



2025 Legislative Concept Proposal LC 507: Future Ready Oregon and Continuing Workforce Investments

Problem

Oregon continues to experience significant workforce shortages – and struggles to take advantage of workforce opportunities – in industries and occupations that are critical to equitable prosperity for all Oregonians. Workforce-related priorities, programs, and other initiatives across the state are not always well-aligned, resulting in a workforce system that is often fragmented, inequitable, and difficult to navigate.

Background

Oregon is experiencing a significant shortage of, and growing demand for, capable, skilled, and willing workers. This is a problem shared by many other states. Today, there are more jobs than people seeking work with 58% of employers reporting difficulty filling positions in the first few months of 2024. Without workers to provide services and care, or to make and deliver things, Oregon's economy and its people cannot prosper.

Overall, Oregon's labor market participation has recovered from the pandemic; and yet a labor shortage remains as companies are pursuing market opportunities and responding to high consumer demand. In addition to a strong underlying economy, Oregon's Office of Economic Analysis identifies a combination of factors that exacerbate the labor shortage: self-employment is up 20,000 individuals, 10,000 fewer Oregonians are holding multiple jobs, and 5,000 more workers are quitting their jobs per month combined with international migration slowing, increasing rates of loss of life, and demographic changes due to Baby Boomers retiring at greater rates than workers are entering the workforce. The Census Bureau estimates Oregon lost population in 2022 and 2023—the first population losses in nearly 40 years.

In terms of finding workers in a structurally tight labor market, it will be critical to engage Oregon's latent labor force. According to the Oregon Office of Economic Analysis in their May 2023 *Oregon economic and revenue forecast*, "For Oregon businesses looking to hire, future labor growth could come from more young workers, and also gains from the state's latent labor force which is about the possibility of reducing historical disparities when it comes to differences based on sex, education attainment, and race and ethnicity. Increasing participation among existing Oregon residents could boost labor supply in the state by far more than any relative change in population growth."

Future Ready Oregon advances a more equitable workforce system by centering the education and employment needs of historically underserved and marginalized Oregonians. To promote sustained economic growth across Oregon, partners must work together to center the needs of underserved and underrepresented Oregonians, align workforce education and training opportunities, and provide comprehensive supports and services that enable individuals to complete trainings and move into high-wage jobs in key industry sectors. This involves grantmaking that supports inclusive, culturally specific, and linguistically appropriate initiatives that address systemic barriers faced by Oregon's priority populations, provides critical support to participants, and creates pathways to good-paying jobs in Oregon's key industry sectors. Future Ready Oregon recognizes that advancing a diverse workforce system requires operationalizing a new approach and doing things differently.

The workforce system that gathers partners to respond to workforce challenges and to prioritize underserved and underrepresented Oregonians is driven and aligned by the federal Workforce Innovation and Opportunity Act (WIOA). WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. The public workforce system in Oregon is known as WorkSource Oregon (WSO) and has a wide array of partners, services, and resources online and in WSO Centers and connects to additional, aligned education, training, and community-based organizations.

WIOA provides resources through WSO, local workforce development boards, and education, training, and community-based organizations to serve adults and youth. Over time, WIOA funding varies and, for Oregon, has significantly declined over the past ten years. Diminishing federal resources have presented challenges that, in part, have sparked state and local innovation. These efforts often focus on funding and more often on systems alignment to make the funding that is available go farther and leverage resources. One such innovation is the State Workforce and Talent Development Board's (WTDB) Continuous Improvement Committee (CIC). Established by the Oregon Legislature in 2021 (SB 623), the CIC is charged with assessing the efficiency and effectiveness of WSO through biennial assessments of priority aspects of the public workforce system. The CIC's Governance Assessment includes a Pillar to "[c]reate state agency alignment."

The State Workforce and Talent Development Board's (WTDB) 2023–2024 Strategic Plan includes an Imperative to create "[s]trategic and close alignment between education, economic development, and workforce development, including public and private partners." Finally, the WTDB and HECC produce biennial Talent Assessments providing recommendations that impact both the public and the broader workforce systems. The 2024 Talent Assessment includes "Strategy 1: Align and Strengthen Oregon's Workforce Ecosystem. Oregon's workforce ecosystem includes several partners with various goals and needs. This strategy includes action items that bolster the alignment of these partners and improve the infrastructure of the workforce development ecosystem through new initiatives and increased collaboration." Numerous WTDB research and data reports focus significantly on alignment. For example, the WTDB's Equitable Prosperity Taskforce's Equitable Prosperity for All Whitepaper laid important groundwork for Future Ready Oregon.

Proposed Solution

This solution integrates proven best practices from Future Ready Oregon programs and aligns Future Ready Oregon statutes and other HECC workforce development statutes to contribute to a more unified workforce system. The proposed statutory amendments and additions improve alignment across programs and policies, advancing shared goals and strategies aimed at closing gaps in educational attainment and employment by:

- Centering the needs of historically underserved and underrepresented Oregonians
- Leveraging flexible state investment to meet the unique needs of individuals
- Coupling education and training supports with wraparound services to overcome barriers in education and employment
- Building strategic partnerships between communities, educators, and employers to advance innovation in talent development, working together to address our most complex workforce and talent development challenges

These amendments can be codified at no cost. Their utility and power is dependent on future appropriations.