

Opening Remarks:

Setting the Stage—Where have we come from? What does the future look like?

Monday, December 10, 2007

1:00 – 1:30 pm

SUMMARY NOTES

Martin Simon: Opening remarks.

He noted that an increasingly educated workforce has been the bulwark of the American economy in the last 40 years, but that might be in the process of changing:

- more than half America's 120 million workers have no post secondary degree or credential.
- Looking over the next 10 years over 30 million will graduate from high school.
- There are twice as many adults in the workforce that have no post secondary education.
- Looking at the adult literacy situation across the country: 13% of Americans 16 and up have below basic prose literacy and 22% have below basic quantitative literacy.

He then discussed the structure of the conference, which would be divided into 3 blocks:

1. The first blocks we have will define the environment we're working in: Workforce and economic realities;
2. how well our education system works within these realities;
3. policy levers: outlining key elements of a policy framework to move forward.

Each block will have a breakout session with 3 tracks: the social track; supply side and demand side.

Steve Crawford: Introductory remarks.

His remarks covered a range of thoughts on the future of the workforce but included a few open questions:

- Will the retirement of baby boom generation really create workforce shortages?
- Are we creating an hourglass economy?
- Are off shoring and immigration hurting low skilled workers?

He concluded by discussing the importance of creating the innovative workforce needed for the country to continue to compete economically.

More Detailed Notes

Martin Simon: Welcome. We're glad to see so many could make here in spite of the weather that's going on across the country. We're cosponsoring this with CSW. I'd like to thank Larry Good and his staff for all the innovative ideas they've brought to this policy forum. We hope that as this forum unfolds it will be helpful for you as well. I

also want to acknowledge Tiffany Boiman our forum coordinator. We're trying a number of new things and she has really been key to pulling it all together.

We debated about what to call this forum. Over the last few years you've all gone to forums with competitiveness or innovation in the title. However there are some words you just can't substitute. So we settled on competing in an innovation economy. We know that in this economy you must continue to reinvent yourself to compete. I think when we look at the current way we do business, we simply have to make changes.

This conference is about reimagining our workforce. We believe that at the center of an innovation economy is a skilled workforce that must continue upgrade its knowledge and skills to compete. One of things that sustained our economic success over the last 40 years was the increasing education of workers. In a recent Center for American Progress report, this theme was highlighted.

There are several salient points to draw from this report that I'd like to share: more than half America's 120 million workers have no post secondary degree or credential. Looking over the next 10 years over 30 million young people will graduate from high school. There are twice as many adults in the workforce that have no post secondary education. Looking at the adult literacy situation across the country: 13% of Americans 16 and up have below basic prose literacy and 22% have below basic quantitative literacy. I was recently at a meeting of the Commission on Adult Literacy where one expert highlighted the advantages of an educated workforce and underlined the dangers of an undereducated workforce. They are developing a report to highlight the skills workers need to compete.

The labor force over the last 40 years more than doubled, but will grow much slower over the next 40 years. New workers entering the workforce will have a lower education attainment level than exiting workers. We can no longer pursue an education strategy that gives up on adults. It simply isn't economically feasible. You're going to be hearing from speakers on the economic and workforce realities you grapple with on a daily basis. You'll also hear about some promising state initiatives that can develop a new framework for adult education in the economy.

We have three goals for the forum: One, that you leave with a clear sense of the economic environment you must work within your state; have an understanding of the education and workforce situations you face in your state; have an understanding of policy framework at state and federal level that can create the workforce we need.

This forum is different from ones we've conducted in the past. There will be some traditional sessions, but it will be more of a progressive conversation about reimagining the system that creates and develops our workforce. It will be informed by speakers, but mostly informed by your experience.

In the first blocks we have will define the environment we're working in: workforce and economic realities; how well our education and workforce systems operate within these

realities; policy levers; outline key areas of policy framework to move forward. Each block will have a breakout session with 3 tracks: social change, supply side and demand side. For the social track: we want to look at the implication of education and economic changes on social contract. For each breakout we'll have a content expert to bring their expertise to the table and ask challenging questions. Each plenary session will include some commentary as to key issues that came from breakout session. We're also going to capture highlights from breakout session through audio and video recording. We ask you to participate so we can make this conversation move forward past these 3 days.

This is part of the assistance that CSW is providing. I mentioned earlier that those of you who have come for a legislative update, we'll do that tomorrow at the sunrise session. A Hill staffer will discuss TAA as well as commentary from a couple key analysts.

We have a lot of moving parts in how we've structured this forum. So we have a large team working on this from NGA and CSW. The CSW team: Larry Good, Janine La Prad; Jan Urban-Lurain – she has brought some innovative ideas to this forum; Gary Yakimov; Ed Strong; Lindsey Woolsey; Kristin Wolff; Melodee Hagensen; from NGA we have Sarah Oldmixon; Linda Hoffman; Katy Kashen; Debbie Woods; Bob Masciarelli. This is a great team that has put in a great effort.

So let's get on with the program: to start things off I will introduce the SEWP director, Steve Crawford. Steve has recently decided to move on to a new position at the Brookings Institution. It has been a good 5 years. From the very beginning of Steve's tenure at NGA he has encouraged us to be innovative. One of the ways Steve encouraged us to be innovative was by forwarding us reports and articles he'd read.

Steve Crawford: I'll take this opportunity to thank Martin and staff for their support at NGA. I'd also like to thank all of you and welcome you to the 2007 Workforce Policy Forum. One of my innovations at NGA was to scale back these events. I think Martin's revenge was asking me to introduce this and talk about where we come from and where we're going in 15 minutes. I'll just outline the context and pose some questions; the subsequent speakers will do the real heavy lifting.

When we think about how the world has changed in terms of demand for skills; I am struck by the impact of the big changes in the global economy. Deregulation, starting with President Carter, both at home and abroad, combined with major tech advances (such as transportation to information technology and communications) these have had huge effects. For us in the workforce development community, we have moved as a country from a high skill-high wage country that competed with similar countries, to now competing with high skill-low wage economies. This has raised the risk of a downward trend in wages in the US if we try to compete on costs. The only way for us to compete is through innovation.

That's a small part of the economy but it's a leadership component. The intensification of innovation has taken the initiative away from firms (who previously had been able to set prices, give generous contracts to unions). Competition now favors consumers and

investors. Companies are under enormous pressure to be innovative in a very competitive market. This has eroded the wage possibilities for lower skilled workers.

We've seen huge redistribution of industries, occupations, the skills they need, and their wages. The winners by and large have been the young and the educated and the losers have been unions and jobs that can be off shored. This rapid change has generated a lot more economic turbulence; industries are shrinking and growing rapidly. For workers this means enormous volatility. This changes the landscape we, as workforce professionals, need to deal with.

There are lots more people unemployed who need the skills to move to new jobs. To all this, add the demographic changes, the retiring baby-boom generation, immigration, the growing percentage of groups in the workforce who have historically had lower rates of skill attainment. I would add to this: talent these days is very mobile and they are moving to cool cities and hot economies that are big enough to support you when first job disappears. This has created issues for rural areas. The implications of this are somewhat unclear and hotly debated.

Let me ask a few open questions: will the retirement of baby boom generation really create workforce shortages? Are we creating an hourglass economy? Are off shoring and immigration hurting low skilled workers?

Our speakers will also talk about the public workforce training system. Volatility is making labor exchange system more and more important. Seventeen million people still seek employment services through government, but only 10% are placed in referred jobs – most are low skilled. A third of these people stay in their job less than 5 weeks. WIA provides a lot of labor force services, we don't know much about how successful they are.

In this economy there also are challenges of creating skills, but we are investing less and less in public training system. These systems are small and effectiveness is in doubt. There are exceptions and some nonprofits that do a great job. But can these be replicated at a national level? Most training is done by community colleges and private firms. These are not well connected to public systems and don't do a good job of serving low skilled workers. Firms focus on higher skilled workers, while community colleges do best with people who stay more than one year, but few people do. Even if we get the training right and are effective, that alone won't be enough. The challenge is to do something about the demand side; to work on the quality of jobs and the career ladders that exist. We have seen a lot of advancement we've seen on this in sector strategies.

So what can be done? I'll leave that to the speakers and you, but I will just throw out a few questions: does it make sense to try to perfect an existing system that treats too few people? Or, should we use the leverage of public investments to improve services provided by community colleges and private firms. Instead of trying to train the 5-10% of people coming to knock on our doors, could we create a public system that has the

flexibility to get firms to train low skilled and high skilled and community colleges to improve retention and training.

I'd be curious to know how many people have worked with local universities to create a professional science degree. Probably not too many and yet this gets us back to where we've been: creating the innovative workforce we need. So, this is all my way of trying to cast a wide net and invite you to put on your thinking caps and contribute to this discussion. I'll end with a few points: One in twenty businesses start up and close within a year. One in ten jobs are created and destroyed in a given year. Immigrants are projected to contribute 50% of economic growth by 2030. Now it is my pleasure to turn this over to the next panel: Viewing the landscape myths and realities. I'll introduce 3 participants: Julia Lane, Vivek Wadhwa and Larry Good.