

Seizing the Future: On the Right Track

Annual Report 1998

Five Recommendations

Following are the top five priorities for Mississippi's long-range economic development, as identified in 1998 by the Special Task Force for Economic Development Planning.

1. Consolidate all workforce training funds into a single agency or entity.

The existing Workforce Development Council should be expanded to reflect new legislation signed by the President which will consolidate the administration, funding, and training functions of workforce-related training programs under a single agency--the State Board for Community Colleges--by the end of 1999.

2. Increase the ability of high school graduates to be more productive in the workforce.

Require a proficiency test of each student after elementary school to determine mastery of the reading, language arts, and math skills. Remedial instruction would be required for those students failing the test.

3. Implement a strategic resources action plan.

Provide seed monies to the Planning and Development Districts working in a cooperative planning effort with regional economic development groups to implement a regional approach to strategic economic development planning. Regional goals can then be tied into the comprehensive long-range economic development goals for the state, thereby strengthening collaboration between communities/regions and policy makers.

4. Implement the Science and Technology action plan.

Create Mississippi Technology, Inc., a not-for-profit organization to coordinate policy development, strategic planning, and implementation of programs promoting Mississippi science- and technology-related economic development efforts.

Implement the Mississippi Science and Technology Action Plan recommended by the Mississippi Science and Technology Commission on June 4, 1998, which includes support of a funding request to the state legislature.

- 5 Study the long-term economic impact of gaming in Mississippi.

Conduct a thorough study of all economic development matters related to gaming and its long-term impact on the State of Mississippi. Issues studied will include impact on local areas, tourism, creation of jobs, fostering of capital investment, and gaming industry trends.

SEIZING THE FUTURE: ON THE RIGHT TRACK

“Even if you are on the right track, you will get run over if you just sit there.” Will Rogers

The Mississippi Special Task Force for Economic Development Planning released its first report, *Seizing the Future: A Commitment to Competitiveness* in December 1989. This report contained a variety of recommendations for competitive people, competitive businesses, and competitive communities. In the chairman’s letter, Bill Cole concluded that “Mississippi, our people, our resources, our opportunities, provide us the capability to be a more competitive state in the expanding global economy. The question which remains is whether or not we have the willingness to do what is necessary to ensure that competitiveness.”

Nine years later, the answer to this question is not clear. There are many good things happening in Mississippi. On the other hand, many of the recommendations of the current Long-Range Planning Task Force are quite the same as recommendations made in 1989. We have an understanding of the problems in Mississippi, but the question remains: Do we have the willingness to do what is necessary to be competitive in the global marketplace? As Will Rogers said, “Even if you are on the right track, you will get run over if you just sit there.”

On May 28, 1998, Huffy Bicycle announced a major restructuring of its production process. This decision was made as a result of an 18-month analysis of the global bike marketplace that found the need to maximize operational efficiency and reduce annual bicycle production expenses to compete in the global marketplace. One week later, on June 4, Huffy announced that it would lease a 107,000 square foot building in Southaven, Mississippi to serve as a bike frame, fork, and handlebar fabrication facility.

By all indications, Mississippi is on the right track.

Mississippi is not alone in experiencing the forces reshaping our economy.

On July 22, 1998, apparel manufacturer Russell Corporation announced a restructuring plan that includes the elimination of 4,000 of its 18,000 workers. The plan, designed to make Russell more competitive globally, includes the establishment of dual headquarters in Alabama and Georgia while expanding manufacturing activities outside of the United States. Mississippi is not alone in experiencing the forces reshaping our economy.

According to National Public Radio commentator and former U.S. Under-secretary of Commerce Everett Ehrlich, the recent General Motors strike is essentially about how information technology is rearranging the economy. “Twenty years ago, Chrysler and Ford were racing to the cliff. Today, they’re in very good shape, while GM flounders in North America.” While Chrysler and Ford have concentrated on their strengths – designing, engineering, and marketing cars – GM has continued to control every step of the production process, from design to financing.

What facilitated the transformation of Ford and Chrysler was information technology. Computer networks allow the transmission of parts diagrams and production schedules between companies just as easily as within one. Firms can concentrate on the steps of the process where their strengths lie and outsource those in which they do not excel. So, today's successful companies are concentrating on what they are really great at and leaving the rest to somebody else.

These examples of corporate restructuring illustrate a trend that is concentrating high-skill, high-wage jobs in the United States while moving low-skill, low-paying jobs overseas. The US, or regions within the US, can no longer compete on the basis of wage levels alone. In the United States, companies are increasingly relying on the skill level of the local workforce in their location decisions.

Is Mississippi going to get run over?

Currently, the relationship between funding sources and training programs is nearly incomprehensible. The Special Task Force for Economic Development Planning met July 12 and 13, 1998, after a year-long fact-finding effort, to determine the most important issues affecting the long-range competitiveness of Mississippi. In the estimation of the task force, three of the top eight issues pertained to work force training and education. Other important issues include local and regional planning and cooperation, and information technology development.

The long-range planning task force believes the most important issue affecting the competitiveness of Mississippi is workforce training. Currently, the relationship between funding sources and training programs is nearly incomprehensible. There are nearly thirty separate state and federally funded programs administered by seven state agencies and the Job Corps. The task force recommends the consolidation of the administration and responsibility of these programs. This would allow for a much more efficient and accountable delivery of training services. It would also promote a more effective program by giving employers a single point of contact in requesting training programs that would benefit their current and potential employees.

Related to workforce training in importance to long-range competitiveness is K - 12 education. The task force supports a proficiency-driven promotion policy for Mississippi's schools. The intent is to ensure that high school graduates are well- educated and equipped to become productive members of society, should they choose not to pursue post-secondary education.

In order to correct the shortage of quality teachers, innovative strategies must be implemented. An example is the "Troops to Teachers" program, an effort to recruit former military personnel who are qualified to become civilian teachers.

In an effort to enhance the current state long-range planning process, local and regional planning is encouraged. Good planning enhances the quality of life of the citizens of a city or county.

The local planning process must be coordinated with the process at the state level.

In addition, it provides a stable business environment, which promotes growth in the area. Many communities will require a funding incentive to complete the planning process. This funding can be provided through block grants from state and federal sources. The local planning process must be coordinated with the process at the state level.

A regional approach to infrastructure projects needs to be developed. The capital investment required to provide water, sewage, and solid waste disposal services are increasing rapidly. Additionally, the investment in transportation infrastructure (roads, airports, ports, etc.) can be more efficiently implemented on a multi-jurisdictional level. Approaching these issues on a regional basis allows communities to voluntarily pool their resources to take advantage of economies of scale to reduce their costs relative to providing services on their own.

High technology capacity building and commercialization of technology are fundamental to wealth creation and higher paying jobs. The enhancement of existing Mississippi industries and the development of spin-off and new start-up high technology Mississippi owned and operated companies will result from this. Such high technology companies are essential to provide higher paying jobs, increase quality of life and career opportunities in our state for a well-educated workforce. The task force proposes the creation of a nonprofit organization to coordinate policy development, strategic planning, and implementation of programs promoting Mississippi science and technology related economic development efforts.

Information technology and the infrastructure to provide it are crucial to modern economic development. Businesses must be able to share information and ideas around the world as easily as within the building they occupy.

One thing is certain: We must continue to move forward or we will be run over by the changing world economy.

Similarly, each state agency and local government must take maximum advantage of information technology resources. The creation of a separate line item for information technology in the budget process will highlight the importance of this area. In addition, establishing a central information officer in each agency will allow for the coordination of information technology within and among agencies.

Sustainable long-term economic development requires attention to fundamental social issues – crime, child abuse, teenage pregnancy, drug abuse, and poverty rates just to name a few. Program efforts should be designed to solve specific problem areas. The recommendations of the recent task forces on reducing out-of-wedlock pregnancies and infant mortality should be implemented and supported. Youth development must be promoted by requiring arts and physical education in schools and by requiring each school to hire a nurse. The quality and accessibility of day care should show continued improvement through provider training, family education about parental involvement in early childhood development, and promoting partnerships with the business community. The task force recommends, for instance, that the interest on a tobacco settlement trust fund be used to fund these types of programs.

The long range planning task force believes that the implementation of these recommendations can have an immediate impact on the lives of Mississippians. Some, such as the proficiency-driven promotion policy for K-12 education, are complicated issues that must be carefully executed in order to achieve the desired results. Others, such as placing a nurse in schools are more straightforward and can be accomplished directly. One thing is certain: We must continue to move forward or we will be run over by the changing world economy.

Recommendation #1:

Consolidate all workforce training funds into a single agency or entity

Findings: In response to changing economic conditions and the demand for more efficient and more responsive government programs, Mississippi, like other states, needs to initiate systematic reforms to improve its workforce development systems. These changes should be designed to organize employment and training programs into a coherent state system focused on achieving results, using resources efficiently, while ensuring that job seekers, workers, and employers can easily access needed services.

At present, Mississippi has numerous workforce-related training programs administered by seven state agencies and the Job Corps. Many of these programs serve the same populations and provide some of the same services, while others serve distinct populations (i.e., incarcerated, physically and mentally disabled, the blind, etc.). In many instances, it is difficult to understand the relationships between agencies, funding sources, training programs, clients served and measures for accountability. In examining the existing patchwork of federal and state employment training programs and taking into account, recent federal legislation on workforce development, the Special Task Force for Long Range Economic Development Planning makes the following recommendation:

Recommendations: Expand the existing Work-Force Development Council to reflect new legislation signed by the President entitled, "The Workforce Investment Act of 1998" (H.R. 1385) and consolidate the administration, funding and training functions of the following workforce-related training programs under a single agency - the State Board for Community Colleges, by the end of 1999.

From the Department of Education: Industrial Training
Adult Training
TANF Training Programs (Temporary assistance for needy families)
Post-Secondary Voc-Technical Education Programs

From the Department of Economic and Community Development:
All JTPA Programs

Recommendation #2:

Increase the ability of high school graduates to be more productive in the workforce.

Findings: The Special Task Force finds that the productivity of the workforce is related to the capabilities of students graduating from high school and that the students should be promoted to each grade level based on mastery of the current work. The progress of each student must have markers in order to determine the direction of a student and to determine the performance of an individual school.

Recommendation: Require a proficiency test of each student after elementary school but prior to high school or early high school that will determine the mastery of the reading, language arts and math skills. Remedial instruction would be required for those students who fail the test.

Note: A Mississippi Department of Education task force will make recommendations to the State Board of Education 9/17/98 on how to improve the Functional Literacy Examination that is required in the 11th grade of all high school students in Mississippi. The Special Task Force for Economic Development Planning will refine the recommendation relative to required testing at specific grade levels (i.e. 3rd, 7th, 10th, etc.) upon consideration of the education task force's recommendations.

Recommendation #3:

Implement a strategic resources action plan.

Findings: Regional cooperation and strategic alliances formed between communities/regions create more value for these entities can be achieved independently. Strategic regional alliances enable communities to create or improve services, reduce costs and address the increasingly complex issues created by the transfer of responsibilities from the state and federal levels. A cooperative regional strategy designed to improve and strengthen the civil infrastructure will help insure that communities/regions are able to meet emerging challenges and share in the rewards of economic growth in the appearing global economy. Currently there are a number of "Best Practices" examples of effective regional cooperative strategies that are producing tangible economic development benefits. However, too few of these efforts are underway and little, if any, incentives available to encourage the formation of cooperative regional approaches to long term economic development.

Recommendation: Provide seed monies to the Planning Development Districts working in a cooperative planning effort with regional economic development groups to implement a regional approach to strategic economic development planning. This regional approach will determine regional goals. These goals will then serve as targets for community leaders, to assess, on an annual basis, and help determine their communities fit into the regional plan. These regional goals can then be tied into the comprehensive long rang economic development goals for the state, thereby strengthening the collaboration between communities/regions and policy makers in appropriation for this planning process is \$20,000 per county. The appropriation will be allocated for two years, a total funding request of \$3,280,000. Driven by related interests, working together for the common good and enabled by funding will encourage the type of

collaboration required to successfully launch and implement regional alliances.

Recommendation #4:

Implement the Science and Technology Action Plan.

Findings: An increase in and better integration of the state's technology commercialization activities and applied research capacity is essential for Mississippi's businesses to compete globally and produce significant and sustainable improvements in the state's economy, workforce, quality of life and higher paying jobs. Multiple independent efforts presently exist and very little coordination of efforts exist in the state's technology activities.

Recommendations: Create Mississippi Technology, Incorporated, a not-for-profit organization to coordinate policy development, strategic planning, and implementation of programs promoting Mississippi science and technology related economic development efforts. Establish a Joint Legislative Committee on Science and Technology related Economic Development.

Implement the Mississippi Science and Technology Action Plan as recommended by the Mississippi Science and Technology Commission on June 4, 1998. This will include support of a funding request to the state legislature.

Recommendation #5

Study the long term economic impact of gaming in Mississippi.

Findings: The Special Task Force finds that gaming has become a significant industry in Mississippi. State and local gaming tax revenue contributions have grown from \$44 million in FY 1993 to \$250 million in FY 1998. It finds that the state should understand the long term impact of gaming and look at the future of gaming and the revenues that could be produced in the next 10 years. It further finds that the Mississippi Gaming Commission is a regulatory body that does not necessarily promote nor inhibit gaming based on economic development criteria.

Recommendation: Conduct a thorough study of all economic development matters relating to gaming and its long term impact in the State of Mississippi.

1. The matters studied will include the economic impact to the state and to local areas of the state, the economic impact to tourism, the creation of jobs, the fostering of capital investment within the state, the trends of the industry including redefining of itself as part of the larger entertainment business and consolidation of operators.
2. To the extent practical, existing information should be used in carrying out this study.
3. The study should be done in consultation with state agencies.

A report should be issued no later than August 31, 1999 to the Governor and the Legislature that will contain a detailed statement of the findings and conclusions of the study, together with its recommendations for such legislative and administrative actions as found appropriate. Appropriate \$250,000 to the Mississippi Department of Economic and Community Development to select and contract with an independent recognized consultant that will conduct a study in accordance with the recommendation.