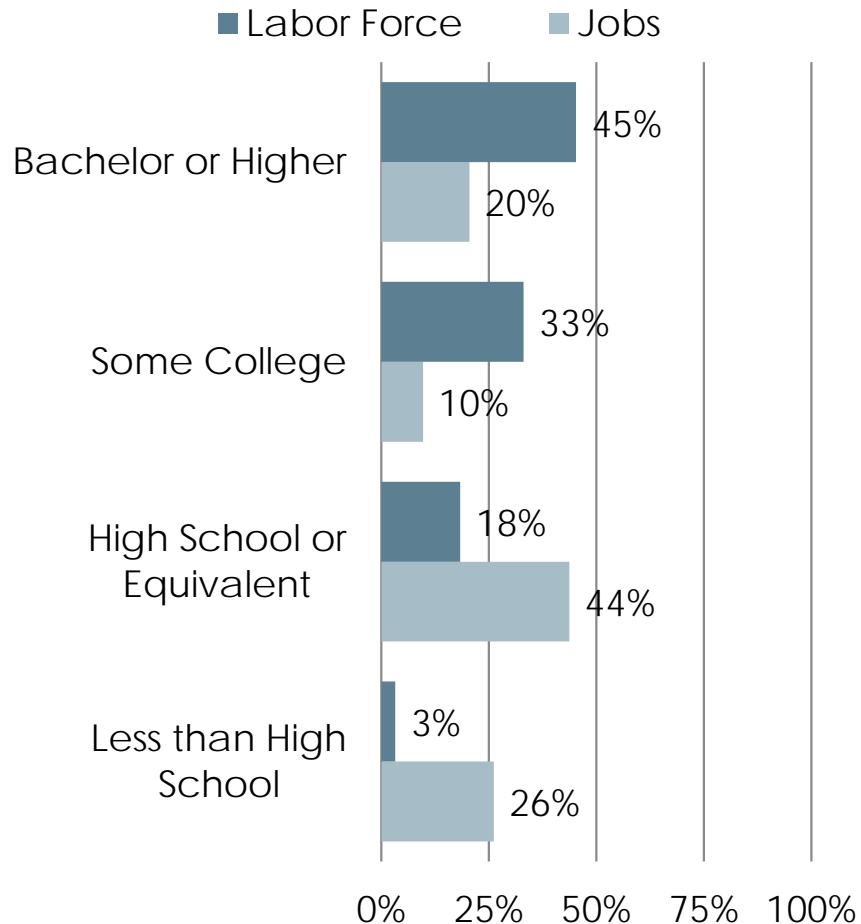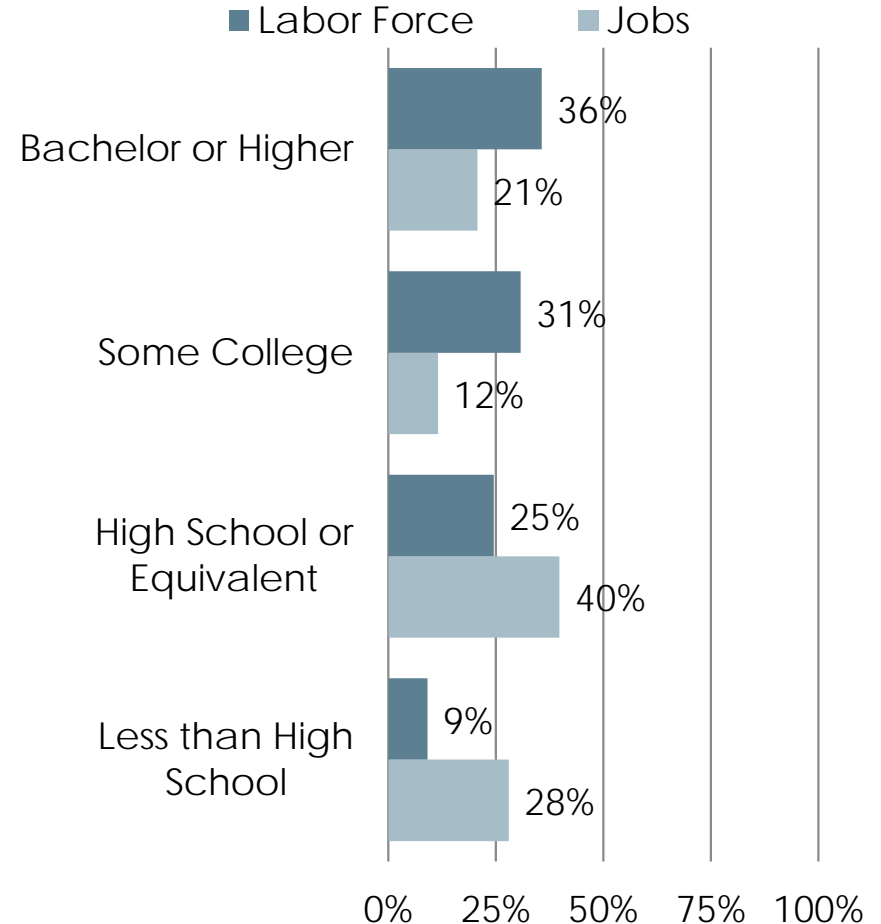
PIPELINE CHALLENGES

- Awareness of resources
- Employer engagement & input
- Finding instructors – nursing, computer science
- Student choices
  - Awareness of non 4-year opportunities
  - Choice of majors at CSU and UNC

MOST POPULAR MAJORS

TOP 25 LARGEST FIELDS OF STUDY,
3-YEAR AVERAGE

■ Associates or less ■ Bachelors ■ Graduate Degree

	0	200	400	600	800	1,000	1,200

- Liberal Arts and Sciences/Liberal Studies (24.0101)
- Business/Commerce (52.0101)
- Nursing Assistant (51.3902)
- Kinesiology and Exercise Science (31.0505)
- Emergency Medical Technician (51.0904)
- Psychology (42.0101)
- Business Administration & Management (52.0201)
- Automotive Mechanics (47.0604)
- Registered Nursing/Registered Nurse (51.3801)
- Speech Communication and Rhetoric (9.0101)
- Human Development and Family Studies (19.0701)
- Multi-/Interdisciplinary Studies, Other (30.9999)
- Computer and Information Sciences (11.0101)
- English Language and Literature (23.0101)
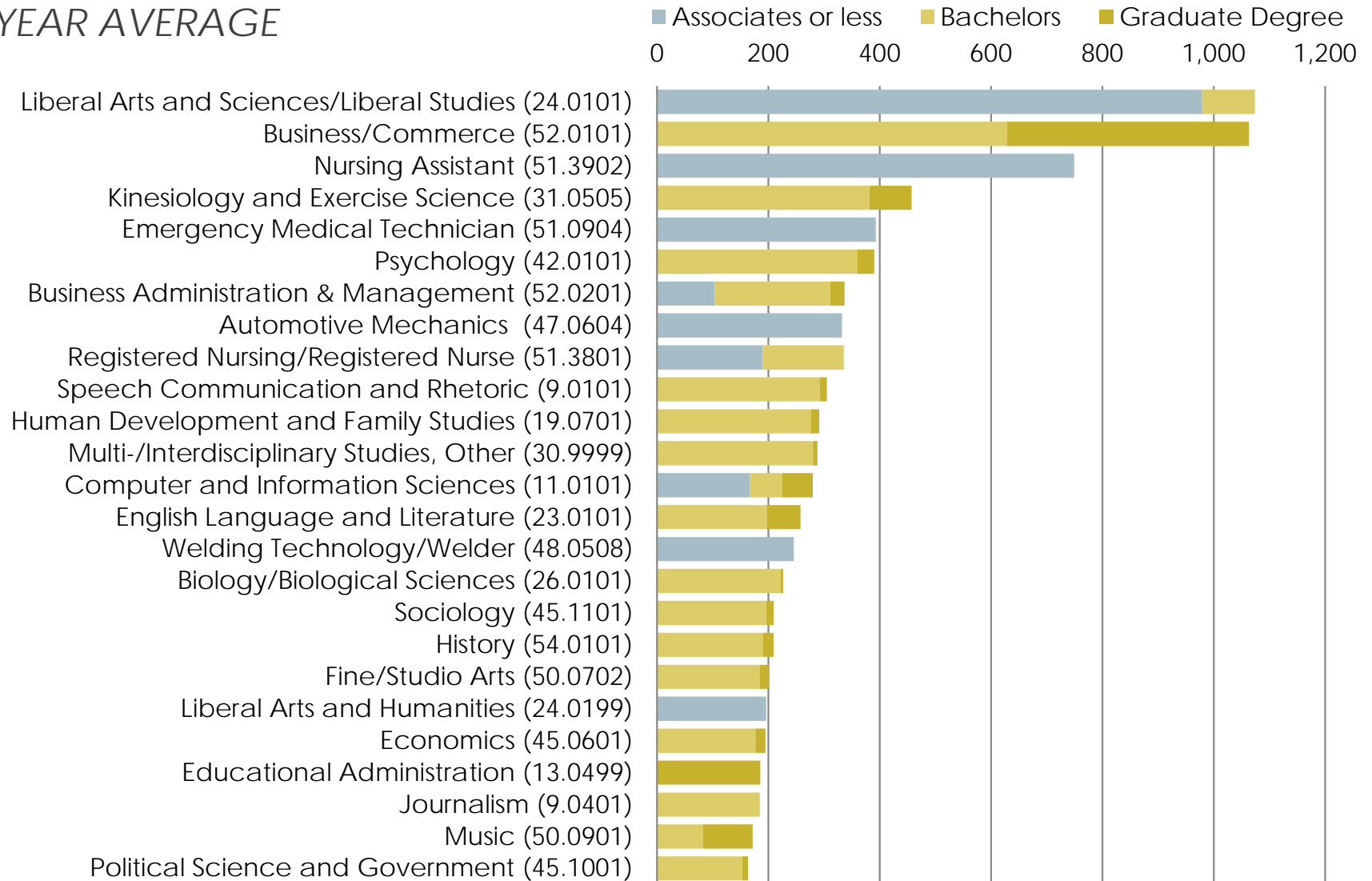- Welding Technology/Welder (48.0508)
- Biology/Biological Sciences (26.0101)
- Sociology (45.1101)
- History (54.0101)
- Fine/Studio Arts (50.0702)
- Liberal Arts and Humanities (24.0199)
- Economics (45.0601)
- Educational Administration (13.0499)
- Journalism (9.0401)
- Music (50.0901)
- Political Science and Government (45.1001)

STRUCTURAL CHALLENGES

- Housing affordability at all income levels
  - Purchase & rental
- Quality childcare for affordable prices
- Transportation/mobility: traffic makes Denver farther away

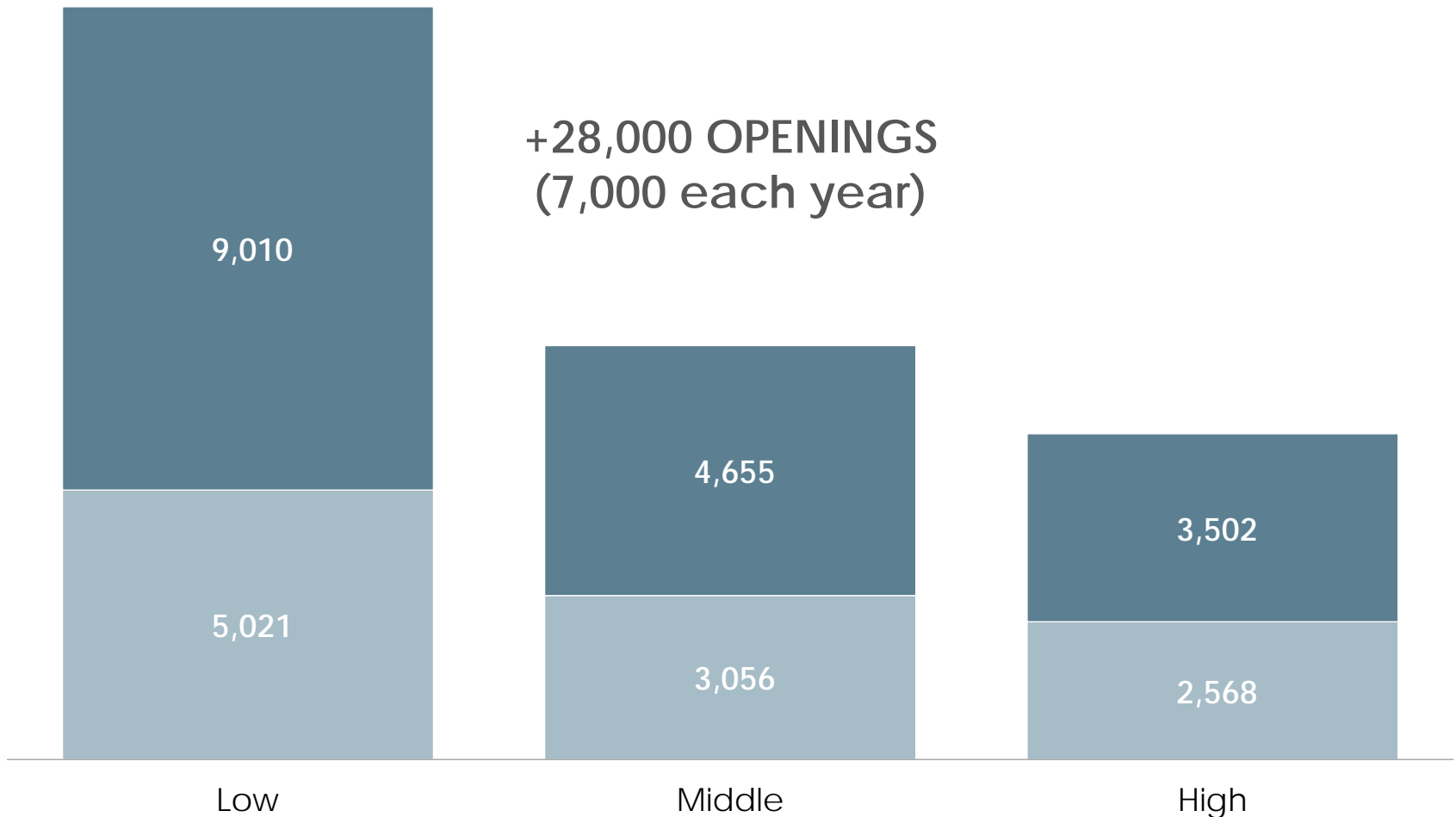**CHALLENGE #2: CONTINUED TIGHTENING** Over next 5 years, employers will have at least 28,000 openings to fill. The labor force adds only about 2,000 to 3,000 workers each year. A continuation of this trend would leave an estimated shortfall of about 5,000 workers.

CHANGE IN LABOR FORCE

CHANGE IN LABOR FORCE, FORT COLLINS-LOVELAND MSA
Year-over-year change, #
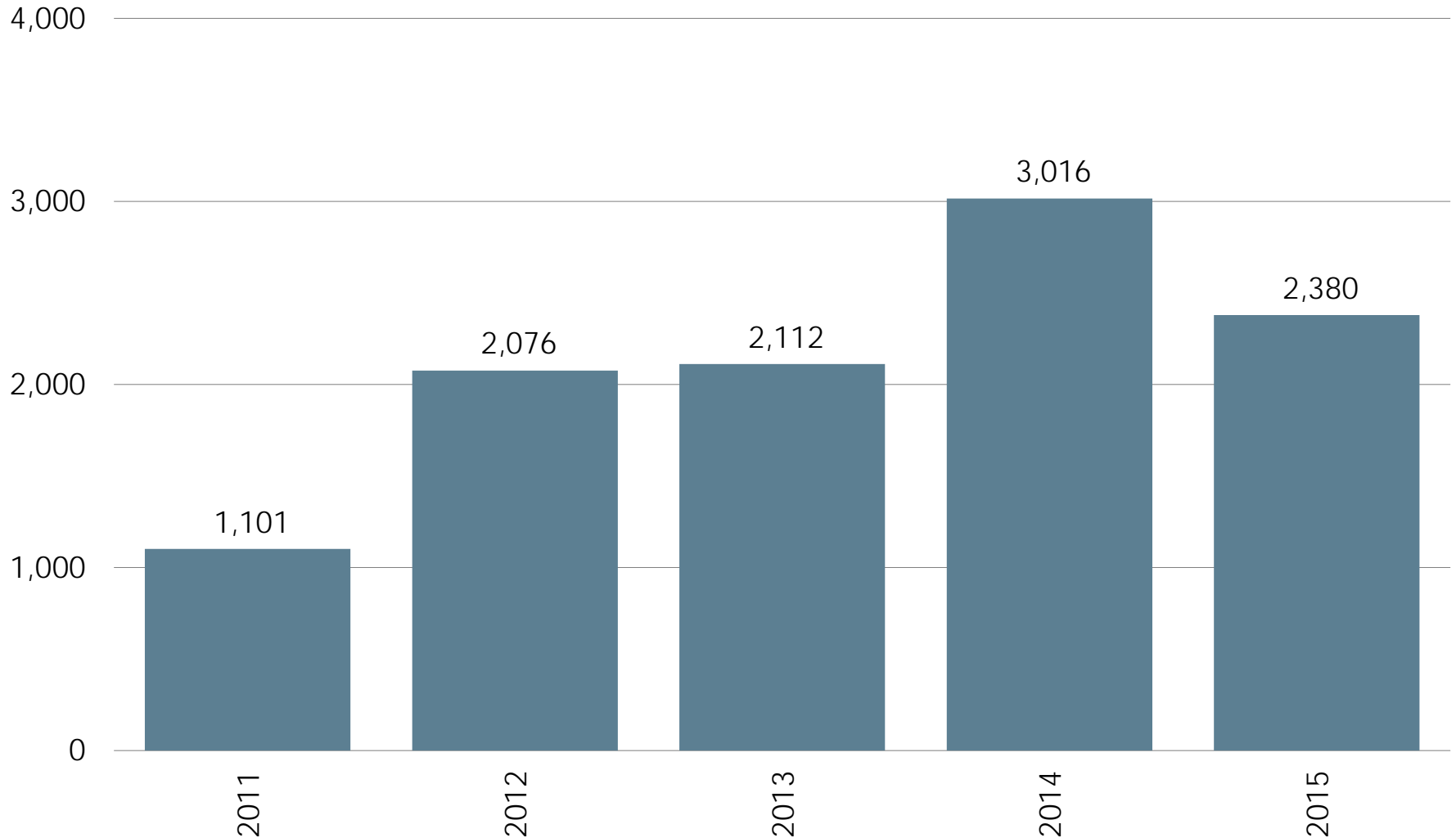
Sources: U.S. Bureau of Labor Statistics via Moody's.
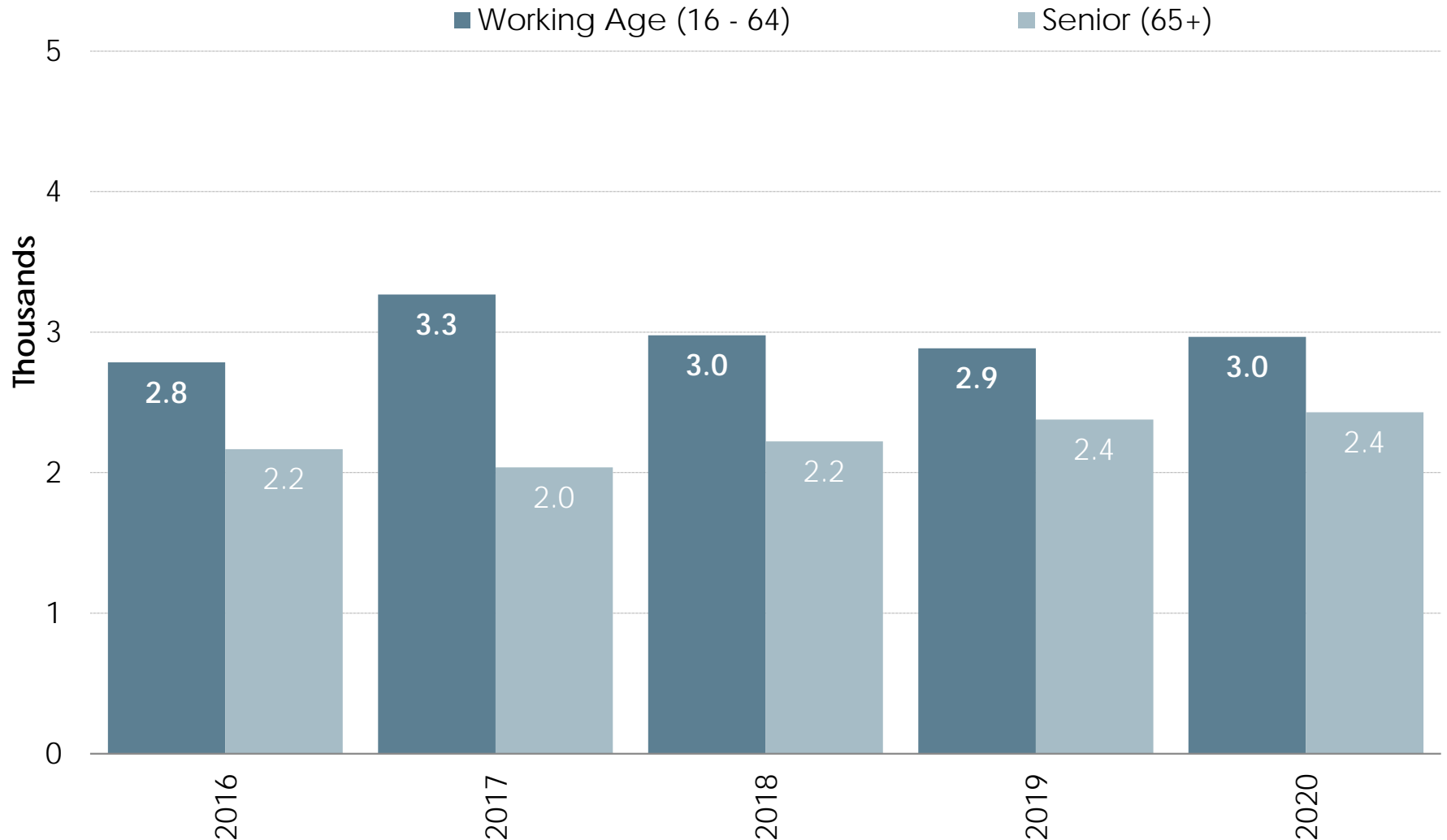
CHALLENGE #3: AGING WORKFORCE

In many key occupations, more than 25% of the workers are 55 or older. With the wave of likely retirements, employers will need to start succession planning now in order to prepare for the loss of those key individuals.

AGING WORKFORCE

AGE DISTRIBUTION OF REGIONAL WORKERS
FORT COLLINS-LOVELAND MSA

Sources: EMSI.

TOP MIDDLE SKILL JOBS

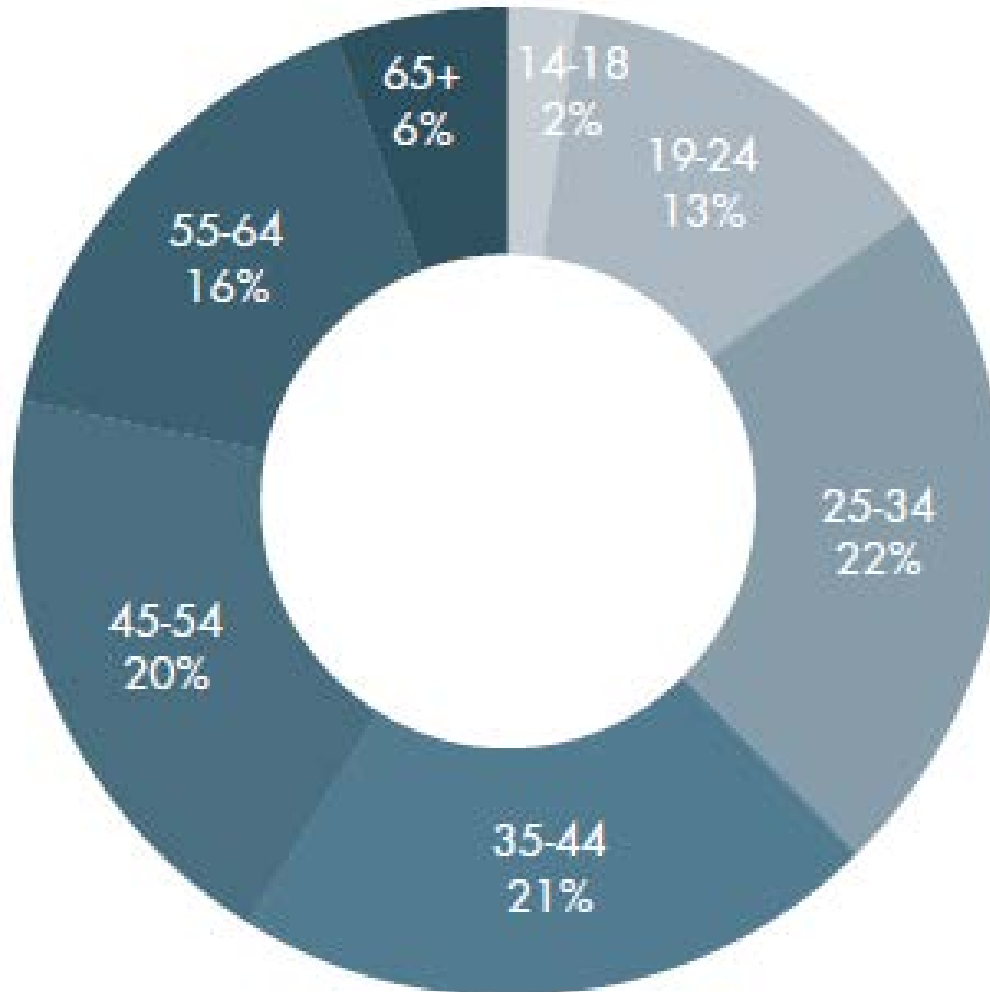| SOC CODE	DESCRIPTION	DEMOGRAPHICS	
		% 55+ Years	% 65+ Years
MIDDLE-SKILL *(More than high school, less than four years)*			
49-9071	Maintenance & Repair Workers, General	27% ◄	7%
29-1141	Registered Nurses	27% ◄	5%
53-3032	Heavy & Tractor-Trailer Truck Drivers	28% ◄	7%
51-9111	Packaging & Filling Machine Workers	15%	2%
49-9041	Industrial Machinery Mechanics	24% ◄	3%
43-3031	Bookkeeping, Accounting, & Auditing Clerks	32% ◄	9%
29-2061	Licensed Practical/ Vocational Nurses	26% ◄	5%
51-4041	Machinists	27% ◄	5%
41-9022	Real Estate Sales Agents	39% ◄	13% ◄
49-1011	First-Line Supvsr., Mechanics, Install, & Repair	27% ◄	4%
11-9141	Property, Real Estate, & Community Assoc. Mgrs.	40% ◄	14% ◄
43-6013	Medical Secretaries	29% ◄	6%
47-4011	Construction & Building Inspectors	38% ◄	11% ◄
51-8031	Water/WW Treatment Plant Operators	30% ◄	6%
13-2021	Appraisers & Assessors of Real Estate	32% ◄	9%

Sources: EMSI.

TOP HIGH SKILL JOBS

SOC CODE	DESCRIPTION	DEMOGRAPHICS	
		% 55+ Years	% 65+ Years
HIGH SKILL *(Four-year degree or above)*			
25-1099	Postsecondary Teachers	30% ◄	11% ◄
11-1021	General and Operations Managers	23% ◄	4%
13-2011	Accountants and Auditors	25% ◄	6%
25-2021	Elementary School Teachers, Except Special Education	28% ◄	5%
25-2031	Secondary School Teachers, Except Special and Career/Tec	28% ◄	5%
13-1111	Management Analysts	38% ◄	12% ◄
25-2022	Middle School Teachers, Except Special and Career/Techni	28% ◄	5%
25-3099	Teachers and Instructors, All Other	25% ◄	8%
21-1014	Mental Health Counselors	25% ◄	6%
21-2021	Directors, Religious Activities and Education	39% ◄	13% ◄
29-1069	Physicians and Surgeons, All Other	31% ◄	9%
21-2099	Religious Workers, All Other	45% ◄	20% ◄

SUMMARY OF FINDINGS

- The current labor market is already strained
  - Demand outstrips supply
  - Mismatch in education & skills
  - Difficult to recruit and retain from outside of the region
  - Structural issues (transportation, childcare & housing) exacerbate recruitment challenges
- The situation is likely to worsen
  - Projected demand still more than supply
  - Aging workforce will create more openings

3

TALENT 2.0
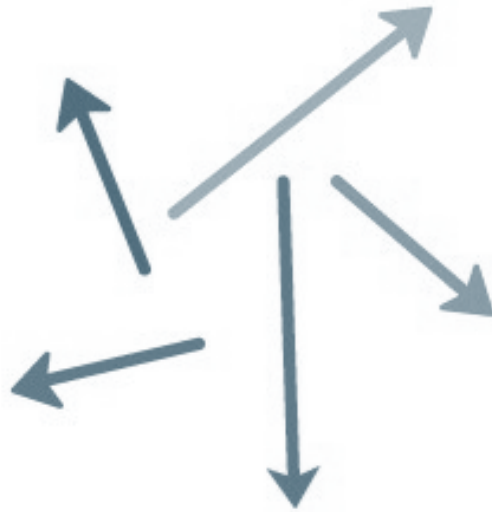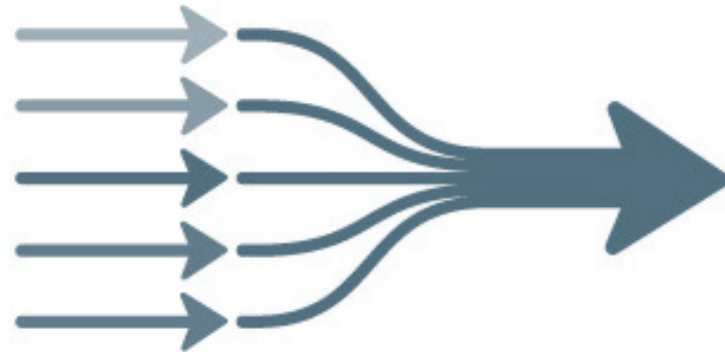
BEFORE　　　**AFTER**

- Sets out a common set of goals and strategies
- Align efforts and resources
- Amplify reach and impact

FRAMEWORK

Access

Actively support employers in finding, attracting, and retaining the talent that they need

Alignment

Align education and workforce resources more closely with business community and the local talent pool

Barriers

Collectively address structural issues that serve as barriers to a secure talent pipeline

INCREASE ACCESS

1. **YOUR PLACE: NORTHERN COLORADO.** Design and launch a talent campaign to support the recruitment of prospective employees to the Fort Collins-Loveland MSA.

2. **LOCAL TALENT.** Help connect regional employers with residents and residents with better economic opportunities.

3. **AWARENESS.** Build greater awareness of the region's job opportunities and strong employment base.

4. **HR BEST PRACTICES.** Coordinate with the Workforce Center, the Northern Colorado Human Resources Association, Mountain States Employers Council, and others to hold workshops on talent management topics for employers and HR professionals.

5. **RETENTION.** Partner with employers to coordinate solutions that address common barriers to talent retention.

THE UNDEREMPLOYMENT PROJECT

- **OUTREACH.** Reach out to underemployed individuals through employers and directly

- **INVENTORY.** Catalog resumes and skills of underemployed

- **COACH.** Provide coaching to these individuals to find better jobs

- **RETRAIN.** Connect them to retraining as needed to align skills to opportunities

- **RE-EMPLOY.** Assist them in finding better opportunities

PLAN FOR SUCCESS(ION)

- **ASSESS.** Invest in tools that can help companies assess their needs and craft a transition strategy

- **EDUCATE.** Hold workshops on topics relevant to succession planning

- **KNOWLEDGE-SHARE.** Create peer working groups that meet quarterly to provide a forum for peers to share information and best practices as well as to work through issues together

- **TRAINING.** Create program to train workers to move up

- **EXPERTISE.** Train or hire an expert that can provide technical assistance one-on-one to companies

IMPROVE ALIGNMENT

1. **BUSINESS ENGAGEMENT.** Streamline business engagement and input mechanisms.

2. **EDUCATION & TRAINING CAPACITY.** Support education and training institutions in strengthening the "home grown" talent pipeline.

- **SURVEY.** Partner with existing sector organizations to conduct annual employer surveys to document needs in critical occupations

- **ADVISE.** Coordinate with sector partnerships to create a more centralized business advisory function.

- **LAUNCH.** Monitor the needs of other industries, and facilitate the launch of new partnerships as needed.

FRONT RANGE CAREER ACADEMY
(EXPANSION OF CURRENT INITIATIVE)

- **EXPAND.** Enhance FRCC's current high school programs

  - Small learning environment, experiential learning, dual enrollment

- **COLLABORATION.** Foster collaboration between school districts, community college, and key employers

- **ALIGNMENT.** Enhances industry-education alignment and is an asset for talent & business attraction

REMOVE BARRIERS

1. **ADVOCATE.** Advocate around key structural issues.

2. **EDUCATE.** Organize a series of symposiums on each topic to educate relevant audiences, generate discussion about possible solutions, and identify a core group of champions that will lead taskforces.

3. **ACHIEVE.** Assemble taskforces of champions and "doers" to move solutions forward.

ADVOCACY

- Continue to advocate for **I-25 Corridor** improvements

- Advocate on behalf of FRCC to secure funding for the **Allied Health School**

- Incorporate **affordable housing** as an issue on the local advocacy agenda
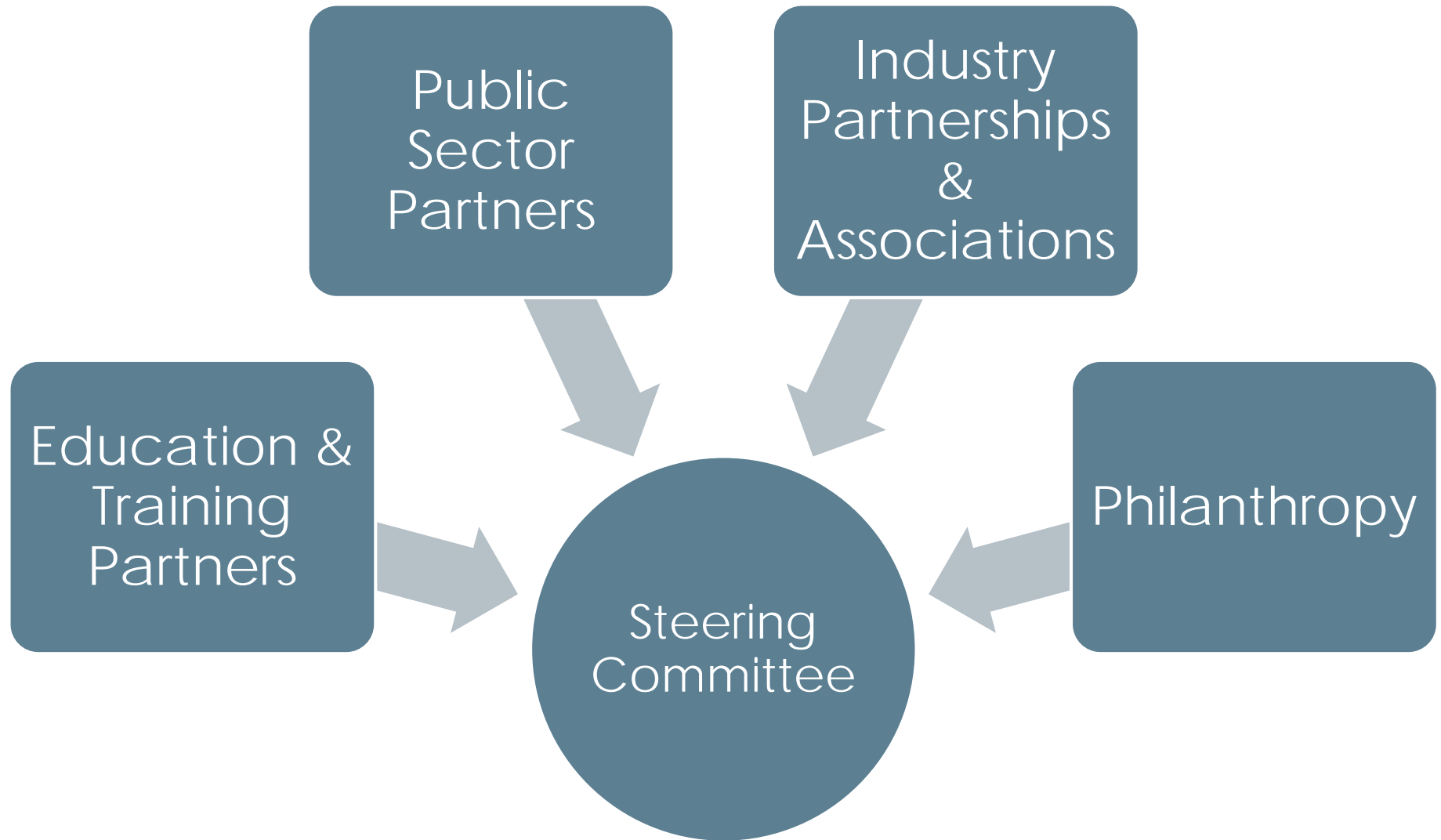
STEERING COMMITTEE ROLES

- Maintain strategic coherence
- Manage fundraising and outreach efforts
- Provide additional project management and support

MEASURING PROGRESS & IMPACT

- **Growth parity:** comparison of employment growth and labor force growth
- **Labor force participation**
- **Unemployment rate**
- **Underemployment:** educational requirements of jobs and educational attainment of workers
- **Workforce efficiency:** the percent of employed residents who live and work in the region
- **Wages:** cost-of-living adjusted wages
- **Income equity:** the ratio of the earnings of the 90th percentile to the 10th percentile

ECONOMY

JOB QUALITY

PERCENT OF JOBS RELATED TO FOREIGN DIRECT INVESTMENT	VALUE OF EXPORTS	EMPLOYMENT GAP WHITE-OF COLOR (AGED 16-64 YRS)	PERCENT & FEMALES A 16-64 YRS WO	PERCENT OF JOBS THAT ARE FAMILY SUSTAINING[1]	YEARLY PERCENT CHANGE IN JOBS
3.9%	**$21.2B**	**13.0**	**7 0%**	**69.3%**	**1.8%**
NEW METRIC IN 2016		PERCENTAGE POINT			
MSP TREND: BETTER	MSP TREND: WORSE	MSP TREND:	R TREND: BETTER	MSP TREND: BETTER	MSP TREND: SAME
PEER RANK: 8 ⇔	PEER RANK: 6 ⇩	PEER RANK: 1	RANK: 1 ⇔	PEER RANK: 4 ⇧	PEER RANK: 10 ⇩

BUSINESS VITALITY

INNOVATION CAPITAL

AVERAGE WEEKLY WAGE	ESTABLISHM SURVI OR MORE	ENTS ISSUED PER ,000 WORKERS	LOANS TO BUSINESSES UNDER $1M IN REVENUE	ANNUAL AMOUNT OF VENTURE CAPITAL	STTR/SBIR FEDERAL DOLLARS[2]
$1,084	**.1**	**1.95**	**$705M**	**$372M**	**$27M**
			NEW METRIC IN 2016	This data is for Minnesota (30 deals)	
MSP TREND: BETTER	MSP TREND: WORSE	MSP TREND: BETTER	MSP TREND: WORSE	MSP TREND: BETTER	MSP TREND: WORSE
PEER RANK: 6 ⇩	PEER RANK: 3 ⇧	PEER RANK: 6 ⇩	PEER RANK: 7 ⇩	PEER RANK: 10 ⇔	PEER RANK: 5 ⇧

TALENT

TALENT AVAILABILITY

NET MIGRATION OF 25-34 YEAR OLDS	PERCENT OF POPULATION EMPLOYED IN ADVANCED INDUSTRIES[3]	NUMBER OF H1-B VISAS REQUESTED PER 1000 WORKERS	PERCENT OF FOREIGN-BORN POPULATION AGED 16-64 WORKING	POPULATION 25+ WITH ASSOCIATE'S DEGREE OR HIGHER	POPULATION 25+ WITH A BACHELOR'S DEGREE OR HIGHER
+1,719	**9.4%**	**2.4**	**75.0%**	**50.0%**	**40.0%**
PEOPLE					
MSP TREND: WORSE	MSP TREND: BETTER	MSP TREND: NA	MSP TREND: BETTER	MSP TREND: BETTER	MSP TREND: BETTER
PEER RANK: 8 ⇔	PEER RANK: 8 ⇔	PEER RANK: 7 ⇔	PEER RANK: 1 ⇧	PEER RANK: 3 ⇔	PEER RANK: 5 ⇧

1. Annual wage > $31,000, or 130% of poverty for a household of 4, as per USDA's requirements for SNAP benefits.

2. Small Business Technology Transfer (STTR) The Small Business Innovation Research (SBIR)

3. As defined by Brookings, industries are advanced if a greater share of their workforce is STEM oriented than the U.S. average (21 percent) and their R&D spending is at least $450 per worker.

? QUESTIONS

THANK YOU

TIPstrategies

AUSTIN • SEATTLE

2905 San Gabriel Street
Suite 205
Austin, TX 78705

512.343.9113

www.tipstrategies.com