TRANSFORMING U.S. WORKFORCE DEVELOPMENT POLICIES FOR THE 21ST CENTURY

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Reimagining Workforce Policy in the United States

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CHANGING LABOR MARKETS IN AN ERA OF PERPETUAL VOLATILITY

Workforce policies and investments need to be reimagined, because labor markets are changing in fundamental ways. We need to develop policies, funding, and service models that align with challenges posed by labor markets in the twenty-first century—an era characterized by perpetual volatility. This chapter offers some ideas about potential new models that would better align workforce investments with needs within an economy in transformation.

Disruptive forces are everywhere; whole industries are being transformed by innovation and changes in technology at a pace that continues to accelerate. The result is increased uncertainty and turbulence in the scale and nature of employment in many industries, and often dramatic shifts in skill requirements and how occupations are defined.

Labor market dynamics are evolving in response to these powerful forces, and the following new patterns are emerging:

- **Employment is taking on increasingly varied forms.** Fewer people are working in full-time, long-term engagement with a single employer. Alternative models are emerging and growing in use, including limited-term, project-based employment; people piecing together multiple part-time jobs; and microentrepreneurship. A Kelly Services report (Drobocky 2012) finds that 44 percent of U.S. workers define themselves as “free agents,” defined as workers who consult; perform temporary, freelance, or
contract work; or have their own businesses. For some, operating as a “free agent” is a preference, providing them flexibility and freedom in how they work. For others, it is a necessity. Part-time work for economic reasons (not by choice), as in previous economic downturns, has increased to about 20 percent of the working population, most of whom are prime-aged workers, 25–54, with limited education (Valletta and Bengali 2013).

- **Workers increasingly can be located anywhere and do their work at any time.** In an era of high-speed broadband and cloud computing, workers don’t always have to be located at a specific employer site to do their work, changing long-held assumptions about the geographic location of work.

- **Increased labor market volatility is resulting in unprecedented long-term unemployment and underemployment.** As Van Horn (2013) compellingly describes in *Working Scared (or Not at All)*, record numbers of experienced workers are unable to find new jobs for a year or more, while a substantial number of young adults are either unemployed or underemployed. Although some of this can be attributed to unusually slow job growth during a recovery, this pattern reflects what is likely to be a continuing change in U.S. labor market dynamics.

- **Workers’ employment success depends increasingly on attaining a postsecondary credential and continuing to learn throughout their careers.** In aggregate, those with a bachelor’s degree do far better in both employment and income than those without a degree. And recent research finds that certain associate degrees, certificates, and industry certifications provide similar labor market advantage. The Georgetown Center on Education and the Workforce projects that by 2020, 65 percent of all U.S. jobs will require education and training beyond high school. Today, 44 percent of workers have attained degrees and/or market valued certificates (Carnevale, Rose, and Hanson 2012). An important related trend is the accelerated pace at which specific knowledge and skills become obsolete and the expectation that workers must continue to refresh and add onto their capabilities across their work lives to remain employable. A team of Deloitte researchers posits that the skills college graduates acquire while
in school have an expected shelf life of five years (Eggers, Hagel, and Sanderson 2012).

- **Technology is increasingly being used to aid and even drive hiring decisions.** Games are now being tested that use “big data” to select the best candidates for jobs (Peck 2013). Employers invest heavily in technology aimed at ensuring they hire workers who will be a good fit with their needs. On the other side of the coin, few job seekers have similar sophisticated aids to help them in presenting themselves so that they maximize their potential to be hired. How do job seekers “learn the game” and get on a level playing field with employers?

These examples illustrate the reality that twenty-first century labor markets operate very differently than they did in the relatively recent past, reflecting the global transition to a knowledge-centered economy. Public workforce policy, funding models, and operating approaches were built for the prior economy.

Krepcio and Martin (2012) identify five major trends within the twenty-first century economy impacting the workforce system: 1) a slow growth economy and a jobless recovery, 2) changing labor markets and employment relations, 3) advances in information and communication technology, 4) demographic changes, and 5) reduced funding for the system.

Congress’s adoption of bipartisan, bicameral agreement on successor legislation for the Workforce Investment Act (WIA) occurred in July 2014, after more than a decade of failing to do so. The new Workforce Innovation and Opportunity Act (WIOA) adopts many widely sought-after changes and appears to be a substantial improvement over WIA. The authors applaud in particular elevating credential attainment to a performance standard on par with current employment outcomes and the requirements for systemic adoption of industry sector partnerships and career pathways approaches. The new law emphasizes interconnecting educational attainment and employment results, focusing on helping workers gain not only initial reemployment but also knowledge and skills that help them advance into better jobs over time. However, while passage of this important legislation offers short-term improvements, it does not reduce or remove the need to fundamentally rethink U.S. workforce development policy to align it with radically different labor market realities, and the level of investment covered by the new
legislation is minuscule compared to the overall need and other forms of investment in education and training. We should think more broadly than the dedicated funds for workforce investment. The ideas expressed in this chapter offer a starting point for how the United States could reimagine our approach to workforce development policy and funding on a broader scale.

DOES WORKFORCE INVESTMENT MATTER?

Why do we care so much about investing in workforce development? Because the stakes are so high within increasingly harsh labor markets. Consider several indicators. The demand for labor in general is far below the supply of job seekers and is expected to be so nationally for several years to come. Yet paradoxically, there are jobs going unfilled because there is a lack of people with the skills employers are looking for to fill those jobs. There were approximately 3.4 million workers unemployed for 27 weeks or more as of May 2014 (Bureau of Labor Statistics 2014). Long-term unemployment has remained at unprecedented high levels, even as the short-term unemployment rate has returned to prerecession levels. The long-term unemployed represent 34.6 percent of the total unemployed. Labor force participation rates are lower than seen in more than three decades, having dropped from 66 percent in March 2004 to 62.8 percent in May 2014 (Bureau of Labor Statistics 2014). Wages have remained stagnant for the past decade (Shierholz and Mishel 2013), constricting consumer spending and lowering standards of living for many families.

Millions of current or potential U.S. workers live at high risk of prolonged unemployment, erratic income, and poverty. Those at risk include people without a degree or other market-valued postsecondary credential, workers whose skills are either obsolete or no longer valuable to employers, the 25 percent of American adults with gaps in literacy and numeracy, older workers (who are disproportionately more likely to face long-term unemployment), young people who are disconnected from both school and work, and young people who have achieved a credential but struggle to enter career path employment.
Certainly, skills gaps are not the only causes of long-term unemployment, but they are a factor that can and should be addressed.

Without a workforce development public policy and investment strategy, the United States faces the prospect of an increasingly two-tier economy in which some prosper and others are left with little hope for self-sufficiency. The societal costs of inaction are enormous, in terms of both increased demand on social supports and the missed opportunity for productive work by millions who will be either unemployed or underemployed.

Belfield, Levin, and Rosen (2012) calculate the total lifetime fiscal and social costs of the 6.7 million “opportunity youth”—those between 16 and 24 who are attached neither to school nor work. Their finding: each opportunity youth who does not successfully engage in education and employment represents a total societal cost of nearly $1 million—a risk of $6.3 trillion across the whole cohort.

Investing in developing our workforce must be a national priority. How to do it and how to fund it are the subjects of the bulk of this chapter. We begin in the next section by considering the shape of current U.S. workforce strategies.

THE “SYSTEM” TODAY: A PATCHWORK QUILT OF PROGRAMS

We do not believe there is a real workforce development “system” in the United States. Our national workforce investments are essentially a series of separate domestic policy programs, each designed to serve a specific need or target group. We have programs for trade-impacted workers, veterans, those interested in specific career fields, older workers, youth, Native Americans, those on welfare, those in public housing, those in blighted areas, and those with low basic skills. Each program has its own rules and its own outcome measures, political constituency, and advocacy groups.

The limits of the current patchwork of investments have been recounted through multiple reports and study panels. The U.S. Government Accountability Office (2011) has issued numerous reports across
more than three decades describing the large number of separate job training programs, program overlaps, and the need for greater coordination among them. We highlight three disconnects below:

1) Integrating resources is hard. Those trying to “move the needle” on important challenges today—whether at a national, state, or local level—must attempt to weave multiple programs housed in many different agencies to achieve aligned work. As challenging as this may be, it is important for both employers and job seekers to have access to aggregated and coordinated resources without having to visit multiple agencies and follow the rules of multiple funding streams. Many examples of valiant efforts to integrate resources from multiple programs to impact a large-scale issue can be found. But the aligning work is difficult, is time consuming, is not directly funded by any of the programs, and typically is not fully successful.

2) Outdated metrics. The Office of Management and Budget has led an important effort to bring some cohesion to federal workforce programs by creating a common set of measures that apply to multiple federal funding streams that provide a degree of consistency on outcomes and by establishing definitions for how to measure them (U.S. Department of Labor 2005). However, as we will explore further in this chapter, we question whether the measures contained in current programs are the right ones. Current measures drive the system toward a focus on short-term employment outcomes and not skills development and credential attainment, increasingly essential to long-term economic success.

3) Underinvestment. A third key limitation in current workforce policy is underinvestment in some areas of crucial need. A glaring example: public funding for basic skills development by adult learners. Solid literacy and numeracy are essential to obtaining a job from which the holder can build career pathways that result in good jobs. Numerous studies have concluded that 25 percent of working-age adults in the United States function with low basic skills today (National Commission on Adult Literacy 2008). The proportion of the workforce with low basic
skills exceeds 50 percent in communities with concentrations of poverty. An estimated 40 million adults need to improve their basic skills to succeed (New America Foundation 2014).

Roughly $2 billion is spent annually on basic skills improvement, with approximately two-thirds of that coming from states and one-third from WIA (U.S. Department of Education 2014). That might sound like a lot of money, until the scale of need is added to the equation. That total amounts to roughly $20 per person with low basic skills, which is clearly insufficient to achieve meaningful impact in removing one of the major barriers to economic self-sufficiency. While each individual’s literacy needs are different, in 2008 the average cost of serving an adult in a literacy program was $1,000 (Sum and McLaughlin 2008).

The following three examples of disconnects are a subset of a far longer list of challenges inherent in current public policy regarding workforce development. In thinking about how to address them, we propose moving away from thinking in terms of “workforce development programs” as the needed approach. We believe attempting to solve workforce issues through programs is fundamentally flawed (Power and Urban-Lurain 1989).

1) Programs are structured in isolation. Each program typically defines its own target population, permissible services, metrics, rules, and administrative requirements. And while enabling legislation for a given program may cross-reference others, it is nearly impossible to make a suite of programs fully consistent.

2) Programs result in fragmented service delivery. Federally funded workforce programs come from multiple congressional committees, are housed in several departments, and flow to different agencies at the state and local levels—inevitably with different program years, reporting requirements, and widely varying eligibility. Organizations managing workforce development services live with the constant challenge of weaving the resources across multiple programs into coherent service delivery. Success tends to be a result of local relationships and skill at doing “workarounds” to overcome the conflicts and gaps.
3) Programs tend to calcify. Once the effort to create a program succeeds, the resulting apparatus tends to be left in place for many years. Although initially a program may align well with a specific labor market need, as time goes on the program tends to be locked in place while needs are changing dramatically. A federal program model carries with it a multiyear life cycle from conception to conclusion/replacement—far too slow for perpetually volatile conditions. WIA is a telling example of the slow pace of change. The original WIA legislation was enacted in 1998 and now, more than 15 years later, has finally been updated and reauthorized. And even now, no longitudinal evaluation of WIA has been completed that would inform future legislation. And, in reality, programs rarely end. Instead, as new needs become urgent, typically new programs are created to meet those needs.

THE DIMENSIONS OF TWENTY-FIRST CENTURY WORKFORCE POLICY

The United States needs both a different workforce policy framework and a new approach to executing that policy in order to be responsive to challenges posed by harshly changing labor market conditions. Twenty-first century workforce policy needs to embrace at least three major dimensions: lifelong learning, career navigation, and employment/reemployment. We see three “givens” that should become the norm as each of those dimensions is tackled:

1) Unprecedented integration of work and learning. The old paradigm of going to school first and then embarking on a career has been increasingly obsolete for some time now. In twenty-first century labor markets, the new norm is interweaving work and learning, starting in K–12, continuing through initial postsecondary learning, and then on through the continuing acquisition of new knowledge and skills throughout a career. Work and learning must happen simultaneously, not sequentially, allowing for learning to have experiential context and for work to be improved by learning.
2) Systemic collaboration among employers and educators. Many current “promising practices” in workforce policy, including sector strategies, career pathways development, community college reinvention, and earn-and-learn initiatives, contain experiments in crafting robust and agile collaborations that can change rapidly as demands shift among employers and educators and that are far deeper than traditional advisory committee models. These collaborations are full-scale partnerships with shared vision, shared costs, and shared responsibilities. This is far different from what is generally in place today. We need that in-depth partnership approach to become the norm, and not stay merely a promising practice.

3) Turning competencies into a unifying currency. Knowledge economy labor markets focus on competencies—what a worker knows and can do. Competencies can become a unifying language in labor markets, spanning the many credentials in use—degrees, certificates, industry certifications, licenses, badges, and more. This approach would allow employers to ascertain what job applicants know and can do, and individuals to understand what knowledge, skills, and capabilities they need to add to their portfolios to be qualified for specific careers.

We explore those three dimensions, and then consider financial models, metrics, and governance approaches for twenty-first century workforce policy.

**LIFELONG LEARNING**

The most critical dimension of twenty-first century workforce policy must be to ensure that lifelong learning is widely available, affordable, and results in workers’ regularly acquiring new and enhanced skills that increase their employability.

As noted earlier, workers with at least a bachelor’s degree fare much better in employment and income, as do those with market-valued associate’s degrees, certificates, and/or industry certifications. The greater
success of workers with postsecondary credentials reflects increased employer demand for higher-level skills. In both the United States and other industrialized countries, the proportion of jobs requiring high-skill workers is increasing substantially (Manyika et al. 2012). Surveys indicate that employers in fields such as advanced manufacturing cite skills shortages as reasons for why they cannot expand or improve productivity (Morrison et al. 2011). Admittedly, other researchers asking different questions find that although the skills gap is overstated, it still exists, and it could be filled through reasonable training efforts (Osterman and Weaver 2014). The pressure for increasing H-1B visas for skilled immigrant labor remains intense.

Obviously, not all jobs require high skills. While the United States continues to have millions of jobs that do not require postsecondary educational attainment, the pattern is clear: the preponderance of good-paying jobs require a degree or other postsecondary credential.

The United States needs a substantial increase in the level of educational attainment by young people entering the labor market. Certainly demand at any given time is impacted by the cyclical nature of our economy, but the trajectory is upward for educational attainment to keep the United States competitive globally, and we need our primary pipeline to focus on increased educational attainment. But, equally important, workers must continue to update their knowledge and skills, as well as acquire new ones throughout their work lives. Workforce policy needs to support both young people and current workers in acquiring needed skills and associated credentials.

Workforce policy must also focus on tearing down the basic skills divide. An estimated 40 million adults in the United States lack the fundamental literacy and numeracy skills to function in today’s society (U.S. Department of Education 2003). The United States has no meaningful strategy today to impact that huge number.

This does not mean that policy should be encouraging “quick fix” training that typically has little lasting impact—a lesson learned from job training programs of the past. Nor should policy encourage long-term training that lacks connection to employer demand. Rather, policy should focus on encouraging workers to engage in education that enhances their capabilities and results in credentials that are valued by employers.
How should twenty-first century workforce policy address these needs for increased and continuing educational attainment?

- **Build out public-private skill development partnerships to scale.** We should draw from the innovative experimentation going on in employing industry sector partnerships, career pathways development, and industry-education partnerships, and greatly expand and improve the resulting approaches. These informal partnerships found in communities across the nation can be both expanded and replicated to the point where viable partnerships are functioning in key industries in every labor market. These approaches are built on common principles but operationally take on varying flavors depending on the context of the industry and community involved. Further, the costs of entry are modest. If industry and education leaders see challenges they want to collaboratively tackle, the only upfront cost is typically for someone to facilitate their work. These characteristics make this approach easy to replicate. The continuing challenge in doing so is to identify a sufficiently compelling problem to jointly tackle and/or a clear line of sight to the return on the time and resources invested through the partnership work to convince employers to join the partnerships.

- **Craft public-private shared funding of learning.** We should use public funding to incent coinvestment in learning, resulting in a balance of costs among government, the employer/industry involved, and the learner. One example of a coinvestment approach is the Michigan Advanced Technician Training Program, where community colleges and manufacturing employers combine efforts to increase the pipeline of skilled entrants to technical careers (Michigan Economic Development Corporation 2014). State community college support is combined with employer paid tuition and student expenses, as well as paid employment/work-based learning experience in between classroom semesters. Similar manufacturing-education joint learner development models are being tried in several other states.

- **Create a large-scale, multiyear campaign to dramatically improve basic skills among working age adults.** We propose forming a national collaborative campaign in which the federal
government, foundations, and business jointly fund campaigns in states and regions to substantively remove the basic skills gaps as a barrier to entry and advancement for workers. This would require a substantial investment, likely totaling at least $1 billion over several years. It would need a very strong national public-private leadership team to succeed. At a state and regional level, this work could be adapted to regional context and led by any number of coalitions at varying geographic levels. We envision this as a time-limited effort (perhaps 10 years) with highly visible metrics, funding tied to results, and use of evidence-based approaches now being undertaken in some locales. Making this sort of investment would represent a game changer for millions of Americans who today have little chance of realizing self-sustaining employment.

- **Restore public investment in postsecondary education and tie the increase to improving results.** In most states across the nation, state support for colleges and universities fell during the Great Recession and remains far below what it needs to be today (Chronicle of Higher Education 2014). Making that investment a greater priority within state budgets is essential. At the same time, the movement to increase expectations about results, such as student credential attainment, should also be expanded.

- **Provide learners with “stackable” credit for all learning.** At many community colleges today, more than 50 percent of the education undertaken by students doesn’t provide them with credits. Workforce policy needs to ensure learning results in units of credit that reflect competencies attained, regardless of where and how that learning takes place.

CAREER NAVIGATION

Another key dimension of twenty-first century labor markets is that they’re incredibly difficult to navigate. As industries and occupations rapidly and continually change, it has become enormously challenging for learners to understand their career/employment choices and the educational requirements associated with those options.
Current public policy and service delivery doesn’t provide much help. Every relevant system—K–12 schools, higher education, and workforce agencies—has reduced its support for counselors and advisors as a result of cost pressures and institutional priorities. Additionally, many of those charged with career advising at those institutions are themselves disconnected from the labor market in terms of knowledge, skills, and relationships and are therefore ill-equipped to advise someone on career pathways and job seeking. In a system that measures outcomes with largely supply-side measures, that is always going to be the norm, and as we build new systems we need to design metrics that reinforce the need for close connections to the labor market and employers.

At the same time, despite an explosion of e-tools, the marketplace lacks reliable self-navigation supports. In too many places, the only people obtaining competent advising on career navigation questions are those buying it from career coaches, typically higher-income job changers.

The costs of inadequate career navigation supports include lengthened job searches and prolonged unemployment/underemployment, as well as false starts in education direction that lengthen the path to credential attainment and use up finite financial aid resources.

U.S. workforce policy can improve the availability of high-quality career navigational supports by emphasizing a combination of high-touch and high-tech approaches.

- **Create a cadre of career navigation advisors.** We should replace the current reality of individual schools and workforce centers—each attempting to provide support with inadequate funding and varied staff skills—with a new model. We propose catalyzing the creation of a new profession of highly skilled career navigation advisors. These advisors would be well versed in current career pathway options spanning multiple industries, and would be skilled at helping individuals understand their options and strategies to attain educational and employment success. Incubation for this approach could come from a combination of public and philanthropic leadership. For example, the Obama administration convened a task force around the substantial challenge of impacting young people disconnected from school and work that articulated the need and urgency of action that were then followed by multiple foundations’ combining efforts
to fund catalytic work to advance needed change. Similar support could spur development of national, state, and/or regional approaches to building the cadre we envision. Ongoing funding for such a cadre in a community could come from joint support from K–12 and postsecondary schools, workforce development agencies, industry sector partnerships, and others sharing interest. Access could involve a sliding scale of individual payments based on income. Employers could support access to a career navigation advisor for their workers, as part of either a retention strategy or a mobility strategy.

- **Accelerate development of e-tools that support career navigation.** Early stage experiments can be found in the creation of reliable online self-navigation tools. The Institute of Electrical and Electronic Engineers has published a single industry-focused career navigation tool. Membership is required for full access, but the essentials of how an online career navigator for professionals in the electrical and electronics field can be seen on the referenced Web site. However, our experience tells us that career navigation tools typically offer fragments of needed information and fail to maximize the potential aggregation needed. Tools are needed that can be used to do robust, user-customized information searches that span choices regarding career pathways, education, financial aid, jobs, and credentials. Those tools should employ decision-support technologies, such as predictive analytics, that add power to the results and also include customer feedback and access to outcomes data. Our observation is that software and platform developers are eager to create the tools; U.S. workforce policy needs support to accelerate the development of robust, reliable career navigation tools. That support could include leading in the articulation of customer needs requirements, in establishing database business rules that expedite integration of data sets with appropriate privacy protections, and in organizing key stakeholders to provide input to developers. Government (federal and state in particular) and foundations can provide important leadership in both developing the case for a new model for career navigation and facilitating the basic standards that should be observed in establishing such portals, including expectations of connectiv-
ity among providers. We freely admit that there is much to be
developed in this arena before it is a functioning system, but the
need is there, and we challenge policymakers to find the right
space to make this a reality. Organizations such as LinkedIn are
already doing this with a focus on professionals. We need a sys-
tem that can serve all levels of workers and employers.

We see these two approaches working in tandem. Users will have
widely varying preferences for the amount of “high touch” they want
and need. With proper periodic guidance, users will be able to seek out
and aggregate large amounts of data to inform their choices throughout
their careers.

EMPLOYMENT/REEMPLOYMENT: RETHINKING
ONE-STOP CAREER CENTERS

Labor exchange has been a core function of workforce policy for
the past 80 years. Basic job matching, such as that done through the
Employment Service, has been supplemented with an array of targeted
programs providing more intensive supports to workers dislocated by
plant closings and other large-scale employment disruptions. Combin-
ing those two approaches was a core premise behind the Workforce
Investment Act of 1998—bringing services together under one roof
rather than having to visit multiple locations to get the combined ser-
VICES they needed.

The vehicle for this service integration was the creation of One-
Stop Career Centers (now known as American Job Centers). The cen-
ters were designed around job search and presumed most users needed
only a well-designed resource room to succeed, with smaller cohorts
needing staff support and retraining, usually short term.

It was a good approach for the time. In many cases, the centers
became a substantial upgrade from the resources previously available
to job seekers. And even today, many thousands of Americans use them
each year as part of their job searches. The question for twenty-first
century workforce policy is whether the American Job Center model as
now conceived still works. Our take is that the premise and metrics for
centers need to be modified substantially.
A key function of One-Stop Career Centers has been job matching. States (or consortia thereof) run their own data systems into which employers can list available jobs and match their registered clients with the jobs. The federal government tried to create a national job bank and link all the state systems together, but it wisely abandoned that in favor of relying on the many emerging private job matching database services. But states have, for the most part, continued to maintain their own job matching systems, and many measure themselves against a penetration rate of what percentage of jobs are listed by employers with their job matching systems. Unfortunately, we find this to be a flawed approach with too much effort going to enlisting employers for the simple purpose of posting their jobs. We believe that workforce development should leave this business to others.

The rapid growth of privately developed and managed online job and talent matching vehicles challenges the value of continuing public investment in this function. The tools are diverse and are emerging and changing frequently. As a set, they offer multiple options for workers to engage in job search and employers to find good candidates for openings.

From a job seeker standpoint, a key is whether a sufficient number of quality job bank sites/tools are free or low cost to use. Thus far, the answer to that question appears to be yes. If the market changes over time in terms of user pricing, public investments could subsidize use of these tools far less expensively than running a publicly supported set of data systems.

The core programs operated through the centers have emphasized short-term placement results as the central metric. While we discuss metrics later in this chapter, it is important to note here the adverse impact that job matching measures have on the system. By personal observation, the authors have seen cases where a local One-Stop system is fixated on getting listings of jobs, registering participants in their systems, and then essentially waiting until the participants find a job on their own. A lot of energy goes into contacting registrants to see what progress they have made and whether they got a job—energy that could have gone to advising and skills development. But reaching immediate placement goals drives activity toward the numbers count and not a deeper service model. We need to change the mindset on what is delivered and how (Strong 2012).
• **American Job Centers should become hubs for career navigation and supporting workers in obtaining market-valued credentials.** Rather than focusing on job matching, centers should be adapted to become a home for the cadre of career navigators proposed above, with highly skilled staff providing users with customized help to assess their career pathway choices, identify financial aid to support their learning, and understand the market value of the array of possible degrees and certifications that can be attained. Centers should be focused on whether customers get the information they need to make good career planning choices, and on ensuring that those customers can get supports they need while engaged in education and employment transition, not on whether the center can “take credit” for someone finding a job. Metrics are discussed at the meta-level later in this chapter. Those metrics will need to be parsed out so that the functions within the new system support the larger measures and that each component has its own set of measures that build to the larger goals.

• **States should get out of the business of operating job boards/talent banks.** The market for such e-boards is vast, and the investment required for states to operate their own does not make sense. Rather, American Job Centers, high schools, colleges, libraries, and other public agencies should offer those seeking learning and employment good information about how to effectively take advantage of the various opportunities to access job information that fits the individual and where that person is on her/his pathway. We do believe that those entering a pathway at a very low skills level will need and should receive “high touch” support from career navigators to help them navigate their options.

• **Reemployment support needs to focus on credential attainment.** An overriding lesson from the large-scale dislocations of the past 30 years is that many workers who are laid off will need to acquire new and/or enhanced skills to make a successful transition to a new job with a career path opportunity. That means that metrics for reemployment efforts need to center on credential attainment and funding strategies on providing financial sup-
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port for the learning required to attain needed credentials. This work should be grounded on an assessment of the competencies already possessed by the transitioning worker, and then identifying the shortest paths to credentials that will be valued in the labor market. Reemployment should then be measured in terms of the employment results achieved by the worker after obtaining a needed credential, including the connection of that credential to the new job.

Reconceiving the One-Stop Centers as hubs for obtaining help in career navigation requires rethinking where centers are located and the scale at which they operate. A navigation-centered model may argue for increasing the number of sites housed at community colleges and universities, for example, as well as others that are integrated with community-based efforts that focus on increasing postsecondary attainment. It is fair to question whether the large One-Stop sites that were put into place in many communities in the past make economic sense in a business model that may include having career navigators doing substantial work at other community locations to reach customers effectively.

RECONCEIVED METRICS

The old adage that you get what you measure rings true in workforce development. The traditional metrics for employment-related adult programs are entered employment, retention, and average earnings. The exact computation of these are too complex to delve into here, and it has no value in this discussion except to note that the employment measurement starts at the time a participant exits from a program (i.e., is no longer receiving any services). The other measures follow from that point of exit but are extended in time to assess postprogram status. These measures assume that program participation is a one-time event that ends when employment is obtained and therefore discourages strategies that involve postemployment services. Programs want to have the best possible outcomes on these measures since, at least under WIA, there have been incentives for achieving specified benchmarks and possible sanctions if they are missed over time.
The measures for youth, a much smaller part of the total workforce investment package, are actually closer to what we think the adult measures should be. They include placement in employment or education, attainment of a degree or certificate, and literacy and numeracy gains. While not at all perfect, these measures at least target some of the skills development issues that are important for adults as well, and they can be milestones to achieving family-sustaining jobs, the ultimate objective.

But none of the measures are adequately aligned with the changes necessary in workforce policy overall. If we are focusing on lifelong learning, recognizing diversity and varying needs, career pathways, and attainment of labor market–relevant credentials, we need to examine new ways of measuring individual progress that can be aggregated to show overall gains in the nation’s competitiveness. Any measure must be tested to ensure we are getting the return on investment we need and that the measures do not produce unintended consequences. That last point is easier said than done.

In order to shift to a workforce investment strategy that moves away from public programs as the organizing vehicle, metrics must align with investments that are done through financial aid, tax policy, and educational supports. We should frame metrics in terms of goals that are simple, understandable by the general public, and contributing to the common good. Multiple examples of that can be found in the educational attainment goals set by a number of states. Two such examples:

1) Governor Bill Haslam of Tennessee has an initiative called Drive to 55—55 percent of the adult population will have a postsecondary degree or certificate by the year 2025 (State of Tennessee 2013). This is a straightforward goal and can be measured over time. Tennessee’s education policy decisions are made in support of that goal. Interim progress can be measured, and there is public awareness of the relevance of the goal to Tennessee’s economic prosperity.

2) Governor Martin O’Malley of Maryland in 2010 launched a statewide campaign called Skills2Compete—Maryland set a goal to increase the number of Marylanders with the postsecondary skills needed to fill the burgeoning middle jobs that are growing rapidly in the state (State of Maryland 2014). Again, this is a goal that is easy to understand and easy to track.
We need to look at those kinds of broad macro-metrics for our workforce development investments. The investments will not be in programs but will be in people—millions of people, not just the comparatively small numbers historically enrolled in workforce programs. So our measures need to embrace the broad policy goals with which investments need to align. These policy goals will be far reaching and impact all systems related to developing a skilled workforce. For example, Pell Grants may need to be reexamined to ensure they are supporting the broad goals suggested in this chapter.

Some examples would be to reduce the number of adults who have basic skills deficiencies, increase the number of adults who fill middle skill jobs, increase earnings of workers (measured over time) who follow career pathways, and increase the wages of low-income workers. The measures might be applied at the national, state, and local (regional) levels without regard to programs. Baselines could be established and targets set per year or over multiple years. Reports on the nation’s, the state’s, and the region’s workforce health might be required and widely publicized by relevant bodies at each level just named. Who might those bodies be? That is another question to raise here but one to which we likely will not produce an answer. But we do point to examples where data collection and analysis are not housed in one agency. The Florida Pre K–20 Education Data Warehouse is a possible model to examine since it separates implementation from measurement.

There are multiple problems this nation faces. Each one could and often does have its own campaign highlighting to the public where we are, what we need to do, and how we are doing. It is happening with such diverse issues as childhood obesity and smart phone use while driving. A critical element is getting crowd support behind an effort and steering all relevant resources toward a common goal. Collective Impact (Kania and Kramer 2011) is emerging as one means of gathering momentum to address a pressing public issue that is bigger than one body can address. We mention this in the section on measures because metrics are one piece of a larger endeavor to change behaviors and create better paths for people. A good example is Lumina Foundation’s Goal 2025, which aims to have 60 percent of the adult population in the United States attain a postsecondary degree or credential that will give them competitive standing in the labor market. Lumina dedicates its funding to reform institutions, engage employers, advance state
and federal policy, change higher education business models, and take other needed steps to create a social movement to achieve the Goal 2025. Tracking progress will play a critical role in that process; indeed, Lumina issues a report annually about the progress toward the goal in every state and county in the nation. During the first five years of an 18-year campaign, the percentage of adults aged 25–64 with at least an associate’s degree has increased yearly, with the annual rate of change increasing as well. The pace will need to continue to accelerate to reach the 60 percent by 2025 goal. Lumina has set 10 interim measures with goals to be achieved by 2016 that they believe will significantly contribute to achieving the ultimate 2025 goal (Lumina Foundation 2014). We expect the same type of process for the overall reform of investments in workforce policy.

Metrics will drive outcomes but they are not enough alone. They must be combined with a whole new way of doing business and whole new financing models.

FINANCING MODELS

We propose a number of workforce strategies that require substantial funding, most notably investments in lifelong learning, including a campaign to reduce greatly the basic skills gaps that block too many Americans from viable career pathways and employment. How can we fund these strategies?

First, we presume that the cost of greatly expanding adult learning will not be funded solely or primarily by the federal government. The federal budget balancing requirements and pressures experienced in recent years show no evidence of being resolved any time soon.

At the same time, it may be difficult to persuade states and communities accustomed to thinking about workforce development as a federally funded function that they should now absorb a substantial part of the cost of needed services. However, the return in measurable economic prosperity should be a compelling selling point. Similarly, employers facing increasingly shorter innovation cycles and less long-term employment may logically question the basis for their increasing expenditures for skill development. And individuals/families already
experiencing record levels of student loan debt acquired in the course of going to college after high school will have limited capability of paying for adult learning themselves.

The reality that every stakeholder will be able to offer reasonable resistance to becoming the primary funder of lifelong learning argues that the only models that can work are ones that spread that risk across all of them. Shared funding options for adult learning include the following:

- **Accounts.** The creation of the 401(k) 30-plus years ago contributed to moving retirement funding from being primarily an employer responsibility to being an individual one with (in some cases) employer contributions. More recently, health savings accounts have been used as a vehicle to help families manage their spending in that arena. Within workforce development, both individual development accounts and Individual Training Accounts have been used at limited scale. Accounts offer some consistent attributes: customer control, portability, and an emphasis on saving for future events. Funding could be put into accounts from all stakeholders; many of these systems operate with matching provisions and tax benefits to encourage individual contributions. Such an approach has been introduced in the proposed Lifelong Learning Accounts Act, which would set up employee- and employer-sponsored savings accounts targeted at educational advancement. While not enacted federally, Washington State has been a leader in championing these accounts and has enacted state legislation putting them in place in the state.

- **Tax credits.** The largest antipoverty investment in the nation is the Earned Income Tax Credit, which has enjoyed bipartisan support for many years. It provides low-income workers with a refundable tax credit that grows with their incomes until reaching a phase-out level. The effect has been to encourage low-income people to leave welfare for work and to provide them with needed support until they reach self-sustaining income levels. This approach has proven to be fundable and supportable at a large scale. Smaller-scale tax credits have been used to support postsecondary learning, currently including the American Opportunity Credit and the Lifetime Learning Credit. A choice for
workforce policy is to substantially expand the use of tax credits as a federal funding strategy. Following the model of the Earned Income Tax Credit, which is a part of every financial literacy course for low-income families, the benefits are clear and can be substantial. For a working family, EITC can be the difference between living in poverty or not. Large-scale take-up of a workforce tax credit would require a similar kind of awareness campaign and clear articulation of the value to both the individual and society of the credit.

- **Pell Grants for adult learners.** This tool has been effective in supporting low/moderate-income students in obtaining postsecondary education. However, Pell Grants were designed to help full-time traditional students, and they work less well with adult learners who often are attending part time. Current policy work being done by several groups is raising the idea of developing an adult worker-centered Pell approach to complement the grants aimed at traditional students. The College Board (2013) released a report that outlines two separate tracks for Pell Grants, one for transitioning young students and another for adult learners. That report is the basis for a legislative campaign that the Study Group, which authored the report, is spearheading. This approach offers another way to target financial aid to adult learners who would otherwise struggle to afford needed education.

- **Public-private collaboratives.** As noted earlier, intriguing experiments are under way in which work and learn models are being employed to accelerate and contextualize education. In some of these models, employers are paying the learner wages during the time spent on the job as well as providing tuition support for the courses taken. Various combinations can be imagined of the balance of employer support, public support, and individual funding that would be possible in different industry/occupational training situations.

If a combination of these approaches is used to finance the ongoing expanded learning that is central to twenty-first century workforce policy, a short-term variant will be needed to achieve the scale of results necessary to strengthen basic skills. The enormous literacy and numeracy challenges found among adult workers require a large investment
spanning a few years that can greatly reduce the number of working-age adults with basic skills gaps. If that can be accomplished, a much smaller scale of ongoing support for remediation of basic skills gaps would be required and could be incorporated into the models described above.

It is likely that the large-scale basic skills improvement campaign will require a combination of public investment (federal, state, and local), business support, and philanthropic support. Solving this challenge is central to the readiness of U.S. workers; the costs of not responding are large in terms of the income and social supports that will be required if large-scale improvement is not achieved.

Beyond financial strategies to support adult learning, the workforce policy approach requires ongoing support for three other key functions:

1) Intermediaries. Industry sector partnerships and similar collaboratives require support from staff with the capacity to do skilled facilitation and provide expert research and analytic capability for the partnership. Our experience suggests that this work requires at least partial public funding, potentially with match requirements from the collaboratives themselves.

2) Career navigators. The cadre of expert navigators described earlier could be supported through a combination of funding from K–12 school districts and colleges, workforce support through reframed American Job Centers, and sliding-scale client fees.

3) Reframed American Job Centers. If the next generation of centers is charged with becoming strong education- and career-advising resources, ongoing funding will include contributing to support for the cadre of career navigators. Centers will also need staff who are adept at helping customers understand their options for financing learning, and for obtaining the support services they require to successfully navigate transitions. This work requires public funding for important, ongoing infrastructure; it could and should be funded directly, and the Job Centers should shift from being a collection of agencies to unified operations with clear, bounded missions.

Some of the costs discussed can be covered by repurposing existing federal workforce program funding, particularly by moving away
from a program model and by explicitly getting out of some functions, such as running job boards and talent banks. But this reframing represents a great time to move from a dominantly federally funded model to a shared federal/state/local approach to public funding, as can be found in many other areas of public policy. A model of a shared funding approach exists today in the Unemployment Insurance system. This funding model could be repurposed to support career changes beyond interim benefits. There have been modest modifications to this tightly bound system, such as those that support job sharing and allow benefit receipt while engaging in training, but it is time to think more broadly about how these funds could be used to support retraining and career navigation in a way that helps mitigate the need for income support. Already, 16 states levy an additional tax in conjunction with unemployment taxation to support worker education and training (U.S. Department of Labor 2012). This base provides a solid starting point for rethinking and interconnecting unemployment reduction and retraining.

While current laws share authority and responsibility at all three levels of government, the reality is that if the federal dollars are the primary source of funding, most attention gets placed on meeting the federal measures and reacting to federal regulatory requirements. Shifting to a shared funding model would improve the ownership and balance among the three levels of government of workforce investments and strategies.

Finally, we offer thoughts on three other considerations for future workforce policy: 1) the role of workforce boards, 2) community colleges and workforce development, and 3) supporting entrepreneurship as part of workforce development.

DO WE NEED WORKFORCE BOARDS?

Local/regional workforce boards made up of business, education, labor, community organizations, and government have been a key part of workforce structure in the United States for the past 35 years. As we think about the foci for workforce investment suggested above, are these boards still relevant?
We submit that they can be very relevant, but with a modified mission. Today, the central business most workforce boards are in is the management of federal grants—operating One-Stop Centers, procuring providers, monitoring expenditure of federal funds, and reporting on associated performance measures.

If we shift the funding of adult learning into some combination of the models suggested earlier, the crucial work these boards could do moves away from grant management and more to what some leading boards do today:

- **Community convening and leadership.** Workforce boards can, and in some cases do, act as catalytic agents to bring community stakeholders together to identify and tackle important workforce issues in their labor markets.

- **Broker and organize multiple resources.** Rather than dominantly focusing on managing a few federal grants, workforce boards could become resource brokers, skilled at organizing a mix of relevant public funds (federal, state, and local), industry funds, and foundation support for key initiatives.

- **Community workforce metrics.** In moving the focus from program measures to scalable impact metrics, workforce boards could become leaders in their regions in tracking and assessing progress being made at a community/regional level.

The geography of workforce boards now is predominantly based on political boundaries rather than labor markets. To increase their effectiveness and impact in terms of the strategic leadership work needed, they should have a regional labor market focus, which we believe will allow much closer ties to economic development.

**COMMUNITY COLLEGES AND WORKFORCE DEVELOPMENT**

In recent years, growing national attention has been paid to community colleges as the chief provider of workforce training. On the surface, this is a logical step toward investing in longer-term, labor market-rele-
vant training. Nearly $2 billion is being invested in creating new models within community colleges to be employer driven, and focused on labor market–relevant training and credential attainment (U.S. Department of Labor 2014). These are wise investments in an infrastructure that needs major overhaul. Success rates for completing courses of study at community colleges or transferring to four-year schools has been a subject of concern and debate. No matter how you slice it, completion rates are well below what the general public would expect. At best, the completion rate is 40 percent (Juszkiewicz 2014).

Regardless of the rates, community colleges play multiple roles in their service areas. They are the stepping stone to transfer to four-year schools. They are the providers of credentials and degrees that improve labor market competitiveness for adult learners. They are the place a person goes to upgrade one skill or to take a course for simple personal enrichment. These are certainly many roles to play. In their workforce preparation role, which has received much attention from President Obama, community colleges are being looked to as the prime workforce development providers, especially for adult learners who need to upgrade their portfolios to compete for middle-skills jobs.

There is interest in strengthening community colleges’ connections with employers, particularly through sector strategies, making course offerings and curriculum employer driven. These are not traditional modes of operating for community colleges, but there is movement in the right direction through grants to make this vital connection. We see great potential for community colleges to play major roles in developing our workforce, particularly our adult learners, but a long path remains to be traveled before they can completely fulfill that potential. We encourage continued attention on this segment of the workforce development system as we know it today. Community colleges, in general, already have strong workforce arms that are primarily aimed at incumbent worker training. In technical fields, community colleges have in place good internship models, and many are well integrated with employers. Comparatively, their costs are low and they can focus on labor market–relevant, stackable credentials. In our opinion, more movement is needed in order to fit the schedules of adult learners and to integrate work and learning, but the potential is there. We should be building on this valuable resource.
WORKFORCE DEVELOPMENT AND ENTREPRENEURSHIP

The unprecedented sluggishness in hiring during the current recovery raises a challenge to the past century’s assumptions about jobs, which centered on workers being full-time employees of an organization as the dominant/desired model. Current forecasts suggest that employment as traditionally defined won’t return to prerecession levels for years to come, and that the result will continue to be an imbalance in which too many workers seek too few jobs.

We’re beginning to see hints of an alternative framework in which a substantial percentage of people build a pieced-together income strategy, either because they can’t find a full-time job, or because they prefer the control and flexibility of self-packaging. In addition, community development strategy in many places centers on encouraging people to become entrepreneurs—not necessarily in the large-scale, venture capital sense but rather in a “create your own job in your own neighborhood” sense.

Entrepreneurship can and should become a stronger workforce investment strategy. This is a teachable skill that has received slight attention in our workforce world, and has been discouraged by performance metrics centered on placement in an existing job. Entrepreneurship as a strategy is important in an economy in which whole occupations are being destroyed, as new, never before thought of occupations are being created. If nurtured properly, entrepreneurs create those niches and can be employers beyond one-person shops. We need entrepreneurship as part of our workforce arsenal.

Note

References


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