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Center
on Education
and the Workforce

Written Testimony

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Before the

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A Stronger Workforce Investment System for a Stronger Economy

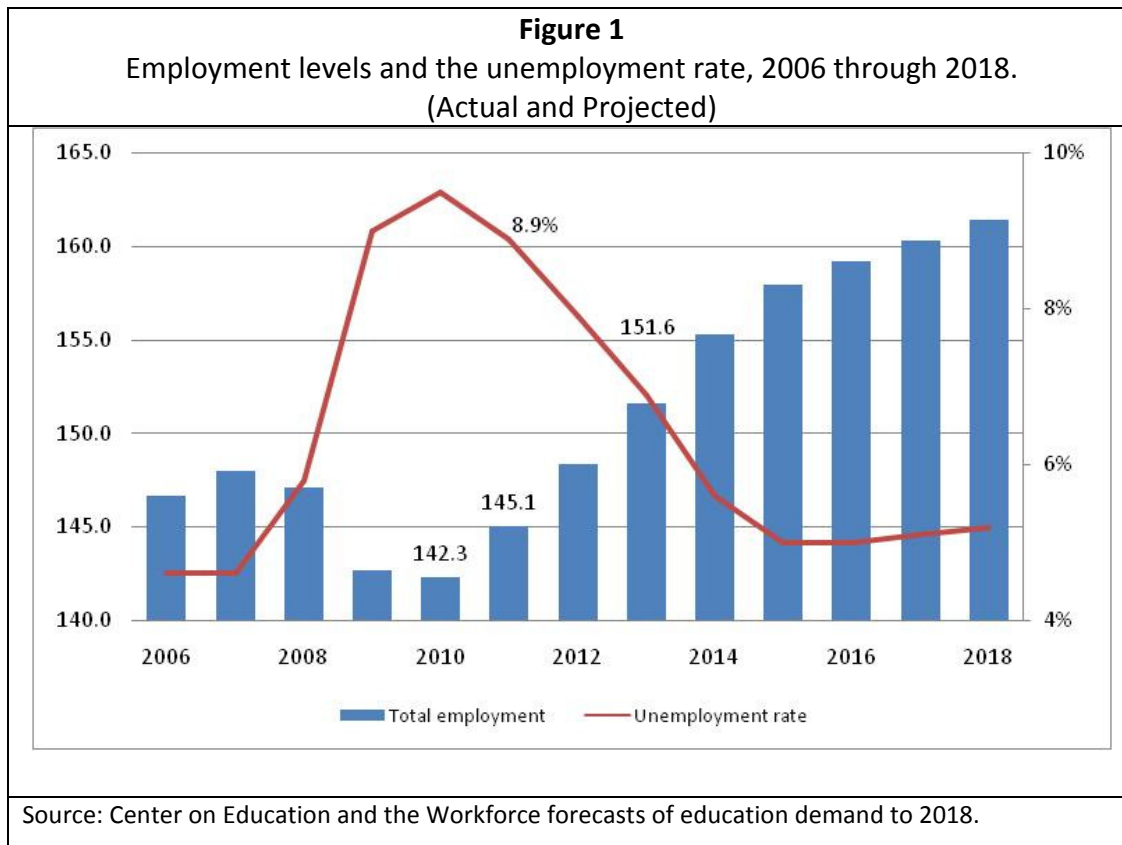
*Breaking Down the Silos Between the Employment Services, the One Stops
and the Postsecondary Education and Training System*

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The mismatch between job growth and skill is a growing problem in the American economy. Thus, our ability to align our huge investments in postsecondary education and training programs funded by DOE with job openings and labor market services funded by DOL has become crucial. This mismatch will only accelerate over the next three years as the economy recovers and moves back toward a 5% noninflationary rate of unemployment. The Obama Administration has given us a strong start in aligning DOL and DOE programs by asking for a set aside of \$261 million “breaking down program silos” between DOE and DOL by creating “Workforce Innovation Partnerships”.

Our own projections at The Georgetown Center on Education and the Workforce (The Center) show a painfully slow but robust recovery. We aren’t likely to recover our pre-recession job levels for another 24 months. And it will be 36 more months before we achieve an unemployment rate approaching 5% and create enough jobs to employ the new job seekers who came into the labor market since December of 2007 when this recession began.

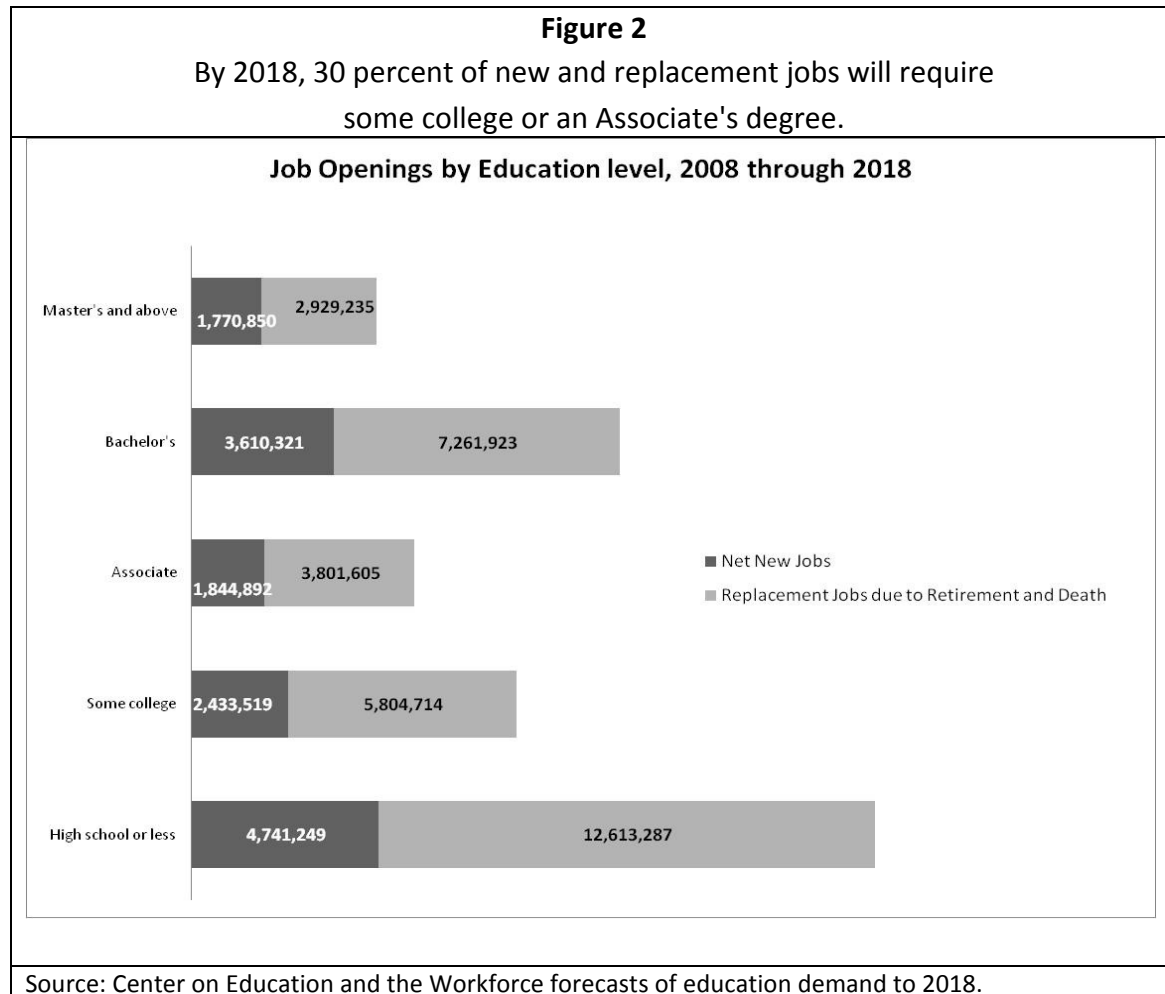
We are back from the brink of economic collapse and I strongly suspect that National Bureau of Economic Research will eventually decide — retrospectively — that this recession ended sometime between November of last year and March of this year. 2010 should end with net positive job growth. The recession may be over in this technical sense but it is far from over in labor markets. Our own projections at The Center find that we won’t recover the 8 million-plus jobs we’ve lost until 2012. It may take us until 2015 to get back to the jobs we lost and add enough new jobs to employ the newly minted entrants job seekers who have come into the workforce since the recession began.



Jobs that require at least some postsecondary education will lead the recovery. The future of job growth in the United States is one in which more and more workers will require postsecondary education or training. Between 2008 and 2018, the economy will create 47 million job openings — consisting of 14 million net new jobs and 33 million replacement jobs, those necessary to replace workers who retire, become disabled or die (see Figure 2). **Nearly two-thirds of these jobs — about 64 percent — will require workers who have at least some college education or better.** Some 34 percent will require at least a Bachelor's degree, while 30 percent will require some college or a two-year Associate's degree . Only 36 percent of those 47 million jobs will require workers with only a high school diploma or less.

As the recovery proceeds slowly over the next three years there will be a growing mismatch between job openings and growing postsecondary education and training requirements. Our success in helping our fellow Americans in adapting to these new labor market realities will depend more and more on our ability to break down the silos between our postsecondary

education and training programs, job openings and career pathways.



If we fail, many existing and new workers will be left behind as the wage structure continues to take the shape of an hourglass with the postsecondary educated and trained workers concentrating at the top and the workers with high school or less falling towards the bottom.

Our projections show that between now and 2018 the economy will create 30 million jobs that will require at least some college or better but if current trends continue:

- We will fall short of meeting the demand by at least 3 million college educated Americans.
- A growing share of Americans will be left behind with no access to the middle class as industry and occupational growth as well as wage advantages shifts

away from jobs that require only high school or less and towards industries and occupations that require at least some postsecondary education or training.

- If the past is any guide this shortfall will raise the wages of postsecondary haves vs. postsecondary have-nots as the recovery picks up momentum.

Technology is automating repetitive tasks and activities in jobs. As a result, more and more jobs tasks and activities left to people at work are non-repetitive. Sometimes these tasks and activities require high school or less, like working at a fast food outlet or digging a ditch. Other times, in professional, managerial and technical jobs, these non-repetitive tasks require high levels of knowledge, skills and developed abilities.

The non-repetitive tasks in professional, managerial and technical jobs tend to require postsecondary levels of knowledge, skills and developed abilities. These educated workers have been in increasing demand since the mid eighties so their wages are much higher than people who perform non-repetitive tasks in low wage jobs. As a result, the wages of postsecondary educated workers have been rising relative to workers with high school or less (the rise faltering briefly in 2001-2002 and of course during the recessions) ever since the mid-eighties.

The industries with the highest concentrations of postsecondary educated workers are growing the fastest leaving workers with high school or less stranded in sometimes large, but slow growing low-wage industries. For many workers these low wage jobs should be transitional but are not because of education barriers to mobility.

The top tier of employers with postsecondary concentrations includes a cluster of fast-growing services industries. These each have workforces dominated — 75 percent to 90 percent — by workers with at least some postsecondary education or training. These include:

- Information Services;

- Professional and Business Services;
- Financial Services;
- Private Education and Training Services;
- Healthcare Services;
- and Government and Public Education Services.

The middle tier of postsecondary concentration includes Construction and a set of old line services industries where the share of workers with higher education hovers around 50 percent. These include:

- Construction;
- Transportation and Utilities Services;
- Wholesale and Retail Trade Services;
- Leisure and Hospitality Services;
- and Personal Services.

The bottom tier includes mostly goods production in Manufacturing and Natural Resources, where the share of postsecondary workers ranges between 30 percent and 40 percent of industry workforces.

Demand for postsecondary education is tied more closely to occupations than industries. With the exception of healthcare support occupations, occupations with the fastest growth have the highest share of postsecondary education.

Occupational clusters with the most intensive concentrations of postsecondary workers include:

- Science, Technology, Engineering, Mathematics and Social Science (STEM), 93 percent;
- Education and Training Occupations, 93 percent;
- Healthcare Practitioners and Technicians, 92 percent;
- Community Services, 89 percent;
- And Managerial and Professional Office occupations, 83 percent.

Those five clusters represent more than 20 percent of total occupational employment and 45 percent of all jobs for postsecondary workers.

A second tier of postsecondary intensity includes two occupational clusters where more than half of the incumbent workers have at least some college education or better. These are:

- Sales and Office Support, 60 percent;
- And Healthcare Support occupations, 52 percent.

A third tier of occupations consists of two clusters where less than half of the workers have at least some college education or better, including:

- Food and Personal Services, 41 percent;
- And Blue Collar occupations, 34 percent.

WIA and the Employment Services still provide irreplaceable income support and labor market services that connect education and training to real jobs, but the core human capital development function in workforce development has shifted to DOE¹ (1) making access to postsecondary education and training a crucial programmatic element in employment policy and (2) making employability a crucial performance standard for secondary and postsecondary education.

My own view is that the Committee should focus on breaking down the silos between the U. S. Employment Services, the One Stops and the nations' education, training and retraining providers, especially in secondary and postsecondary education and training. Breaking down the silos between our Department of Labor (DOL) and Department of Education (DOE)

¹ This shift has been reflected in appropriations in the case in the United States since the 1980-1981 recession. In the 1980-81 recession the intuitive programmatic response to the jobs problem heavily favored employment and short term training policy over education policy. The programmatic centerpiece that grew out of the Carter stimulus in response to the 1980-81 recession was the Comprehensive Employment and Training Act (CETA). The core programmatic mission in response to the jobs problem was led by the Employment and Training Administration (ETA) in the US. Department of Labor. "Employment and training policy" peaked in the Carter years.

CETA and its progeny The Job Training Partnership Act (JTPA) and the current Workforce Investment Act (WIA) have waned ever since 1979. If WIA, the current version of CETA, were to be funded at the same levels in the last Carter budget, it would be funded at almost \$25 billion. WIA the current version of CETA is funded somewhere between \$3 and \$4 billion.

programs is crucial to both successful workforce development and successful secondary and postsecondary education policies.

Both the Labor and Education Departments have a role in building a modern workforce development system. The Employment and Training Administration (ETA) of the U. S. Department of Labor provides critical employment services and a real world connection to real jobs in real labor markets. Postsecondary education, especially community colleges, have become the crucial education and training provider for workforce development and retraining. Making the connection between the WIA on one side of the mall and postsecondary education on the other is the crucial element in the development of an effective workforce development and retraining system.

The Obama administration has given us a place to start. In its DOL budget request for FY2011 the administration is asking for a set aside of \$261 million to create Workforce Innovation Partnership between DOE and DOL for “breaking down program silos” including a five percent set -aside for “learn and earn programs”.

President Obama’s new budget proposal is the first on record that explicitly recognizes the need to integrate WIA and USDOE programs. It’s Department of Labor Budget request proposes

“ (A) Workforce Innovation Partnership with the Department of Education and establishes two innovation funds that will support and test promising approaches to job training as well as encourage States and localities to work across programmatic silos to improve services”

We can best use the \$261 million requested in President Obama’s 2011 Budget for “breaking down program silos” between DOL and DOE for funding demonstration projects that develop existing best practices such as:

- Highly structured “*learn and earn programs*” like apprenticeship and on-the-job training”, as requested by the President;
- *Compressed occupational training programs* that integrate basic skills preparation with fast and intensive occupational training leading to postsecondary certificates with previously demonstrated labor market value;

- *Job and skill counseling* for unemployed and underemployed experienced workers and working students tied to state-of-the-art information on earnings trajectories and career pathways;
- *Accountability systems for maximizing the labor market value of postsecondary education and training programs* by tying postsecondary transcript data funded under the ARRA with employer wage records data currently housed in the U.S. Employment Services.
- And for statewide and nationwide development of on-line job search systems (*Job Exchanges*) tied to (*Learning Exchanges*) that match job openings and career pathways to available courses offered by postsecondary institutions as well as on-line courseware.