

Plenary Session:
**How well-positioned are education and workforce systems to address current and future
workforce and economic challenges?**

Tuesday, December 11, 2007

9:00—10:30 am

SUMMARY NOTES

Speakers:

Paul Osterman, Nanyang Technological University Professor of Human Resources and Management, Sloan School of Management, Massachusetts Institute of Technology

Anthony Carnevale, Research Professor and Director of the Global Institute on Education and the Workforce, Georgetown University.

Moderator

Stephen Crawford, NGA Center for Best Practices

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**Paul Osterman:**

He began by highlighting the main points of his discussion:

- The United States is in a workforce-oriented transitional period
- Stakeholders know *how* to design programs that work, but these best practices need to be the *most* practiced
- Integrate levels of workforce, economic development and education (post-ed, adult-ed, etc.) by ladders
- There is a call for a broader mission in the political forum to identify workforce development as a significant issue

He then addressed the issues above more specifically in terms of “needs”:

There is a need for the development of new institutions:

- There is a large low-wage workforce whose socioeconomic-mobility is low (25% escape the low-wage life cycle)
- When and if dislocated workers find a job, they usually take financial hits
- Unemployment compensation is not designed for the current labor market
- New programs must address all segments of the workforce population to be successful (e.g. the trickledown effect)
- These new programs needs to be strong and continual

There is a need for a new system of workforce investment:

- The old method is by Federal funding (e.g. WIA)
- The new method is through investing in community colleges, generating state training funds, and promoting adult basic education
- In the past, administrations and policies stressed workforce development. Today, workforce development is not seen as a central problem. Therefore, programs lack political support and constituency

There is a need for an effective employment training system:

- The overall structural weakness of employment training programs is a problem. The best practices are not the average practices

- Well designed programs benefit employers and firms. However presently the available data does not support this notion. Data that systems help employers is weakly connected
- Community colleges are central to an effective training system, but the high dropout rate is an issue that needs to be addressed. Need institutional change: leverage programs to make institutional changes in the community college system
- Employment services underperform and are poorly utilized by the workforce

What can we do? What are some of the best practices?

- Increased innovation at the state and local level
- Design institutions that “look both ways”, intermediaries
- Place substantial investment in people (workforce) not places (e.g. supply side investment)
- Increase provision of ‘real’ services (e.g. training, job ladders, adult education)

What are some of the challenges we are facing in regard to these practices?

- These systems don’t work for everyone
- We need to consider scale: Replicate programs and make them bigger; Spread over larger areas and targeting more people
- Firms and employees have different objectives and motivations. We need a balance between specific and broad training programs to achieve both breadth and depth

What are our next steps as we move forward?

- Federal government should operate like larger foundations and adjust the scope of its mission
- States should create job ladders, sector programs and re-evaluate UI diversion funds

### **Tony Carnevale:**

Trade is the new prospect of growth:

- Shift from domestic to global economy
- Trade-related adjustment system creates a large dedicated resource to extend and improve prospects for disadvantaged

A shift to education policy has been the principle strategic response to economic change, social welfare programs, and trade

- There has been a natural increase in programs for “special” education (correction, veterans) because public willing to pay for these. The old movement to eradicate poverty in the 60s has decreased

Reasons for the shift:

- Economic: Does education, in fact, provide people with skills?
- Cultural & political: Americans like the idea because education policy allocates opportunity without making the issue about personal responsibility
- Market economy: Education is used to reconcile inequality
- Education policy is used to keep welfare state small due to Americans’ bias against big government
- It is becoming more and more difficult to afford welfare state: The middle class is being redistributed based on education

Weaknesses of focusing on education policy:

- Useless for adult dislocated workers
- Education policy tends to be class and race based by justifying luck of race and income (e.g.: family income correlated with SAT scores)
- Fundamental problem of education working with and against economy

### **Question and Answer Session**

Q1: How do we transition to trade system without pulling along dead-weight loss?

- Ultimately, we will arrive at an adjustment policy that isn't trade related
- There is a negative connotation of "adjusted" among workers- translated to "fired"
- Adjustment and training programs are good government policy but lousy politics

Q2: Should everyone go to "college"?

- Rhetoric implies four year liberal arts college
- Reality is post-secondary education can mean a lot of different things
- Increasing access and retention to post-secondary education is central to workforce development success
- "College for all" will not resolve all problems much like "high school for all" did not

Q3: Within higher education, should workforce look to particular fields?

- Project Quest in San Antonio TX is converging institutional change in community colleges
- Want to work toward creating job ladders, networks, etc.

Q4: What is the good job vs. the bad job debate?

- It depends on where you are in your life and career
- People want to start off at top, but that isn't realistic
- Occupational hazards, lack of insurance, etc. are not reflected in the wages of "bad jobs"

Q5: Are there second-chance opportunities in universal systems?

- The second best solution is to develop programs for working families
- It is easiest to include least-advantaged individuals in these systems
- However, cream-skimming gets rid of the most-advantaged, leaving behind the least-advantaged
- Federal government needs to take on these groups that are left behind
- There are no programs for bottom 20% of high school class
- The question becomes: What do we owe each other as citizens? Answer is always a minimum

Q6: Is the concept of more education in effect a game of 'musical chairs' (e.g. someone gets left out)?

- Not true: supply creates own demand
- Presently, there are a lot of vacancies for skilled people
- Extent of truth here is an equilibrium question: What/where is the balance?
- Citizenship and quality of life are non-economic reasons for obtaining more education
- As education increases, college attendance increases and wages flatten- this is a good thing
- We tend to engage in reactionary thinking which creates demand-side laziness. i.e.: Economy is good enough right now, so we don't need to do much right now

