

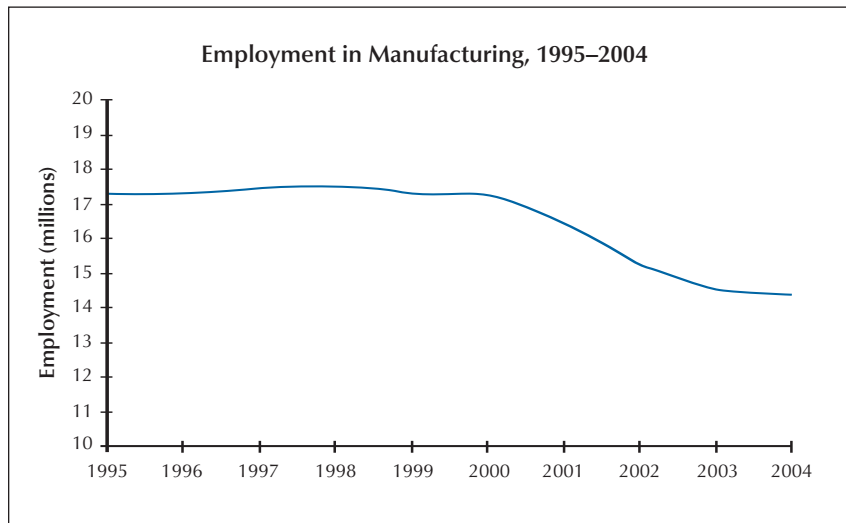


Position Paper: Private Sector Involvement in Workforce Development

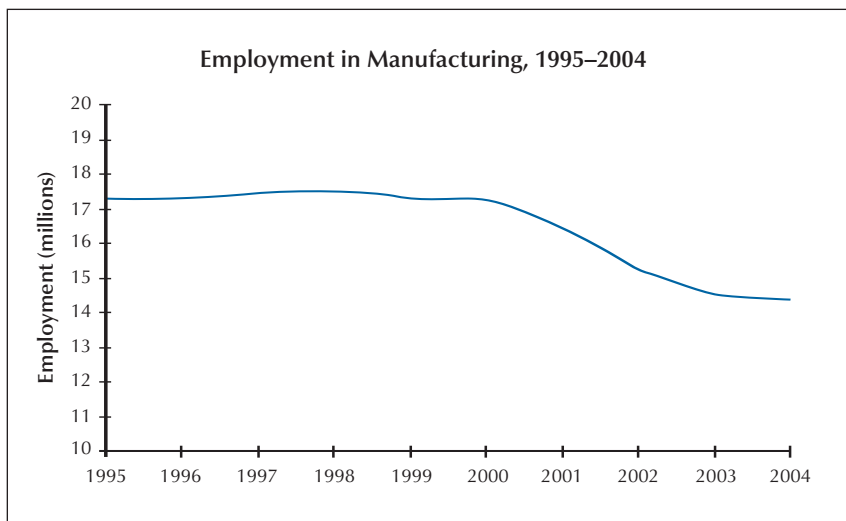
Purpose: This paper was prepared to encourage private sector involvement in workforce development.

Issue: The American labor force has changed dramatically during the last few decades. There is currently no integrated workforce development system in place, at any level, to deal with the challenges of a rapidly changing economy, a shrinking workforce and the needs of increasingly demanding employers.

- During and immediately after World War II, our economy was primarily an industry-based system that utilized low-skill workers in high-output functions. With the increased efficiencies of automation, the information revolution and the outsourcing of low-tech production and service jobs overseas, the demand for these low-skill positions has steadily declined. According to the Bureau of Labor Statistics (BLS) at the Department of Labor, we have lost over three million manufacturing jobs in the last ten years.

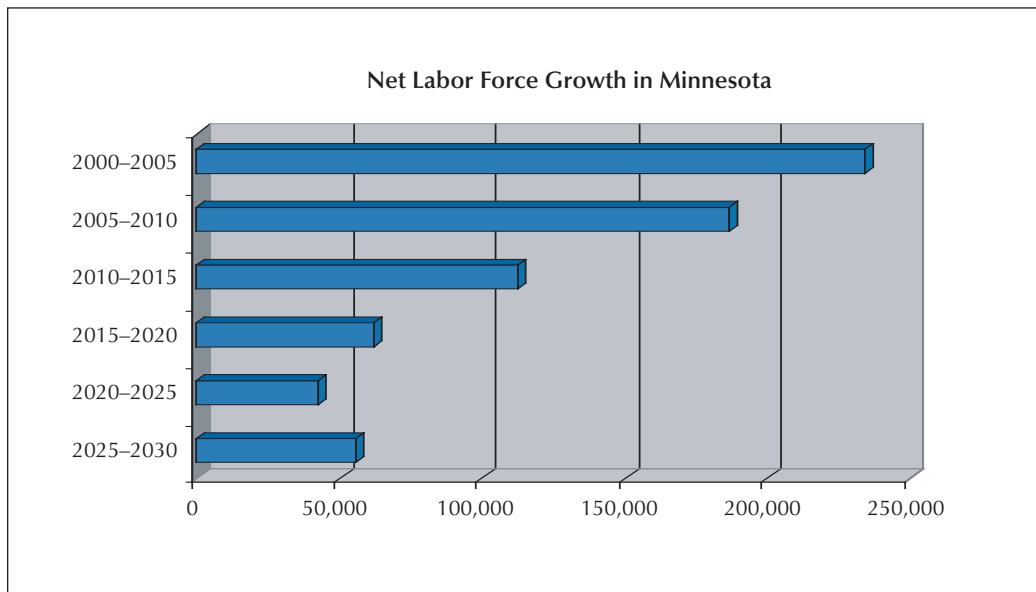


Even in the information sector, which everyone thought to be a vibrant and growing field, the BLS is showing us that there is at least a leveling-off, if not a downward trend in this arena.





- The nature of a person’s career has profoundly changed during this period. There was previously a reasonable expectation that a worker would enter a profession and remain there for the rest of his or her work-life. Now, many experts predict that workers may have from 3 to 11 career changes in their lifetime. This affects the changing skill-sets people will need in order to stay employable and productive.
- From the post-World War II era to the present day, we have enjoyed a steady increase in the number of new workers entering the labor force. Unfortunately, that trend is reversing. U.S. birth rates have been declining since 1990, hitting an all-time low in 2002 (the last year for which data was available). According to the State Demographic Center, the Minnesota labor force will grow by 186,900 from 2005 to 2010. However, this will trend downward, with only an increase of 55,700 from 2025– 2030. This is a 70% decrease in the number of new workers in the next two decades.



- Many new workers will be immigrants from non-English speaking countries. Education and workforce training will be crucial to ensure that these new residents actively contribute to our economy to their maximum potential.
- Occupations that previously required minimal training are becoming much more demanding. For example, in a May 2003 Industry Week article regarding the future shortage of skilled workers, futurist Roger Herman said, "Manufacturing jobs that are going to be available are going to be more sophisticated than ‘traditional’ manufacturing sector jobs."

Recommendations

An integrated workforce development system should be developed to provide everyone with the opportunity to upgrade their skills in order to advance economically, and to provide employers with the skilled workers necessary to be competitive in the twenty-first century global marketplace, thereby contributing to a strong U. S. economy.



- Employers need to change their thinking and strategies in recognition that in the future there will be fewer and fewer applicants, many of whom will have less-developed skills.
- An investment system designed to deal with major economic shifts that result in ongoing skill upgrading and retraining needs that meet employer demand should replace the current unemployment-focused system that deals with temporary layoffs and minimal skill development.
- We need a training system that provides continuous education and training opportunities leading to skill advancement and economic security through placement into high-skill/high-wage jobs that benefit both employees and employers. The current workforce development system emphasizes short-term training programs for low-skilled, low-wage jobs that are less and less relevant in the American labor market.
- An integrated workforce development system would incorporate the following principles:

Customer choice and market-driven. An easily accessible system designed to address the needs of individuals and employers in local labor markets. Options to select the best service providers available should be presented.

Private sector leadership and direct involvement. Employers and workers must be involved in governance at all levels. Public and private sectors must share responsibility for achieving system outcomes. The system should provide a direct link to private sector training and support work-based training, especially in small and medium-sized firms.

Outcome-based and accountable. The system should be guided by a set of clear and readily measurable outcomes and adjusted based on customer needs. Performance management systems should be in place throughout the system to measure the value added at each level of the system and by each intervention.

State-based and locally designed and delivered. States and localities must have the flexibility to jointly design a system that reflects labor market needs, with the authority to integrate similar programs, determine appropriate governance and set outcome-based standards for services.

Continuous system of lifelong learning. The system should concentrate on moving individuals into jobs to gain experience in the labor market as early as possible, supported by ongoing education and training opportunities to continuously upgrade their knowledge and skills.

Workforce and economic development connections. Workforce development activities must be part of economic competitiveness strategies to ensure that the supply of workers matches the demands of labor markets and that well-paying jobs are available for all workers. This entails creating competitive workplaces by encouraging the adoption of high-performance methods of operation, supporting job creation and retention activities, and investing in worker training.

Investment by all stakeholders who stand to benefit from the system. Sweeping changes in our economy and the resulting volatility of today's labor market point to the need for a strong workforce development system that is adequately funded at all levels. Stakeholders should join in advocating for policy change to make workforce development a key issue at state and federal levels that justifies adequate public investment.

For more information

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