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Center for Population Dynamics Quarterly Brief October 2015: A Reason to Be- The "Upskilling" of Cleveland's Workforce

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Center for Population Dynamics Quarterly Brief
October 2015

A Reason to Be

THE “UPSKILLING” OF CLEVELAND’S WORKFORCE
BY RICHEY PIIPARINEN, JIM RUSSELL, AND CHARLIE POST

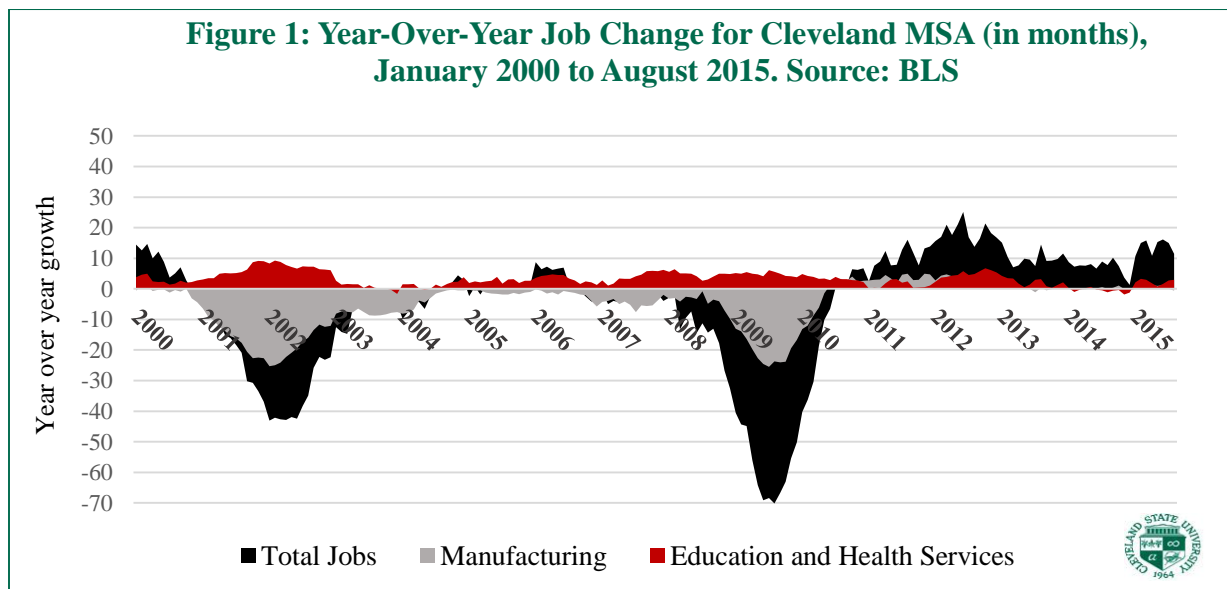


Not having a reason to be is *the* human crisis. Developing worth is the cure. Such is the case not just for people, but for cities. Cities without uses become ghost towns, with a midway existence called “the shrinking city”. Cleveland, like many Rust Belt cities, is a so-called shrinking city. For decades now the region has fought against the anticipation of disappearing. This fight is called “economic development”.

Often, development policies are more instinctive than strategic. Cleveland has lost jobs, mostly manufacturing jobs. The solution, then, is to simply go get those jobs back. But manufacturing as a share of the total U.S. labor force is at an all-time low (8.69%)¹. In Cleveland, it’s 11.7%, down from 17.1% in 2000². This does not mean manufacturing is unimportant to Cleveland. It just means that when you are in the job of job creation, new policies are needed.

New policies are dependent on knowing the issues less viscerally than visionary. The hockey great Wayne Gretzky illustrated this when he said: “I skate to where the puck is going to be, not where it has been”. Where should Cleveland “skate” in its play at economic development? Answering this question entails understanding the data beyond total gains and losses. Stating “Cleveland has lost ‘X’ number of jobs since 2000” is an empty diagnosis that lacks context of what jobs were gained and/or lost. This quarterly brief aims to help build that context.

Figure 1 charts year-over-year job growth (in months) from January 2000 to August 2015. Each recession hit Cleveland hard, particularly the Great Recession. Since 2000, the labor force in aggregate decreased by nearly 81,000 jobs, with manufacturing (-70,400) driving the contraction. Note, however, the sustained month-over-month growth of the “Eds and Meds” sector, totaling a gain of nearly 50,000 jobs.



Cleveland’s pattern of manufacturing job losses and gains in education and health services follows the same trajectories that cities like Boston had forged decades prior. “[A] region may need to sever its past dependence on a few mature industries in order to position itself for future development,” noted the Cleveland Fed in its 1986 Annual Report³. “There is some historical precedent for this view,” the report

¹ See: <http://www.bls.gov/news.release/pdf/empsit.pdf>

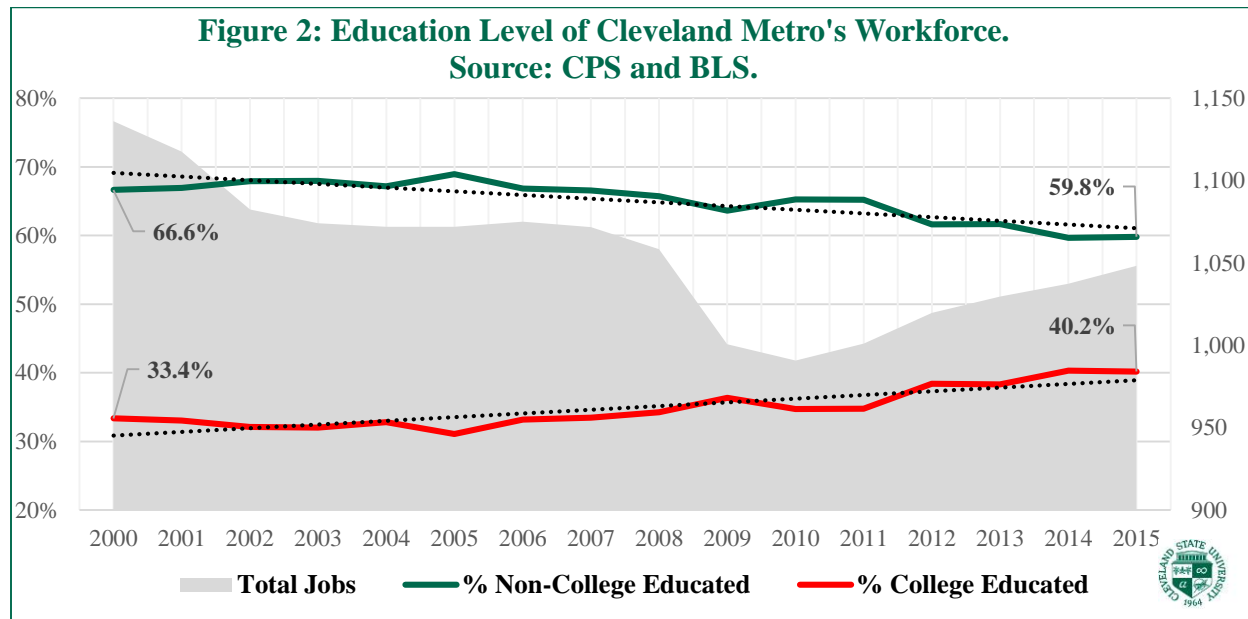
² Source: Bureau of Labor Statistics

³ Source: Federal Reserve Bank of Cleveland, Annual Report, 1986

continues. “Boston's economy had to be virtually purged of its reliance on the textile industry before it was ready to nurture new, innovative firms.”

Today, the Boston metro employs nearly 525,000 people in its education and health care cluster⁴, good for top 5 in the nation. Boston’s tech cluster is second only to Silicon Valley⁵, largely due to the marriage between technology and the “eds and meds” sectors. This interplay has driven Boston’s emergence in the frontier fields of “edtech”, “medtech”, and “biotech”. On the backs of this booming knowledge economy, real estate, construction, and finance have flourished. Such is a growth pattern Cleveland can emulate.

Further evidence of Cleveland’s economic restructuring is shown in Figure 2. Two-thirds of workers did not have a bachelor’s degree or higher in 2000, compared to one-third that did. Thus, Cleveland’s economy was comprised of two non-college educated workers for every one college educated worker at its recent workforce peak. Things changed. Today, that ratio is one college-educated worker for every 1.5 non-college educated worker, indicative that those jobs that have been shed since 2000 were lost to an era of “brawn”, while those jobs gained were predicated on the era of “brain”.



Extrapolating, a Georgetown Public Policy Institute study found that nearly 4 out of the 5 jobs lost since 2008 were held by those with a high school degree or less⁶. Why? America’s comparative advantage in the global economy is increasingly about ideas. Notes the authors of the report:

“The shift in the workforce from less-educated to more-educated has been a slow and steady process brought about by technological development and increased global competition that led to the automation of the workplace and offshoring. Labor-saving technological development and, to a lesser extent, offshoring have increased demand for skilled labor. [This] long-term gradual increase in the demand for skilled workers is referred to as ‘upskilling’ in the U.S. labor market”.

⁴ Source: U.S. Cluster Mapping Project

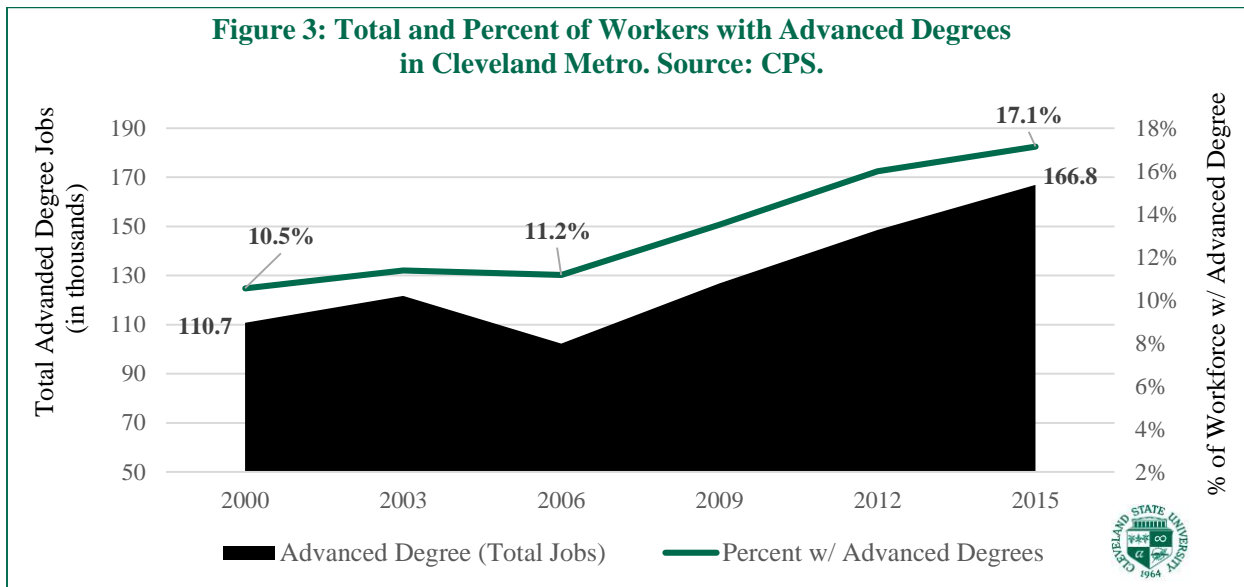
⁵ Ibid

⁶ Source: Carnevale, A., Jayasundera, T., Cheah, B. 2012. THE COLLEGE ADVANTAGE: WEATHERING THE ECONOMIC STORM. Georgetown Public Policy Institute.



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There is, perhaps, no group more “upskilled” than those most highly-educated, or individuals with graduate or professional degrees. Here, Cleveland is starting to excel. Specifically, Cleveland gained 56,000 advanced degree jobs from 2000 to 2015 (see Figure 3). This has coincided with a rise in the percent of Clevelanders in the workforce with an advanced degree. In 2000, only 10.5% of the regional workforce was highly educated. By 2015, that number was 17.1%—a percent point gain of 6.6%. This was the 8th highest percent point gain for the largest 40 metros in the nation. Importantly, it is Cleveland’s younger workers that skew highly-educated. Twenty percent (20.12%) of Cleveland’s workers aged 25 to 44 have an advanced degree, trailing only Washington D.C. (27.84%), San Francisco (22.71%), Boston (22.14%), San Jose, CA (22.09%), and Pittsburgh (20.82%), but ahead of Philadelphia (19.98%), New York (19.85%), and Seattle (18.29%)⁷.



Now, detailing what’s behind the growth of these highly-skilled jobs is the task at hand. What is driving this demand? What regional policies are needed to multiply Cleveland’s highly-skilled workforce? What industries should Cleveland “upskill” less-educated workers so as to compliment the region’s emerging strengths? Put simply, Cleveland needs to get a better handle on “where the puck is going”⁸, all the while developing a regional playbook to direct Cleveland to get there fast.

This need has been decades in the making. “A meaningful future depends upon a new recognition of where a city’s strength lies,” wrote Rabbi Daniel Jeremy Silver in a 1985 sermon entitled “What’s wrong with Cleveland”⁹. “Cities thrive if they serve a special political or economic need,” continued Silver. “A city becomes a lesser place, settle back into relative obscurity, when circumstances change. Some, like Rome, rise, fall and rise again. Some like Nineveh, rise, fall and are heard of no more.”

The prospected rise, fall, and rise of Cleveland ultimately depends on rediscovering our reason to be. The search needs to be focused on the work of the future. Not the tasks of the past.

⁷ Note: The 2015 advanced degree concentrations are based on the average monthly Current Population Survey (CPS) estimates for the first 7 months of the current calendar year.

⁸ Note: For a deep dive on “where the puck is going”, see Piiparinen, R. and Russell, J. 2015. “From Metal to Minds: Economic Restructuring in the Rust Belt”. CEOs for Cities. <http://ceosforcitiesworkshop.org/wp-content/uploads/2015/05/From-Metals-to-Minds.pdf>

⁹ See: <http://havecoffeeandwrite.com/?p=27690>

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