THE BROOKINGS INSTITUTION

THE FUTURE OF MIDDLE-SKILLS JOBS

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Keynote Speaker:

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Overview:

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PANEL 1: PREPARING WORKERS FOR MIDDLE-SKILL JOBS

Moderator:

JENNIFER PHILLIPS
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Panelists:

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Director, Adult Literacy and Basic Skills Programs, Washington State Board for Community and Technical Colleges

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PANEL 2: NEEDED POLICY REFORMS

Moderator:

PAUL OSTERMAN
Professor, Massachusetts Institute of Technology

Panelists:

KAREN ELZEY
Vice President and Executive Director, U.S. Chamber of Commerce

GERRI FIALA
Staff Director, Senate Subcommittee on Employment and Workplace Safety

ANDY VANKLEUNEN
Executive Director, The Workforce Alliance

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P R O C E E D I N G S

MR. HASKINS: My name is Ron Haskins. I'm a Senior Fellow here at The Brookings Institution and also a senior consultant at the Annie E. Casey Foundation. I'd like to welcome you to our session on Middle-Skill Jobs. It's appropriate to have it here at Brookings because here we specialize in middle-skill people, and I'm a good example.

And we also are releasing today a policy brief which is in all of your folders written by Harry Holzer and Bob Lerman on this topic of middle-skill jobs.

It's my honor to begin by introducing Ellen Alberding, who is the president of the Joyce Foundation. Someone introduced you recently in Chicago, and they said that -- they said, "She knows what to do and she knows how to do it." So I suggest that you fill that Illinois Senate seat that's up for sale.

MS. ALBERDING: Thank you so much. Actually, I don't think that filling middle-skilled jobs is something that we all yet know how to do, but that is what we're going to talk about today, and I hope that we have some

really interesting new ideas that are put out on the table and that folks in this room can cogitate on.

I am Ellen Alberding, he was right about that, and I am president of The Joyce Foundation. For those of you who aren't familiar with us, we're based in Chicago, and we're a policy=oriented foundation, and we do grant-making in a range of policy areas, including education environment employment, which our wonderful team from the employment program is here today, and also gun violence prevention political reform, and the arts.

I don't think it's any secret to anybody in this room that the nation and our states in the Midwest in particular need a better educated and more competitive workforce to ensure economic growth. But figuring out how to best deploy resources, align systems, and actually improve the skills of adult American workers has been really a difficult conundrum. There's obviously -- and I think we all know -- an employment paradox facing this country because even in the face of massive layoffs there are employers out there, and you're going to hear from some of them morning who cannot find employees to help

their companies run.

In a different era, a high school education might have been enough but at this point we all need to recognize that high school is not enough and, by the way, not enough kids are graduating from high school to begin with. Like many of you, Joyce has wrestled with these issues, and we've percolated some ideas that I think are really promising to help low-income, low-skilled adult workers acquire the skills and education they need to advance to high-paying jobs.

We've done four things: First, we've funded research. In part, and a big part of this, is research by Harry Holzer and Bob Lerman with support from the Workforce Alliance demonstrating that one-half of the jobs in the U.S. economy are in middle-skilled jobs, and those are defined by meeting they're at the median income, which is about $40-to-$70 thousand dollars, and that these jobs require more than a high school education but less than four years of college.

The second thing that we did was pair this great research with strategic communications, again through the

workforce alliances, skills to compete communications campaign. Pairing their research and communications has helped make this notion of middle-skilled jobs catch on a little bit more than it had in the past.

The third thing that we did was to launch what we call "shifting gears," which is basically support for states to experiment with new models to help adults succeed in learning new skills and getting a job. These issues are incredibly complex in part because they require coordination and focus from different educational systems, training programs, the labor market, and employers.

Our state leaders and state leaders from across the country are really experimenting with access financing, curricula, business partnerships and so on, and you're going to hear from some of the most promising projects that are underway in some of the states.

The fourth thing that we did and the final thing that we did is that we really believe in strong and effective advocacy. We believe that advocacy is critical to moving forward new policy ideas, and we are a funder that is completely committed to continue to fund advocacy

in this arena and others.

Today's sessions are going to include several of those advocates who are going to talk to you about policy changes that they believe are needed to prepare workers for middle-skills jobs which, as we all know, is absolutely essential to our future.

Now, Ron introduce me, but I'm going to introduce Ron again -- back at you, Ron. I just wanted to comment that Ron has been a tremendous partner in our thinking for a long, long time at Joyce. He's always been willing to push us in new directions; he's somebody that we listen really, really, closely to when he tells us that he thinks we're wrong, which has happened once or twice in the past. And he's happened one of the most easy person to disagree with that I've ever engaged. He's mastered the art of being agreeable while disagreeing with certain policy positions. So he's been a pleasure and a wonderful partner for us.

So back at you, Ron, and we'll get the session moving.

MR. HASKINS: Well, thank you for those nice

comments. I'm easy to disagree with because I've had a lot of experience of people disagreeing with me, starting with my mother.

So now it's my great privilege to introduce Governor Engler. And Governor Engler may recall the days when Republicans were masters of the universe, and Engler was the most masterful of all. He was so influential in welfare reform -- other issues, too, but especially welfare reform. I've been in Washington 20 years. I have never seen a case where anybody outside the United States Congress had so much influence in both the House and the Senate and such a direct impact on legislation.

In fact, he was so influential that he picked fights with The Heritage Foundation and survived. And then he went on to pick fights with the U.S. Senate, then only slightly less influential than Heritage, and he not only survived but won overwhelmingly those fights as well, and so the Welfare Reform Bill of 1996, the welfare reform law in great part was due to his efforts. And there are several provisions in the bill if you want to talk to me afterwards, I'll tell you which ones -- some of them were

expensive -- that ought to be called the John Engler Provisions.

And, Governor, you might have noticed that since those days, the slings and arrows of outrageous fortune, they have pricked the Republican Party and the Republican Party is not master of the universe anymore in Washington, D.C., or very many other places in the country as far as I can tell. But the governor moved on and avoided all of the difficulty and is now the president and CEO of The National Association of Manufacturers where he bring the same passion that he brought for welfare reform to training in several other issues, especially international trade.

So, Governor, we're very pleased to have you. Thanks for coming.

(Applause)

GOVERNOR ENGLER: Well, thank you very much, Ron. Ron told me that he was going to embarrass me, and that's way over the top in the way of an introduction. But I don't want to contradict anything that Ron's written in his book either that chronicled that whole period of time. It was a remarkable period, and I think we had a

lot of governors at the time that were very interested in outcomes and solving problems. And I was just fortunate to serve at a time when there were people like Tommy Thompson and Michael (inaudible), and a whole bunch of people out there that were -- had their sleeves rolled up and were working hard.

And it's interesting, the topic today. It's an issue that I care very much about, and it's something that we thought in Michigan, and it was a corollary, really, to offer reform because if you're going to go to work, what are you going to do? How do we train you? How do you get ready?

We always took the view that work, any work, was better than no work, but, clearly, that wasn't the goal. The goal was to have meaningful jobs, and today I come here as the head of a National Association of Manufacturers, more than 10,000 companies from people like Bison Geer. You're going to hear from Ron Bullock, one of my outstanding directors who's on the program, and there's a wonderful little paper that he's written kind of chronicling how he got prepared to run one of the most

innovative small companies that we have in the country, and one that's going to succeed, literally, in a place where almost any obstacle -- although we may test that limit at some point.

But Ron is the kind of entrepreneur and the kind of employer that, frankly, America is filled with. And our organization is filled with. And they've got very specific kinds of needs. And this report -- and I want to compliment both Brookings and The Joyce Foundation, Ron and Ellen, the two coconspirators who are leading this today, but more importantly have organized the report or the release of the report, our discussion and the follow-up on the future of middle-skilled jobs. Because the basic theme is something that we absolutely, passionately believe, that America is going to continue to demand jobs that are overwhelmingly going to require very much technical and workplace skills, and the middle-skilled jobs aren't going away.

If we're going to have a manufacturer come, if we're going to have an America that works, the skills in these kinds of jobs are essential. And so the work is

coming at an opportune time, I think -- a critical time, really, in our economy given the recession, not just in this country but the global recession -- and people around the world, I think, are waiting in many ways: What are they going to do in the U.S.? How are they going to figure this out? How are they going to move forward?

And so we've got business educators, government leaders, the president himself in his speech on Tuesday, they're all kind of focused on what's going to be necessary for people to keep a job, or to go back to work, to get a good job, and it comes down to education, training, skills. There's nothing new here. This is a bit timeless, I suppose, but manufacturers say that's terrific. We think this is just great because even today in very tough times, as Ron said earlier, if we talking to him: The boomers are still retiring out there. There still are openings that get created, and that means there's opportunities for people who've got the right skills, proven skills in areas of manufacturing.

And so we believe our nation suffers from a skills gap. Phyllis Eisen's here. She for 10 years headed

the Center for Workforce Success at the National Association of Manufacturers. And over that period of time, we wrote a lot, talked a lot about workforce, and we intend to stay at the forefront of workforce development issues.

On the 10th anniversary last years, we actually renamed our center for workforce success, the National Center for American Workforce. And when Phyllis retired, we brought in Emily DiRocco, who is one of the top leaders in the country at the Labor Department who heads our Manufacturing Institute, and to work with that Center. And we think our effort is one that's going to be vitally important because it's not only the research that today's report represents, but it's also the publicity that,again, you're doing a wonderful job of that today in this impressive audience as testimony to that.

But we've got a lot of advocacy, and we've even said maybe missionary work to do out there because there's too many young people in the country, too many of the thought leaders around the country regard manufacturing as unattractive, uninteresting, and I think somewhat the

same for other middle-skills jobs that aren't directly manufacturing related. So there's sort of an image problem with these.

Although I think one of the images that everybody wants to go to Wall Street, that may have been disabused a little bit in recent times. So we think we may be at a point where mechanical engineering, chemical engineering, electrical engineering might be more in favor than financial engineering going a little bit back to the past.

The middle-skills jobs, though, that you highlight, I think about that. And you think about television that's such an influence on society, and you've got shows devoted to these exciting heroic lives, cops, forensic investigators, doctors, lab tech, you know, all the -- they all get good P.R. Manufacturers don't have that edge.

We think at times -- and Phyllis was an advocate for this -- Dancing with the Stars of Welding, you know. CSI? How about CSC, Construction Skills Certification. American Idol machine operators. It just -- it just doesn't quite get over the, you know, the treptability

test there, but we've got other ways, and we're going to have to figure those out as to how we reach out to the public, and the moment to do this is now. That's why the report is so important.

Financial crisis, the recession, 3.5 million fewer jobs today. People are looking at what really matters, and that as a job, a job that has a future, a job that can provide for a family. Community college enrollment is soaring nationally. You've got community college leaders that are going to be part of this program later on, but the colleges -- the community colleges -- are really being seen as affordable institutions where students can gain marketable skills and not necessarily requiring a time commitment of a two-year degree.

That was something that we felt strongly back in Michigan back when I was governor. We tried to set up these programs so that you could provide just-in-time training because if you need the training now, you may not be able to wait until September when the new term starts. I mean you may need 17 weeks of training right today, or maybe you need seven weeks. But there's got to be that

flexibility.

The community college model has lent itself to that and can even do more in the future. Targeted training programs have a very important role to play in this whole training environment.

In New York, Mohawk Valley Community College, they say that dislocated professionals are a big part of their new students. Even after losing jobs, the students are, you know, they're tied to the area. They want -- people almost today are a little more reluctant to pick up, leave family and home ,but college official says this: We're looking to see what programs we can help retrain them in. And at Mohawk it could be a three-month program, a six-month program, whatever works.

And you've even got today -- it's interesting -- the flexibility -- I saw an article just yesterday where some of the four-year colleges are now talking about doing four years in three. But it's logical for the community colleges to be saying: How do we do this, too, in other ways?

In Michigan, we got Delta Community College,

which is in the Upper Peninsula, the Escanaba area. They're at a 16-year high in their enrollment, and they're picking up students again because of the high cost of the four-year colleges, but also because of their ability to offer targeted training. Delta College is one that where they cite the example of Emily Labracca. She's a 22-year-old who transferred from the University of Michigan, Flint. "I was originally at Delta, I had a two-year scholarship and transferred to the U of M, but I came back because the nursing program here is the best in the area." She had tried occupational therapy and physical therapy before deciding on being a registered nurse.

Manufacturing, what we'd like to do is have people go thread it through a thought process that -- even if they decide on jobs in another sector. But these middle-skills jobs, we think the students need to understand that skills training doesn't lock you into a single career path. And I think that's very important. But it opens many doors.

The new head of the American Welding Society is Victor Matthews, and that society has been a leader.

They've got something like 50,000 welders retiring out there, and Victor started at Lincoln Electric in 1963. He was bin-brake operator. Then he went to Lincoln's welding school, passed absolutely all of the requirements.

He worked in electrode research and development group; he got an associate degree, then he kept in school, stayed on working part-time and got a management degree. He became a plant welding engineer, started automating work stations. He put into production that company's first ever welding robot. He ended up having patents at eight countries, and now he's the head of the American Welding Society. I mean you talk about a career path that started -- and all because he had the skills to go to work.

I always, in these areas, cite a woman who was the director of the Michigan Department of Public Health during the time that I was governor, Vern Davis Anthony. And Vern and her sisters grew up very poor in Philadelphia, and the three of them had one thing in common: education is important in their family. They didn't have a lot of resources, but they all in their school had the opportunity to become an LPN, or as they were going through high school

they had that connected to their program.

Well, that led to two of the sisters becoming doctors and to Vern becoming a baccalaureate nurse and, ultimately, the director of a major public heath department in the country, all because -- and she said the one thing they could do, they had a job, they had a source of income, and then they could build off of that and the world just opened up for them. So whether it's a Vern Davis Anthony or Victor, you know, in his welding background, the education training systems are important.

The middle-skilled jobs, they can be valuable careers all by themselves, and we need those. But they can also be the first step toward more advanced professional employment. And I think we have to stress that, and so the NAM, in our outreach, we always are trying to maximize the value of the training. And we think one of the essential elements today is that there be with that training industry certification, and there has to be testing. And this has to be recognized.

We think more and more we've got to have, strive for a system which will allow these credentials to be

portable so you can, if jobs do shift -- and there are a lot of reasons from a policy perspective why that might happen

-- we want somebody who's a manufacturer in Texas to hire someone who's fleeing California today and have confidence that the skills that they represent are, in fact, backed up. I mean we have something similar with a diploma, well, we should be certainly doing that on the skill side, and we think in a recession that's even more important.

At the NAM, we're working with trade and industry groups to create a manufacturing skills certification system, and what this focuses on initially are core basic skills that entry-level workers have to have, and then how we build on those. And it's literally a social smile, that pyramid that we used to carry around. That's exactly what we're talking about is you just keep stacking those skills up. And that is a term "stackable." I mean training stacks up certified skills depending on abilities, efforts, and goals achieved, and goals that are not just achieved by saying they're achieved but actually measured and certified.

So you start at the base, you've got to have -- when you do that, you've got to workability to move from one industry to another, to respond to the economy. If the aerospace is up and auto's down, you've got skills that are foundation skills that transfer.

When a company -- next Wednesday we'll actually -- we'll have another news conference. I hope it's as well attended as this meeting. I probably -- we're going to try, but we're going to lay out the details on this, and we think central to all of this is the belief that the employer and employee alike will find great value in this. But we do believe the training ought to be employer-driven and gain industry-certified. You know, too much training over the past was done at the behests of the trainer. This was what we provide. And we've said, Look, let's back away from that.

Let's really look at what is needed in these various workplaces, and it couldn't be any more disillusioning than an institution and the students go through a program and get all this technical instruction and find out, well, yeah, those skills, we don't use those

anymore. We've stepped up to here. And we think there's a huge responsibility to spend taxpayer many wisely.

The Stimulus Bill earmarks from $4 billion for training and other programs through workforce investment. Actually, we -- as a governor, I was very much involved with the development of the workforce legislation, and we thought it was critical that we of boards have a sense of local labor markets, that they be employer dominated, and that we have a wall of separation from the people who are making decisions of who gets the funding and those who are applying to do the training with that funding, that conflict of interest had to be resolved. And we felt that a lot of the old programs didn't have that connection to the local workforce and had too many conflicts.

With the money in the Stimulus Bill, the WIA Reauthorization coming up this year, it's very important that we fight to maintain integrity and effectiveness of the system. It's a great opportunity for those of us who care about training. So let's make sure that these dollars, you know, flow through, that they can fund everything from tuition assistance to specific programs, be those short

duration training, be those courses of study at a community college.

You're going to hear a little bit -- I was talking with Israel Mendoza here -- I think I've got that right -- and Israel was telling me -- he's out in the state of Washington -- how they've got a program where the students in the high school can actually be in the community college, and so at the end of that college period -- or high school period -- they're actually walking away not only with a high school diploma but also industry certification.

That's exciting, and we ought to be able to do something to get rid of that wasted senior year around the country. Let's try to collapse this. I often talk about taking that junior-senior freshman, or year 1/year 2 the associate degree, and making four into three. They've done better: They've taken four and made it into two. But that gets somebody connected with the workforce.

The Perkins Act actually had this language in it in 2006. Connections between second -- secondary (inaudible) secondary education must lead to an industry-recognized credential or certification at the

postsecondary level or an associate of bachelor's degree, and we ought to be looking at that approach in the WIA Reauthorization. Fundamentally, I can kind of close on this point that I think the education and the workforce training system in the nation ought to be guided by really simple straightforward principles. Kids who leave high school age ought to be prepared to go to college without needing remediation. We ought to have those who are not choosing to go to college right now go in, you know, end up with skills that are measured and certified, hopefully, so they can go into the workforce, so we have to have the dropout rate be zero.

I can tell you from manufacturing's perspective we need no unskilled workers. Today the manufacturing in America is high tech; you've got to have skills, you drop out and don't finish school you're choosing to compete with the cheapest, lowest-skilled worker anywhere in the world. Not a good decision: In fact, the most catastrophic decision a young person in America could make.

I would further say, as we look at reauthorization -- and I'm out of time. I don't want some

squirt gun or something -- Ron's threatening me, or there's some device that will pull me from the stage. But I would say the other thing that needs to be part of all this workforce strategy is when that one notice comes out or that information is that, you know, layoffs are coming somewhere, we ought to be doing baseline assessments, those employees in those facilities, before they ever leave, before those doors ever close, so we can target the training to fill in the gaps, not do all the same one-size-fits-all for everybody, which means for some you're wasting their time because they've got those skills, and they're not getting the focus on the one skill they don't have. And for others the resources are lost when they need the whole array of skills.

So I think we can come out of the recession with a better-skilled workforce. I think we can come out poised to be more competitive, and at the end of the day from American manufacturing's perspective, if we don't emerge from this recession as a more competitive nation, we'll find that this recovery will be a very jobless one in this nation because today, with the global economy, if we aren't

prepared here, if we don't have the skills somebody else in the world may be getting ahead of us. We don't want that for the nation, and we certainly don't want it for our families and workers of this country.

So thanks for letting me kick this off. I congratulate you, and I think, you know, the Professor's a great report, and it's something we heartily endorse. Thank you very much.

(Applause)

MR. HASKINS: Thank you, Governor. Boy, that was a perfect combination of broad points and specific ideas, and a little cheerleading for getting us out of this recession with some gain, namely more skilled workers, which would certainly be a good outcome.

So now we come to Harry Holzer. Harry, in addition to being a coauthor of the brief along with Bob Lerman, who will be on the first panel, I predict Bob may talk about apprenticeships. What do you think? Do you think that's a possibility?

I looked for something that's not on Harry Holzer's Vitae, and here's what I've come up with: He's

a hypocrite. And the reason he's a hypocrite is because he claims to be an environmentalist like all good liberals, but, in fact, I have figured out that as a direct result of his of his books and papers over the last decade, three rain forests have died to make wood pulp.

Harry Holzer.

(Applause)

PROFESSOR HOLZER: Thank you very much, Ron, for that interesting introduction. Like Ella, I am a person who doesn't always agree with Ron 100 percent of the time, although I find myself usually as agreeing with him actually more than we disagree, and always not only enjoy working and talking to Ron a lot but learn a great deal from it. And I'll even admit that when we had many bigger disagreements about 10 years ago on welfare reform, it's a little annoying to me today that Ron turned out to be right more frequently than I usually would like to acknowledge. So thank you for that.

And also, it's a treat for me to be on, share the platfopm with Governor Engler since I'm a Michigander. I spent 15 years teaching at Michigan State right down

the street from Governor Engler, and I guess, Governor, we both illustrate the fact that there can be life after Lansing. So I'm pleased to be here.

So there's just some stuff from the brief that I wrote with Bob Lerman, we're going to talk about middle-skilled jobs. One small caveat, many of you might be thinking that right now there aren't a lot of middle-skilled jobs available or really any other kind of jobs given the downturn of the economy. And that's true, and I'll come back to that at the very end of my talk. But we want to keep our eye on the long ball.

You know, when you talk about issues of disadvantaged workers' needs for investments in education and training, those are long-term issues, and we want to think about them in a long-term context. Although the short-term -- hopefully short-term/downturn is important enough to mention as well, so I'll come back to that at the end of my talk.

This notion, you often hear popular discussions about the labor market saying, well, all the good-paying jobs are disappearing, and that's really wrong. The

economy continues to generate millions of good-paying jobs; the only problem is that they now require more education and skills than they did in the past. And that's quite obvious. And most of these good-paying jobs now require some kind of postsecondary education.

Now, within that very broad category, we think it is reasonable to distinguish between high-skilled jobs, which we might define as those requiring at least a bachelor's degree and often more than a bachelor's degree, versus what we call middle-skill jobs, which require something less than the four-year college degree but still something significant beyond just a high school diploma. And that "something" can be a community college degree, a training certificate, a range of things that might provide and might certify that skill.

Now, in a lot of the research literature in economics these days, there have been some good research claiming that the labor market is becoming increasingly polarized, that the high end is growing and the low end is growing, and that the middle is actually shrinking. And that has been some good research, and there is some

truth. You do see a little bit of shrinkage in the middle compared to the top and the bottom, certainly, in terms of pay.

But the popular accounts of that research has dramatically overstated what the number really show. In fact, you hear metaphors that we have an hour-glass economy, or a dumbbell labor market, big top, big bottom, no middle. And, of course, if that were true that would be bad news for all the disadvantaged workers that want to try to shoot for that middle, if in fact there's nothing there. But we find when you look at the numbers, that's really not true. And a very substantial middle remains and substantial demand remains for those middle-skilled jobs in the (inaudible) sectors.

Here I've listed some of sectors, by no means a complete list: health care, construction, manufacturing, as the governor said, many kinds of services. And here are the jobs, just examples of the jobs in each of these categories that all share some characteristics. Number 1, these are all good-paying jobs, very frequent in the range of $30-$40-$50-plus thousand a year. They are

high-demand jobs, they have been growing over time; employment in these categories has grown at least at the national average and frequently more than average.

Employers frequently have trouble finding people with these skills. Even in labor markets that have some slack in them, these have been difficult to fill. While many other workers find difficulty finding jobs from themselves to fill, employers have trouble filling these jobs. So a large demand remains in the middle. And if you look at projections from the Bureau of Labor statistics, which are not always 100 percent perfect but on average they do pretty well over time.

Bob and I divided up the occupational categories where BOS claims there will be demand over time, a hiring going on over the decade up to 2014. And we broke them at the high, low, and middle skill occupational categories, broad categories, and we find about a third of the jobs at the high end, mostly professional managerial jobs, you know, something less than a quarter as the very low end, and the vast majority -- not the vast majority, a larger chunk, nearly half of the jobs in that broad middle

category.

And I don't know about all of you, but these numbers to me do not suggest a dumbbell or an hour-glass, or any or those vastly overblown metaphors. Substantial demand in the middle. Well, if this is what the demand part of the labor market is going to look like over the next several years, what about the supply side?

And here are numbers and the governor alluded to some of these numbers. These numbers are much more discouraging, the fact that a quarter of all of our current 9th graders continue to drop out of high school. I mean that remains a national tragedy and maybe even a national disgrace. But fully another quarter of our young people do manage to get a high school diploma and then don't manage to get any postsecondary education or training at all. So fully half of our current crop of young people will have difficulty accessing most of those jobs, not only at the high end but even in the middle end.

Now, the other half of our young people do at least enroll in college but we have very high rates of non-completion in that category. People often leave, not

only without a four-year degree but often without a two-year degree, or without any kind of meaningful certification of labor market skills. And we know that post-school training for many years and even for many disadvantaged adults remains very limited as well.

Now, if you ask the question, well, why does this persist? The labor market so clearly creates strong incentives right now for people to get more skill and more education, why, in fact -- and like most of the economists I believe incentives really matter a lot -- why, in fact, are people not getting that amount of education and training, and there's a reason, a set of reasons that might explain that. Some people simply come up with too few basic skills. Coming out of high school, some people find the costs of obtaining this extra training too daunting. And some people have other responsibilities in their lives, often family responsibilities, especially for young people who become parents and single parents very early. Those responsibilities make it very difficult to keep attaining all these skills.

So there's a range of reasons why the supply

is not quite keeping up with the demand, and it suggests some imbalance between the two sides. And if anything, Bob and I think that these imbalances between the supply and demands sides will, if anything, grow over time. As the governor alluded to, baby boomers will be retiring in large numbers, maybe not quite as fast as we thought, given what's happened to our 401-K friends, but they will retire, and they will largely be replaced by immigrants to the labor market who happen to be concentrated at both the high end and the low end, but more at the low end in terms of educational attainment and training. Not a lot in the middle where a lot of this demand will occur.

Now, there are some economists who say none of this matters, that all of this is going to be dominated by a wave of outsourcing jobs, and we'll have massive outsourcing of jobs to India and China and other parts of Asia and Eastern Europe. That may well be. I think it's very hard to get a really good handle on the level of outsourcing that we face. I just don't think it's going to overturn the story. I think a lot of jobs in these sectors will remain in the United States. They will

continue to demand these technical skills that we've talked about even if there's some slack in the labor market. I still think employers will have trouble finding these skills, given the educational projections that we're looking at.

And Bob and I lay this argument out more fully in the report that we wrote for the Workforce Alliance about a year, year and a half ago, and we present more evidence there.

This is one chart I wanted to show you on what's happening to the supply of skilled workers in the U.S. economy over time. The left-hand side of the graph represents the last two decades of the 20th century, the right side is the first two decades of the 21st century, and what you have is four skill categories: less than high school, high school only, some college, and B.A. or higher. What you see is the last two decades of the 20th century, skills were growing.

The fraction of people were high school dropouts or even just high school graduates when the workforce was declining. And you had a lot of people, a lot of growth

in the numbers of people obtaining those postsecondary degrees. In these two decades you see a much flatter profile much less of a decline in the number of high school grads or dropouts, much less growth at the high end and in the middle, reflecting largely this projection of immigrants replacing baby boomers in the labor market.

So this imbalance that we see there will likely grow over time. Well, what does this mean for policy and for other issues? Bob and I are economists. We will plead guilty to that, and we think that you don't have permanent shortages between demand and supply. Labor markets do have ways of working those things out, and wages and salaries adjust. But these market forces will not fully resolve all these problems and certainly won't resolve them costlessly.

In some sectors like healthcare, because of how we do third-party reimbursements and often the caps in those third-party reimbursements it's very difficult often to find the money to pay a lot of these skilled technicians wage and salaries that would equilibrate the supply and demand side of the markets. And there's often other

barriers in other sectors. So we think there's an important role for public policy to play here.

I've listed broadly three kinds of approaches, and like Governor Engler, we certainly believe that the training ought to be closely linked to what's available on the demand side of the market and what those skill requirements are. And these models do that.

Number 1, career and technical education, high quality CTE. We're not talking about old-fashioned vocat., we're talking about newer models of CTE that are much better at stressing the basics, the good basic skills, and integrating them into occupational training. Career academies, apprenticeships, et cetera, it's very important to start those in the secondary years, in the high school years before a lot of these young people disconnect and drop away from both school and work.

But, of course, community colleges are a second area, not only associate degree programs, but all kinds of certification programs that really give people the skills. There's a new report by Lou Jacobson that I want to recommend to folks that looks carefully at data from

Florida showing that there really are strong returns to these certificates, occupational certificates in a lot of areas in key sectors, even for disadvantaged young people and even for young people that don't have the highest basic skills. That demand is there and, of course, for adults who have dropped away from the school system, sectoral training, career pathways and the like are the model for the need to be developed.

There's a variety of policy vehicles and funding vehicles for doing that -- Pell grants, WIA funding, the (inaudible) apprenticeship programs that I'm sure Bob will talk about, and we need more evaluation. We need more research and evaluation. Lots of questions remain about young people coming up with very low levels of basic skills and what can they handle, and are there cost-effective ways of integrating basic skill remediation with occupational training? Bridge programs, community colleges, how effective are they? Other models out there.

So we need to learn more. And aggressive research and evaluation agenda, and we also need to do more policy-wise.

President Obama Tuesday night did say he embraces the goal of some kind of postsecondary for everybody. Defined broadly, we share that goal and hope we all as a society start to make some progress in working our way there.

Thank you very much.

(Applause)

MR. HASKINS: Well, I'd like to know where else you could go in Washington, D.C. now and get two fairly optimistic presentations. It's refreshing. Thank you very much for that.

So I'm going to ask a couple questions, and then I'll give the audience a chance to ask some questions.

The first thing I want to do is ask about the question that Harry brought up, which really mystifies me. The signals from the labor market could not be clearer that you need more skills and if you get them, you can have a respectable middle class lifestyle, raise a family, do whatever you want to do, and have money and probably if you lose a job, get another job. And yet kids are dropping out of schools right and left. And even if they

go to finish high school, many of them don't enroll in college, and many who do drop out. Something like half the kids from middle and lower income families drop out of school eventually.

So why is this? Why don't you first mention a few of the factors that you mentioned, and I'd like to see if you agree that it is, 'cause I really think this is one of the most important problems that faces the nation.

PROFESSOR HOLZER: Well, I'll reiterate a few of the things I stated before. First of all, basic skills, and we know that these basic skill gaps and basic skill deficiencies open up very early in life, for a lot of these kids even before they enter kindergarten. And we started addressing those gaps very early. And then they expand in the years of the K through 12 system. So that's certainly -- you can't push a lot of kids up to college when they're not mastering the basics at an early age, and that remains very important.

But even in the high school year, you know, Ron talked about this drop-out rate, and there's evidence that says it's not like the kids are unaware that these high

school diplomas are beyond matter. They kind of know that, but they find so much in high school so boring and so irrelevant to what they think is going to be out there in the labor market, and they don't see the link between that technical skills and the technical education and the jobs that might be available to them. And that link just has to be established more clearly early on.

You know, and then in terms of the kids graduating from high school and not going on to college, you know, a variety of factors, which, of course, discussed in some work that we've done recently. Some kids either worry about the costs but don't really have the information on options sometimes available to them. So these pathways to both post secondary and to labor market success have to be fleshed out, developed more fully, and then made clearer to the young people themselves while they're getting to that point in life where these options will matter.

MR. HASKINS: Governor, are you mystified by this issue, and what would you think is the main cause?

GOVERNOR ENGLER: Well, I think there are several

things at work here, and I have sort of an interesting vantage point. I have three eighth grade students at the moment, so -- in three different schools -- so I see a little of this, but those are all what I would guess would be described as high performing schools. So they're in a pretty good environment, three girls.

And then but I will say, looking around, and it's interesting. Doug Wauz is a former state senator, and some of the Michigan people recognize that name. Doug was a very liberal state senator but has sort of moved into a new career and new vocation in life running charter schools in the city of Detroit. He's taken the same kids that are dropping out of the Detroit Public Schools, and he's getting 90 percent plus graduation rate, 90 percent enrollment in college.

He said to do that with this student population, which is incredibly challenged. There's a whole different strategy that has to approach. But the one thing that I think Doug does and I've thought makes sense, those with educational familiarity -- you know, the IEPs that we do for the special education student -- we have an

individualized education plan for a kid who's got profound learning disabilities, whose, you know, upside potential is somewhat but in many cases it's severely limited.

We don't do that for the kid who's got a lot of potential, but is a drop out risk. We don't have their IEP, and it seems to me it's almost a cheap investment to start talking to these kids early on and to have a plan for everybody where there's actually some intersection. Because the schools generally are organized and rewarded and acclaimed for how many kids go to college. You don't -- everybody at graduation stand up and say, how many people went to the workforce? How many of our graduates are going into the Service, qualified for the military?

And the military's a big part of this. We're talking a lot with the Department of Defense because we think that's the other place. I mean if all education is pre-work, and you're done with the high school, and you've made the decision that college right now isn't where I'm going, it's the workforce or the military. The other choices are pretty lousy 'cause -- Ron mentioned welfare reform, and that's not a good option, and prison's even

worse. So I mean that's -- so what are you going to do?

And we think we need to engage kids earlier in that conversation and say, what are you going to do? Here's what you need to do if you want to be a cashier at McDonald's. Maybe they'll recognize the french fry button and hit that, but that's not a great skill, you know. What's going to be required? And I think the community college engagement earlier on, I think we can actually give kids who aren't going to college a sense of achievement and success faster maybe than the kid who's going to college.

And we've started -- I will tell you that our view in Michigan is maybe a little controversial at times, but we always thought if we could get the kids to college, they'd muddle through.

Now, we know that a little secret about college is the huge dropout rate there and all kinds of other problems. But that sort of isn't where the focus is here today; it's the kid who's not going directly to college who maybe the light goes on and later on they'll go and become a Ph.D. engineer. But how do you get them employed, and how do you get them connected with the workforce?

And I think that starts early on with a plan. I think you can structure an awful lot more.

And there are schools that are doing this. My premise on education is we've solved every education problem America has somewhere in education. It's just the most miserable system to replicate success that we've ever designed in the history of the world. And it's sort of like manufacturing, because if Ron Bullock makes a better gear than the competitors, Ron will sell all the gears eventually,and the competitors will go away, we hope, right, Ron?

But, seriously, in education we don't replicate success. I think it's got to be individualized. I think we're fighting a whole array of sort of bad habits and issues, but there are success stories around the country where they're successfully doing this. And Doug Wauz is one example. I think (inaudible), Israel, you're going to talk about, that's an example. There are other stories. We need to take what works and do it everywhere, and we need to overcome on the vocational side especially -- I think that's got to be far more competitive because I don't

think most school systems can gear up.

As Professor mentioned, these are higher skills that are needed. You can't make that investment school district by school district, but you can make it on a regional basis. You can get that done. And you've got to be flexible enough to still let the kid be a high school student, let them be on the football team if that's what they want to do, but still let them take these programs.

And there are examples of this. So I'm not -- I don't despair at all, I just despair at how poor the system is at replicating what works because there's plenty of stuff out there that's working very well.

MR. HASKINS: Ellen?

MS. ALBERDING: First of all, I just want to acknowledge that most of the work that Jennifer Phillips and Whitney Smith do at The Joyce Foundation really is focused on the adult workforce and retraining the adult workforce, and I know we're going to get to that later on. But in terms of why do kids drop out of high school; why aren't they motivated by these obvious benefits to graduating from high school?

One point I'd like to make is we've thrown around some numbers about graduation rates, when you look at African American and Latino and low-income kids in urban systems, the graduation rates are way worse than any number I've heard here so far. We have graduation rates as low as 20 percent of African American boys who start the 9th grade actually make it out of high school in some of the systems that we work in.

So it's important to understand that for certain populations, certain important populations in our nation, these kids are not even getting the basics that's going to make them succeed later on or even conceive of getting into any kind of a college. We're looking at ACT scores, and any of you who've been through the ACT thing with your kids, you know ACTs measure ability in certain areas and knowledge in certain areas, and we have an average ACT score of about 13 in our school system, in our urban school systems that we work in. That is not enough to get you into a college. So that's something that, you know, that we need to always incorporation into our thinking.

There are some really interesting research

that's been done down at the University of Chicago Consortium and School Research that I found fascinating looking at exactly this issue. And the woman who did the research is very interested in what is the persistence? What percentage of kids actually start freshman year of high school in the Chicago Public Schools and make it through four-year college? And the numbers are under 10 percent. That's not too great.

And then she started doing -- she started talking to kids, like, "What is going on in your heads when you're leaving school? Or why do you go to college and not" -- I'll just give you one little vignette which I found fascinating. She talked to a roomful of kids -- maybe it was this many kids -- and she said, "How many of you" -- and this was in Ma of their senior year -- "How many of you are planning to go to college?" Almost every hand, yes, I'm planning to go to college.

So then she asked one follow-up question: "How many of you have applied to go to college?" Almost no one. They had no guidance or understanding of what it was actually going to take them to get from where they

were -- these are the kids who have succeeded because they're seniors in high school, and they want to go to college, but they don't have any guidance or knowledge about how to do it, even the most basic step of applying to college.

So I think there is -- I guess we could, optimistically, refer to this as low-hanging fruit. There's an enormous amount that can be done to drive the pipeline, get the pipeline to be more full of -- the kids who are already making it against all odds in -- and I'm really focused on the urban systems, but I know the story is true in other areas.

GOVERNOR ENGLER: I think it's, just to stay in that same urban system, if I would (inaudible) one athlete in basketball or football, somebody's figured out how to get me tutored --

MS. ALBERDING: Yes.

GOVERNOR ENGLER: -- how to get me college-ready, how to get me test-ready --

MS. ALBERDING: Yeah.

GOVERNOR ENGLER: -- and they're able to do that.

And it's just -- it's flat out the way we organize and the way we hold accountable. I mean most of these same schools can't count their kids. They don't know how many are there each day. You can't get real-time attendance in a lot of schools. We can do that with all the products on shelves by the hour, you know, across the country, and we can't count kids.

I mean so I think there's sort of a fundamental -- the new Secretary's got -- he's been given a lot of money to work at some of these problems, and I think part of education's challenge is to sort of have a technical infrastructure just simply supports and puts the information. Why are we having a debate about what is the real graduation rate? It's because nobody keeps track of this stuff properly. I mean that's -- that would be an obvious -- that's just the facts, that's data, and we ought to know that. That shouldn't be really in dispute.

But policymakers all over the country are alternately lying or confused about what our graduation rates, attendance rates, and -- one of the real overwhelming statistics is the more time in school the

more you learn. That has never been tipped over in terms of the data I've seen. If you actually come, you will learn more than if you don't. Every study has shown that.

(Laughter)

MR. HASKINS: Due to spectacular planning and my giving out a little money under the table, in this very room in April we will release the next issue of Future With Children, which is all about high schools, and we're going to focus here on why more kids don't go to college and what high schools should do to get them to go to college. So we'll be publishing that very soon.

Let me ask a question right along that fits right in here, and it's a little discouraging. I have in my hand an article from The Atlantic written about a year ago or more called In The Basement of the Ivory Tower, written by Professor X -- and he was very wise to call himself Professor X. Here's what he says:

"Remarkably few of my students," -- he teaches at a community college -- "Remarkably few of my students can do well in these classes. Students routinely fail. Some fail multiple times, and some will never pass because

they cannot even write a coherent sentence." And then he goes on to say, "No one is thinking about the larger implications let alone the morality of admitting so many students to classes they cannot possibly pass."

Okay, so we definitely have students like this, there's no question. The question is how many are there, and are we doing them a disservice and the taxpayers a disservice by pushing kids into these programs, or is it less of a problem in some of these programs?

Did I stump the panels?

GOVERNOR ENGLER: That's true and I -- you know, we're putting -- we do have the two problems that Ellen mentioned it. I mean a lot of their work is with the adult worker that's out there. We know we've got massive retraining and retooling needs for those workers, and then we've got the K-12 system which is the supply. And I sort of look at you've got a triage. You got to get it right with those who are not yet failed, let's try to get that a lot better. And then you've got to work off this overhang that's out there that's the training and the retraining.

Are we making a mistake? I mean it's -- people

used to -- you know, we know -- again the data's pretty compelling, we can teach everyone to read. Other nations are doing it. We've done it in this nation in many areas, can we get that done? That ought to be a pretty -- pretty basic activity up that K-12 level before they get there.

I mean that's -- this is the manufacturing dilemma. Better to hear Ron and these guys because we go through a lot of applications in a lot of places before we can get somebody we can hire, and they do get found out, Ron, at the -- when they can't fill out Mr. Bullock's application, they're not -- they can't be hired.

PROFESSOR HOLZER: I would say similarly. So we know that there's a K-12 problem. We know too many of these young people are coming out without the skills to master community colleges. But given that fact, the question is we see enormous numbers of young people dropping out at all these schools, the two-year level, the four-year level. And the question is, number one, is there some mismatch going on? Are these kids taking classes that, a) may not even be that useful for their ultimate labor market success? And b) where they're not

equipped to succeed right now, and are there certificate programs or other kinds of vocational training or vocational education that will lead to some kind of certification that may be more appropriate for them?

So maybe we ought to do a better job of informing people of options and helping guide them to the levels that are appropriate for them.

MR. HASKINS: Let me ask one last question, especially for (inaudible), and you're welcome to join in if you want to. As the governor mentioned, and Harry, you might have mentioned it, too, this year the Workforce Investment Act is being reauthorized. What should the Congress do, specifically, to address this issue and make it easier for more people to get the kind of training they would need to get these middle-skill jobs?

PROFESSOR HOLZER: Well, I'll go for the easy comment first because I think first of all, the level of resources have to be higher. Quite frankly, when you look at Title I of WIA before the recent bump-up, and you have something under or in the ball park of $5 billion in a $14-to-$15 trillion economy, even the most magnificent

use of those resources will not be sufficient to make a big difference. I think the level of resources has to be higher; at the same time we want to make sure we use those resources efficiently.

MR. HASKINS: So you're saying more money?

PROFESSOR HOLZER: I'm afraid I am.

MR. HASKINS: That's an original answer, isn't it?

PROFESSOR HOLZER: In that limited (inaudible). But then let's talk about how the money can be used effectively. And there are models out there, and there are sectoral models and sectors legislation. And I know Andy Van Kleunen and others have helped to write that say, you know, at the state level and at the regional level we need to have more analysis going on of what are exactly the high-demand occupations in the high-demand sectors? And we ought to have more rational systems with less of this fragmentation between the Department of Labor programs, the Department of Education programs, and HHS programs, you know, and help these local -- help the states and the region build these more coherent advancement

systems so they can tie all these strands together and break down these silos and build more coherent.

So I think there are things that can be written into the WIA language that would facilitate that process and assure that the money would be spent more effectively.

MR. HASKINS: Governor, do you want to add anything to that?

GOVERNOR ENGLER: Yeah. Well, at one point we determined there were 163 separate federal programs that funded some aspect of workforce training. The overhead that we lost trying to run 163 programs would have provided a pretty neat increase in funding if we just could have washed all that out and put it in the same place.

I believe in the theory of the workforce boards and the WIA Act. I mean if you go fundamentally, a regional board that tries to understand regional labor market and set priorities of where the training should be and what the employment opportunities are going to be, and to have that certainly not be detached or not lacking in conversation with the economic development agencies, there is sort of this relationship.

Further, I would force a coordination of, and maybe in a formal way, with the workforce board, and the theory on the workforce board one of the reforms was the, sort of the end of the conflict of interest that the trainers couldn't be the people sitting on the committee deciding who got the training funds. You let the employer community or somebody representing the larger community compete the trainers for the funds based on performance.

And there ought to be a lot of outcome funding so that the funding, you know -- probably Washington was perfect, but Michigan's adult ed system was never perfect, and we used to fund for how any people came through on count day. And if you've got enough tee shirts and free pizza, you'll get a lot of people through the door, and you've got a big check based on that. If they never came back again, they never lost a dime of funding. And so some of that money has to be tied to the end of the process.

But I think the coordination that's there needs to involve who's out there and those trainers -- and we've sort of got to be nondiscriminatory in this sense, that there's terrific training institutes in the private sector;

there are obviously the community colleges which I think have to be a bulwark of this. There are the vocational programs, and I think those, where they exist, say, on a single high school basis, you know -- again this is a bit of an old notion, and it's changed somewhat but not every place, there's still a lot of cosmetology being taught out there and things like that, that, you know, we need to think about where the job markets are going to be, have the workforce, have WIA say in that area.

And I would do one other thing: I would submit that a counselor at a school today is there to help the kid who is going to college; there is no counseling for the kid who is not, and you probably ought to put the workforce board in the role of counselor and have that board meeting with every kid about where they're going to go in the workforce, and explaining what those options are and having that workforce planned and showing them what the skills are. We'd like to see at top-level, nationally, some type of an on-line activity where we could literally map jobs, these middle-skills jobs with real people, what they're doing, almost a U-Tube, My Space kind

of vignette, what -- here's what I'd do; here's what it required me to be able to do, so people's kids who are web savvy, and it's even these kids who are dropping out, they all seem to know how to use an I-Pod, a cell phone, take pictures, send text messages.

So they've figured out some things, you know. Well, in that environment we ought to probably show the whole array of what jobs and work opportunities are going to be, and be able to kind of drive that down with people who are like them say this is what I do, and this is why I like it, and this is what it took me to be prepared, because I don't think you can find that today.

And as far as, yeah, the funding level is great, but we could get a whole lot out of the funds we've got. I think we can obviously do more with more, but I would really try to say as a goal, and I think if we go back to my governor's role, and it's true today because I've talked to some of the governors, one of the differentiators who could win an investment for a plan, not the amount of the tax breaks, it's the skill level in the workforce. And if you're winning a big investment, it's because

you've made a promise and you've got the workforce or you're prepared to train the workforce specifically for that employer.

So I used to say the state with the best schools wins. That's the way it sort of should be, but in fact it is on a project by project basis, and so what you'd want to do is set up a lot more accountability. And I'd probably take those 10 national education labs -- you know, you talk about integration -- and make those into actual practical research facilities who could document the best practices in the country so we could replicate those faster, whether that's teaching, you know, basic skills or workforce.

And I'd probably even make NAGB independent. That's not a workforce issue, but National Assessment Governing Board, pull that outside and have some independence. And I'd sure as heck insist on transparency and allow these basic education data among the systems because we need to know what's working and what's not -- and there's no point kidding ourselves if it's not.

I mean this isn't about feeling good, it's about

how we get kids to work, Ron. So I think a lot of that's a bit broader than we had debate, but it can come in through the accountability side of what I would say would be an aggressive WIA reauthorization.

MR. HASKINS: Audience, now we're looking for a few good short questions, not statements. Right here in the front.

MR. DAVIS: Hi. Rick V. Davis, the Ford Foundation. I'm afraid it is a short statement. (Inaudible) we got to it, it's dull, because this is a faulty K through 12 all the time in this work, and it really needs to be about adult --

MR. HASKINS: Give him the mike, will you, please?

MR. DAVIS: So I was glad to be in. We talked about this, so I guess the question, the economics question for Harry is that the problems that were described almost exclusively in supply side terms: People have skill deficiencies, they drop out of school, they don't have information, they don't have this. But it really seems, as a labor economist, kind of puzzling to explain this

entire persistent gap without reference to the institutional factors that are the demand side of the labor market.

So I'd like to hear more about that. And I really hope we can stay focused on the issues facing adult workers in the system. The K through 12 stuff is vitally important, it's critical; but there is this tendency to default to that issue all the time on this, and I think a lot of the stress to these reports is really to keep us focused on the young adult and adult worker issue.

PROFESSOR HOLZER: Well, very briefly at first light I agree completely that we can't -- we can't ignore adults, and they have to be an important part of this discussion. And there are models, career pathway models and things like that that do help to reconnect adults to different sources of training and to different parts of the labor market, and you need these sort of coherent systems with the heavy use of intermediaries, as you have often argued, but to bring all these pieces together, these disparities, and then provide the support that many of these adults need to get through.

The other piece of your comment, I do have a long interest in the demand side of the labor market, and, of course, they both matter. And I think a lot of the interesting models out there right now really actively engage the employers as well as the people in terms of maybe rationalizing their H.R. systems and sometimes restructuring.

For instance, in the nursing home industry where employers are very frequently driven crazy by the very high levels of turnover. And there's a group of intermediaries that work with the nursing homes to try to build more career pathways and career ladders into their -- into their employment systems.

So, yeah, these systems need to work hand in hand with employers and workers, and both sides of that market, I think do matter.

MR. HASKINS: All the way in the back. On your left, look behind you.

MR. CHEN: Freelands, Chia Chen Freelands correspondent. Dr. Holzer, you mentioned vocational training. My question is this: How many vocational

training in high school? I think that's a very important, first to have them have a scare can't find a job after graduation. And also this may be another way to keep them in high school. I would like your comment on this, and also we have the four-foundation here, people here, and The Joyce Foundation people here. And will you fund the vocational profs in high school?

And then --

MR. HASKINS: That's enough, that's enough. Harry, go ahead.

PROFESSOR HOLZER: You know, very quickly, vocational education is very important; it needs to be high quality. It can't be the old-fashioned voc ed, and there's lots of good models to do that. Also, I want to, you know, address this concern that people used to have that, you know, voc ed you're tracking the disadvantaged kids, what, you know, that middle class kids can go to college, but you're tracking these low-end kids.

Good high-quality CTE does not do that, does not track, doesn't shut down doors to other higher ed; it simply creates a wider set of options for these kids.

And as the governor said, you know, some kinds might do better first entering the labor market, picking up some skills there, then coming back and pursuing the higher education, but need to view it as opens more doors and not as a tracking device that shuts doors for it. And again, we need to develop the pathways that are fluid back and forth between the labor market and between that career and technical education, and I think a lot of these young kids would do better.

GOVERNOR ENGLER: Yeah, I'm not necessarily a big fan of expanding vocational programs in the high school when we've got a community college sitting across the street which has got a full array. Let's figure out how we could move those younger people faster and get them ready for that program, let them rebut the idea that they're tracking by the fact that they're already in college while the kid who's taking the advanced math course in high school is still in high school. I mean let's try to figure this out a little bit.

But I don't think that what we need are a lot of mediocre vocational programs being funded. The reason

a lot of them have been cut out is they've been high cost. It's cheaper to do a classroom with no, you know, maybe laptops or something in it, but you don't have all the labs and the equipment that the training you need. Community college could leverage that investment over a much broader basis.

What I would argue, let's get everybody trained, so the question on the demand side that was just raised, that gets into a broader question just in terms of the whole the whole approach. And you get into a great debate. I mean what's it take to have jobs in this country versus in other countries, and that's going to get you into all kinds of things.

But, you know, if you -- if you -- if you raise the cost of doing business in this country, there are certain types of investments that won't get made here. I mean they can't do it at a loss. If the energy prices are too high or energy is not available, or there is like this, you eliminate the card check legislation, some of this stuff, you could drive costs right through the roof, and you will drive jobs out. This is not something that

people who are interested in kind of a social policy often spend a lot of time on because that's why it's the business community's fight. But if you want to have a demand side that's vigorous, you should be paying attention to some of these other issues out there, because they're not just academic questions, they're location decisions today in a global economy.

MR. HASKINS: Ellen?

MS. ALBERDING: I see the squirt guns are out, so I'm going to be fast. One, I do think that in the K to 12 world there is much more of an understanding that this vocational educational model is something to be reconsidered, and an exclusive focus on four-year college as the desirable goal is not -- people are -- people in the K through 12 policy world are beginning to retreat a little bit from that, which I think is really a reflection of the work and advocacy of a lot of people in this room.

And the other thing is, we've slid over the point, or it was part of Harry's presentation that a high school degree is not enough. And if for people to succeed in the workforce and had access to these middle-skill jobs,

you need to have something more than high school. So you have both the problem of people getting out of high school, but also that they need to do more than that. And I think that's to your point that -- I think that's an important point to bear in mind.

PROFESSOR HOLZER: I want to just throw one more word in here, 'cause the governor has raised this issue of getting kids through high school faster and focusing on community college, and there might be nice models for doing that. But there are models in high school like the career academies that have been proven to be successful, rigorously evaluated, they're cost effective, and so the community college model is one nice model but not the only model. There are things that work in the high school context, and we don't want to ignore them as well.

MR. HASKINS: You left out increased marriage rates. Do you know that? Is that amazing? Okay, please join me in --

GOVERNOR ENGLER: But this takes more money.

MR. HASKINS: Please join me in thanking the first panel.

(Applause)

And now we're going to do the second panel, so please stay where you are.

MS. PHILLIPS: I was eyeballing some of my fellow panelists during that last Q and A, and I could tell that we were all chomping at the bit to get up here and start talking about adult low income and low skilled workers and to talk about some of the ways that these workers are getting prepared for middle skill jobs.

So back in 1995, my colleague, Whitney Smith, and I kind of launched a listening, you know, a listening tour and went out into the six states in our region to specifically ask stakeholders in the work force and community post-secondary realm what was working and what wasn't.

And we were really – we were astounded by the stories of ingenuity and innovation, people that were pushing against the system and cobbling together pieces of money that, you know, that existed in different pots, and some of those stories included places where work force

boards were going out and interviewing industry leaders, coming back and working with their local community colleges or tech colleges to change curriculum, to contrast courses, to think about ways to concurrently teach remedial education and occupational skills training in the same ways, and, you know, the bottom line that we came out with on this was, these folks were the pioneers out in the states, and there are examples galore across the country. I think the real problem and what we hope to tee up for the second panel is, none of these things are being systematized through state and federal policy. People are doing that despite, you know, the way the system works right now, and they're doing it primarily to focus on employer needs. They're trying to work the system, align the system, put these pieces together and collaborate so that employers get the skilled employees that they need.

So I'm going to quickly introduce our panel and throw out sort of the first question for them. So we're just delighted today to have Ron Bullock, who's the President of Bison Gear, a manufacturing company in Illinois. We have Bob Lerman, who's the co-author in The

Future of Middle Skills report, is a Professor at American University, and also affiliated with the Urban Institute.

And then we have Israel Mendoza, who is from the Washington State Board of Community and Technical Colleges. And finally we have Patricia Schramm, who's with the South Central Wisconsin Work Force Investment Board. So the first question that I wanted to tee off for this group was – is the sort of classic why are you here on this panel question, and to talk about where you got engaged, what problem were you trying to fix, and, you know, how did you work on putting a solution together. And we're going to start with our employer on the panel, so I'm going to turn it over to Ron.

MR. BULLOCK: Okay, thank you. Well, you know, I'm here because it's been a – I've got two balance sheets that I'm building in my business. The easy one is the financial balance sheet, cash, inventory, planting equipment, that sort of thing. The more challenging balance sheet, of course, is the human capital balance sheet that we are building.

So we've had a, you know, our company, we

manufacture electric motors and gear motors that are used in a wide variety of original equipment. Walk into any Wendy's, Burger King, or McDonald's, there's a half a dozen of our products, and they're helping make ice, dispense ice, conveyorized ovens and grills, soft serve ice cream machines, that sort of thing.

When you need to work off those calories, we make all the drives for the Stairmaster machines, health club treadmills, medical equipment, packaging equipment, automation equipment for the automotive industry, you know, just, you know, anything, any machine that does useful work can use one of our products. Export has been strong for us. And we have a real challenge in finding, over time, the past couple of decades, finding qualified entry level workers.

And, you know, we give a simple little shop math test, ninth grade level math; 50 percent of the kids with high school diplomas can't get past that. So it's a, you know, it's kind of a difficult challenge for us, you know, as well as, you know, other skill sets, you know, they get into the interview process that we find their, you

know, shortcomings in.

So that's a key area. On the other end of the spectrum, of course, you know, we employ – one out of seven of our associates has an engineering diploma, so, you know, the stem disciplines are the other end, you know, on the high end of the skill spectrum.

But, you know, the entry level positions, you know, I have a, you know, my background is – I've got a real good K-12 system education. Dayton, Ohio, I graduated with four years of math and science, and a course in machine shop and drafting. And you could always find a manufacturing job. And, you know, ten years later I got my engineering diploma, you know, and had some great work experience along the way. So I think it's a nice model, and you know, we try to encourage that sort of thing, you know, growth inside our company.

So we've – we worked with, you know, the local community colleges and looked at what was available in skill certification and we came up with a manufacturing skill standard certification program.

This came out of the National Labor Relations

Board in the late '90's, you know, the National Skill Standards Act. I think it's the only one that actually completed that mission. And we, you know, we train people in four areas, quality, safety, production processes, and maintenance awareness. So they got a real good grasp of, you know, what we need in industry, you know, coming out.

And, so, you know, the model here I think is, you know, we can find young people, you know, that have the requisite skill set, then they get a start, you know, making a good investment in how we have our, you know, in their career path. We have, you know, I think, you know, when you look at it, you know, each one of the people that we come, you know, come to work for us are average wages, around $55,000 a year. We certainly expect them to work 20 years for us, so we're making million dollar investments in each one of those people. So that's a, you know, to me, that's a significant investment, and, you know, we provide a career path.

You know, once they join our company, we have a continuing education program like many manufacturers, so they have the opportunity to work their way up the ladder.

We'll pay for anybody's work related associates degree program. And then we have loan programs for baccalaureate and graduate degree programs.

Sylvia Wetzel, who's here, our Chief Learning Officer at Bison Gear, is a graduate of our Gear program, and is one of our most valued employees. That's the, you know, the rewarding part of that side of the balance sheet, you know, you walk in the office and you've got somebody with a ten kilowatt smile, you know, that's a real contributor.

So any rate, so that's why we're here. And, you know, I have to say, you know, in getting this started, you know, we work with, you know, The Joyce Foundation Shifting Gears Program, you know, Illinois Student Assistance Commission, and contributions from the Illinois Manufacturers Education Foundation. So, you know, it's a joint venture with, you know, philanthropy and industry and getting the job done.

MS. PHILLIPS: And I think one of the things that's interesting about what's happened in Illinois, at the College of DuPage, is that they are trying to – the

college is trying to concurrently teach remedial education at the same time as teaching occupational education, and that is not something that is currently rewarded or financed correctly in the state of Illinois.

And so our philanthropic dollars went into piloting what it would look like to change the reimbursement rate for those colleges to concurrently teach the remedial skills, the basic math, and then the occupational pieces. And those are the things that accelerate the pace of learning for a potential employee.

But just to point that out, that's not the norm right now, so that's, you know, sort of one of the things. And I'm going to circle all the way around to Patricia to talk from the Work Force Board's perspective about how you're aligning both systems and resources.

MS. SCHRAMM: Hi, and I go by Pat, they call me Patricia, but, you know. I was sitting here really chomping at the bit, because I represent all the challenges you heard in the first panel. You know, I'm responsible for a population center of 770,000 people that goes from a very urban center capital of Wisconsin out to very rural,

within ten minutes we're in a rural environment. And we – I have to remind you, there is a stat that's very important, that more than 60 percent of the people in the work force now will be the work force in 2020. And the whole youth conversation is immensely important. As the Work Force Development Board, we're very focused there.

But the challenges, the work force we have in hand is the work force that we have to keep productive. The environment that I live in in Wisconsin, we are really sitting on the edge of a precipice. We are a labor shortage state. And even though we're coming right now, we have huge dislocations, we're in the center of General Motors closing, we have to keep our eye on, two years from now we will be in a deeper labor shortage situation.

So five years ago, we really took this serious. And I stood in front of rooms and rooms of people saying hold this. We have to make sure that every single worker in our community is prepared to be a worker and to be able to contribute to our economic productivity. And we had always, as the Work Force Development Board, been a strong partner with the community colleges. And I think Israel

will be talking about this, too. But what we found, and I have the amazing pleasure to have a very close relationship with the presidents of our community colleges, who are saying to me, Pat, our student, our average student age is 26 to 34 years old. These are not people coming out of high school who we're trying to train. They have people who have incredibly busy schedules. In lots of cases, if they're a dislocated worker in this environment, they have debt, they have children, they have huge – they have no time.

And when you talk to them about training, and you talk to them about you need to make a one or a two year commitment to training, they can't do that. And in a lot of cases, these are people who were not successful at the secondary level. They're folks who may have even dropped out, but moved successfully into a company because you had an owner or a CEO who maybe even made that same transition.

I'm always amazed at CEO's that I talk to who are high school drop-outs. You know, I mean it's, you know, and they really understand that. But that isn't

the reality. So how we drive our system now that makes us unique, and I'm very proud to say that the state of Wisconsin is going to go to this platform very soon, is, we started to re-engineer our entire work force development system on an industry partnership structure. And for a lot of you in the other parts of the country, you call that your sector work, we call it our industry partnership work.

And what we started, what we made a commitment to do is, we wouldn't do any work that wasn't – that there wasn't a group of industry representatives who are willing to come together, make a commitment to find solutions, make a commitment to really be engaged in their time to figure out what we needed to do from a training and a worker preparation perspective.

And about five years ago, actually it's almost seven now, we started working in manufacturing and health care, now we're actually working in six sectors, we're about ready to go into seven sectors.

So we have behind this groups of employers, anywhere from ten up to 50 employers, who are really in

there, rolling up their sleeves, trying to help us figure out what to do. And what the solutions have been is this concept that the first panel talked about, about stackable credentials. Because if we're going to move people quickly, and really in this time, this is even more important, we don't have time to retrain people. You know,, companies who, in this economic time, are trying to move to their new markets, and we're coining this layoff aversion, it used to be incumbent worker training, now it's layoff aversion, these companies need to move very quickly, which I'm sure Ron can, you know, if you need to move into a new product and you're trying to find a new contract, which in my area, I have a lot of companies sitting on the edge, they're suppliers to the automotive industry, they're actually right now out there trying to mind what their new product is, because they want to save their work force, or the work force that they just let go that they spent the million dollar investment in, they want them back now, they don't want to see them moving to another state because we're in a labor shortage environment already.

So we've been working very hard with the

technical college and the company, so that's the – the companies are very close to this. We've been analyzing with them what are the incremental skills that we can stack together to actually lead to credentials. And this is very important. We are not talking about dumbing down our training system, we're talking about rigorously working with the technical college system, rigorously working with employers to understand what are those incremental skill sets. And so what we're doing is, we're actually designing an entire new technical college paradigm. It is very hard for the college to deal with this, but they're in it because they see it's their future, that is their future student, or the people who will use the stackable credential.

MS. PHILLIPS: Thanks. I'm going to shift over and go actually back to the younger set, and Bob, and talk about sort of where industry plays in on the apprenticeship front.

MR. LERMAN: Yeah, well, some of you know I do talk about apprenticeship. I was about to say, for those that don't know, that I had this new idea that had national

certification, sectoral arrangements, stackable credentials, that's a new one, proved earnings gains, and even wage mobility while you're learning, so no foregone earnings, as we economists talk about, employer driven, so Governor Angler will be happy, and proved employer satisfaction, that is, the people who are using this new idea have expressed great satisfaction, expandability, we start from a low base and can expand it dramatically, deep training and flexibility, a wide range of talents, national certification, so skill qualifications and credentials, low government costs. We don't seem to care about that these days, but we will at some point. And even we – an expansion of a few billion is small potatoes relative to the adult skill needs and work force needs.

And at the same time, when I say low base, right now we have an Office of Apprenticeship in the Department of Labor, and the national budget, including the people working in Washington, and a representative here and there in the states, is $21 million. I mean it's like a tiny, tiny blip even in the Labor Department.

They don't really pay even close attention.

The President did, though; he did mention among his list, apprenticeship. Now, why do I think this can happen? Well, I think it can happen because all of the ideas that we're talking about have these – a lot of these same concepts, and because the Office of Apprenticeship realizes that they have to be increasingly flexible.

It can't just be a four year apprenticeship. They have to have a variety of flexible things like stackable credentials and interim credentials that they describe in the office. Moreover, it's a system that is working very well in other countries. We have kind of – these kind of events are great because they bring together people from different states, and people in Washington can hear what's going on in the state of Washington, or Wisconsin, or Michigan, or Illinois, but we essentially ignore what's going on in the rest of the advanced industrial world, including countries that have very, very vibrant manufacturing sectors, like, for example, Germany, where you can build very, very high quality systems.

Now, I don't say that we should build a system like Germany's because we would not be able to do something

like that and I'm not sure it's desirable, but it is worth knowing – it is worth noting that, A, it's – the system is so highly respected that over 40 percent of people who go through academic high schools and can go free to a university, absolutely no tuition, 43 percent of them choose first to go into an apprenticeship, this is of the college group, number one.

Number two, the gap in earnings between people who complete these kinds of credentials and college people is much narrower than it is here. And three, they have a vibrant manufacturing server. So I think we can do it, we can expand it. Now, I don't say we can – I'll finish in one second here. I don't say we should try to expand it to 60 – 70 percent of the population, but we now have actually a significant – we have 450,000 apprentices in the U.S. right now, which is a small proportion of the work force of any cohort. And I'm sure we could expand it very dramatically. It could resolve a lot of the issues that you've talked about, and it could fit very well within the same structure, but also provide, not just the Wisconsin recognition, but a national one.

MS. PHILLIPS: And, Bob, I'm just – I want to go back to the comment that you made about people choosing to do the apprenticeship before the post-secondary in other countries, and in my opinion, one of the powers of apprenticeship is the contextual learning.

MR. LERMAN: Right.

MS. PHILLIPS: Can you speak a little bit about that? And then I want to move to Israel, because I think sort of the real break through moment in Washington State was how to make contextualized learning the way.

MR. LERMAN: Yeah; I think that young people, but also adults, find learning by doing much more rewarding. I think you probably have found that advice in Gear, as well, that you're learning academic skills. By the way, there is a continuing learning of academic skills along side the learning by doing. But people see the relevance of what they're learning, and they, you know, I teach at a university, and I often ask, well, have you had this concept, and you know, has that been covered, and I used to – I didn't want to bore them, so if they all raised their hand, I wouldn't cover it.

And I said to myself, well, maybe I should ask, well, do you remember it, do you know how to apply it. Even at the highest levels of our education system, unless you actually use the skills that you're learning, whether it be physics, or algebra – by the way, about nine percent of American workers use anything close to Algebra 2 concepts, and yet we're requiring it, there is a push to require it of every student.

I have nothing against Algebra 2, but I'd like to see people do it, learn it while they're using it, and I think that's a critical element. It's not just the learning by doing, but it's the using. And once you begin using it, you kind of absorb it into your psyche and into your capabilities.

MS. PHILLIPS: So, Israel, can you tell us a little bit about the break through in Washington?

MR. MENDOZA: Absolutely, I've been waiting, yes. You know, for a lot of the reasons that you've heard all the speakers talk about, it was time for us in Washington State to move on and do something different, and quite frankly, what we are doing is, we're blowing

up the old traditional notion that education has to be sequential, and we're saying it can be concurrent, and we're saying people from low income communities, people who don't speak English, people without a high school diploma, the future work force and the current work force in many of our states are smart enough to take college level courses without those credentials, without having to get a specific number on the compass or the asset test, and be successful, and, in fact, that's exactly what we're doing.

And, in fact, we're taking it – we've taken the curriculum and the instruction from contextualization to experiential, which is the next level. So it isn't just learning in the context, it's learning from doing, exactly what you're saying.

And this program we've come to call integrated basic education and skills training, and that's basically what it is. We're teaching adult basic ed, or English as a second language, or both, at exactly the same time that we're teaching professional, technical, occupational skills. And it requires two teachers in the classroom

at the same time, one basic skills or English as a second language teacher, and the occupational faculty member are co-teaching at exactly the same time.

It requires a lot of work on their part, because, quite frankly, folks, any of you in education know that for teachers to teach differently than they were taught to teach is nothing short than revolutionary. And nobody was taught how to team teach in this country when they were learning how to become teachers.

So to change that, to design a curriculum that has common outcomes that serve both the basic skills, English proficiency needs, as well as the rigorous occupational skills at exactly the same time is a whole different way about thinking of education.

And, in fact, we are one of the states that is approaching this as a state and not just as individual colleges. And so this is happening in all 34 of our community and technical colleges. Now, let me tell you why we did this; you know, again, the work force of the future, it's low income folks, we had employers who were looking for folks and couldn't find anybody who was

qualified, we had the highest unemployment rate in the nation, all these people that were workers, all these jobs going unfilled. So in the true spirit of community colleges, we told our legislature and governor, we're the solution, give us money, we'll train people to do this.

And so one of the things that we did was, we looked at the education continuum and we looked at all the students – 35,000 students that entered our system, and looked six years later and said, is there a point in education where if we could get everybody to that point, they will have a difference in earning, get to a family wage job, and we found that point, and our research has come to call that the tipping point.

And it is one year of college credit and a certificate, any certificate, one year, two quarter, two year. If you started in adult basic ed and you reached that point, you are making $8,000 more a year than somebody else who started at the same point. If you – and started there, 7,000 more a year. If you got a high school diploma and started there and made that point, you're making almost 3,000 more a year five years later. And whether or not

you got a two year degree, if you didn't have the certificate, you were not earning that same income. Well, that was great. The Ford Foundation helped us do that research, and then we said, now, how well are we doing serving that group, how many people are we getting there. Eight out of ten of our students who were in basic skills made very little progress at all after five years. Seven out of ten of our work force folks in our community college system, five years later, had less than a year's worth of college credit and no credential. And two out of three high school, directly out of high school traditional students who were in there for the academic transfer, guess what, less than a year's worth of progress.

This is pretty condemning. This is why it's hard internally for the community college systems to accommodate and to do and move forward the way that we need to do that. But you reach a point where you suck it up and say, okay, now what are we going to do about this. And we had to shorten the time frame that it was taking students to move to that point. It was taking forever to get through all those levels of ABE and ESL

before you were allowed to take a college level course.

So, again, we are doing it together in combination, we have 125 of these programs across our state, with great, unintended consequences, where once these students get out of the IBES part of the course, they're making progress much faster than the traditional college student. Our IBES students in accounting have a 3.5 grade point average when the traditional student out of high school that took accounting, 1.7.

Completion and graduation rate, 100 percent for IBES students, 27 percent for the traditional student, which, if you think about accounting classes you might have taken, that makes sense. I took it twice, still didn't have that grade point average.

So lots of good things are happening. It's turning our professional technical instructors into better teachers, because they know their industry and their occupation, but they never understood Pedagogy. Our basic skills teachers are better because now, instead of just contextualized instruction, it's experiential instruction.

So that's how we're moving forward. We've made

a lot of systemic changes to support that to make this work, and we're still learning and moving forward.

MS. PHILLIPS: So I want to throw a question to Pat and Israel about what percentage of the current work that you're doing is actually supported by state and federal policy and what percentage are you pushing the envelope on?

MS. SCHRAMM: Most pushing the envelope on; because of The Joyce Foundation's investment, the state of Wisconsin really is moving to this. I'm finding – we did Hilda yesterday, I'm finding that, from a legislative perspective at the federal level, more people seem to get this idea, and whether it's the economic times that's doing that, but at least more people are saying back to us what, in prior years, we were kind of trying to be on our soap box.

So I think there's a potential, if it's going to happen, Jennifer, I think it's going to happen now. And so that's the thing is, we really need to push now, because there are ears that are wide open.

MR. MENDOZA: You know, I can't think of a single

thing on the federal level that's helping us. I mean I know if I had more time, I could come up with something, but as I sit here, I really can't. On the state level, we've convinced a lot of our legislators and governors to do some things. Financial aid doesn't work for non-traditional students. Our legislature gave us a pot of money to use as financial aid for those who don't qualify for these programs. The feds require us to count things that don't matter to us anymore at our state level, so we count and measure different things. I'm piecing together pieces of money that it's illegal to co-mingle funds, so we ask programs to braid the money, whatever in the world that means, so that nobody goes to jail.

We try to partner with other programs, and their accountability is so different than ours, trying to do duel enrollment, it makes a lot of sense, it's trying to get students through a keyhole of eligibility in the other program that doesn't make any sense.

Another program can give support services for up to a year after somebody is hired. I can't spend a single penny on vocational education. Where is the line

between adult ed and vocational education when you run a blended model like this, where do you draw the line? And how am I going to keep my local programs out of jail when an auditor comes there? So I have a long list of things to fix in the authorization.

MS. PHILLIPS: And, Ron, I wanted to ask you to talk about what you think will keep employers at the table in this discussion about how to prepare workers for middle skill jobs?

MR. BULLOCK: Well, you know, what we've done is, you know, I chair the Illinois Manufacturers Association, representing 4,000 manufacturing plants in Illinois, 670,000 workers, so you know, we looked at the certificate program with the manufacturer skill standards, and you know, we pulled our members, folks like Caterpillar, John Deere, Abbott Labs, Ford Motor Company and others, just to say, okay, this is what we would be looking for in some, you know, in entry level folks, and the – so we've endorsed the manufacturing skill standards certification as a consideration in our hiring, you know, a strong consideration in our hiring processes.

In the – as we've – we've graduated two classes out of the College of DuPage, we've connected all of those folks through job fairs, and you know, and interviews, so they're all – all have been hired, and you know, we're satisfied.

And we're also working on, you know, the adult worker equation and training incumbent workers. We have – there's a fast track program, it takes 15 to 18 hours on your own time per module. At our company, you know, we reward them with $100, the completion of each module, and then another $100 when they complete the set and the final test, for 500 total, so there's a little reward for them. But, you know, it's a way of, you know, folks coming, you know, bringing everybody up to the same level. You know, we've also, you know, in the career academy area, we worked with the Chicago Federation of Labor and the Chicago Public School systems in launching Austin Polytechnical Academy, which represents, you know, predominantly African American population.

We just have enrolled our second class, so we've got 140 each in the freshman and sophomore level. That's

a pre-engineering curriculum. Project Lead the Way and working with Nims and then introducing the manufacturing skill standards later on. And so, you know, that's a model, you know, I think that we can replicate, along with our work with the career tech ed programs and the community colleges.

MS. PHILLIPS: Thank you. So we're going to pull you into the conversation and open it up for questions. Are there questions? Nadia.

NADIA: I just wanted to build on or ask you to build on your last point. You said earlier that you hire people with an expectation that they'll be with you for 20 years, and that you have, on average, a wage of 55,000, I don't know if it's full compensation, but wage, and you're doing all of these innovative things to try to keep your people, invest in your people. The question about how to keep other employers at the table, I want to kind of turn it around a little bit and ask you, how do other employers learn about what you're doing, and how do employers in your world, in manufacturing, how do these ideas take root, how do we understand more effectively

how they kind of create a wave within the industry so that the practices that you're applying internally, I'm not talking about all of the external things that are happening, become more of the norm?

MS. PHILLIPS: Could you state your name, please?

MS. DIRE: I'm Barbara Dire with the Hitachi Foundation.

MR. BULLOCK: Well, the – what we've done initially is, you know, we're working in several different geographic areas. We formed what we call a Manufacturing Careers Council to bring together educators, employers, and service providers, you know, in working on this particular problem. You know, we also, I think, you know, we're working to get the word out through news releases, and you know, communications among our members – member companies. You know, my grandfather was fond of quoting the Bible, hide not thy light under a bushel, and I think we've hidden our light under a bushel on what great careers there are in manufacturing still.

You know, we, you know, it's not just, you know, as you look at the career tech, there's 16 career clusters,

there's only one identified as manufacturing, but we hire out of, you know, 12 of the 16 career clusters, so it's – there's a variety of different, you know, potentials.

The – having a governor that gets it is very important. We've been absent that in the state of Illinois, but now that we have a new governor, we're quite hopeful. You know, the last thing the old governor did in a, you know, a shot at industry was eliminate all the training dollars out of the DCEO budget, so it's a – we're looking forward to, you know, I think a model of enlightened, you know, cooperation, you know, with the state government and industry is very important in moving forward.

MS. PHILLIPS: And I have to say on the manufacturing front, I mean that industry is I think particularly well organized, all the way from National Association of Manufacturers to, in our case, in the Great Lakes, the Great Lakes Council – Great Lakes Manufacturing Council, and then the state associations. And there's a pretty good feedback loop I think on the industry leader side going there. Do others have questions or comments on that? We'll take another question. Does somebody have

their –

MR. STERN: Yes, I'm Barry Stern, I'm a work force development and career development consultant. I took great pleasure in working for Governor Engler when he was Governor of Michigan as his Director of Policy and Planning for his Department of Career Development that executed a lot of the policies he said.

My question is to Israel Mendoza. Thank goodness you've been able to break through the silos and get people working together experientially, I think that's terrific. And one thing we did in Michigan was, we got the work force boards, the community colleges, the high schools, and social service agencies, said do some strategic planning together. In fact, Governor Engler invested $5 million in paying for that so that people would actually force together. I'm wondering whether you think that might be a good idea to do in a more coherent, directed way, where you had to do it. Ours was totally voluntary. And he also supported a program which did as you did, took English and math and reading and computer skills and career employability skills and forced them together with the

teachers in the room at the same time teaching English, math, and computers and so forth, and getting two grade levels in two months, he called it Operation Fastbreak.

So I can commend you for what you were doing in Washington. But what would be the chances of having the different sectors, the colleges, the school districts, the work force boards working in a more coherent way to make their community more competitive, not only nationally, but internationally?

MR. MENDOZA: You know, the first thought that I have is, when you think about how fast technology is changing how we view education or how we should be viewing education, and all the tools that citizens, students have, whether they're K-12 age or whether they're adults, things are moving so fast that – my short answer is, it's going to take a state who really wants to try something new, because our traditional structure of K-12, community colleges, 4A universities are so rigid that – in how we view my turn is this piece, your turn is this piece, and we have to stop seeing that education has to be in one of those or the other, we have to start thinking about

the kind of education and skills training people need no matter what age they are. And do we really care whether they're a senior in high school or a freshman at a community college? What difference does that make if it's the same set of knowledge skills that somebody is ready for?

But that's going to take a whole lot of blowing up some traditions in this country. So I think it'll probably have to start at a regional level, you know, maybe then – a local level, and kind of grow and get some waivers, but I think that is the way to go.

You know, people don't come to us in nice, neat, little niches everywhere. And, in fact, you can have somebody who's in the lowest level math that's in the highest level in reading or writing. And so we have to get out of the traditional notion of thinking success in education is only a high school diploma, a GED, a two year degree, a four year degree, and a masters.

Reality is, people stop in and out of education their entire life, and there are many positive exits to education to the work force that are short of one of those degrees. But what we have to – the mind set has to be

very, very different in how we think about it. So I comment Michigan. I visited there and saw some of that that was going on, and I think that that's the right way to be thinking about it.

MS. PHILLIPS: So, unfortunately, we're going to have to cut – I'm getting that high sign of cutting this short so we can get the next panel up here. But I'm going to take the Moderator's prerogative on the last word on this and tee it up for our next panel, because this is really messy work.

There are jurisdictional issues here in terms of what committees in Congress the money flows through. There are lots of silo issues in terms of what agencies at the state level need to come together and collaborate on this work. You're talking about education dollars, and work force dollars, and economic development dollars in some cases, some cases K-12 adult basic ed dollars, so it's a really – it's a, you know, the new day for all of this work is going to be coming together and putting some of these pieces of the puzzle together so that we can actually create the right pipelines for workers to

get into these middle skill jobs so that we don't have the labor shortage crisis.

MR. MENDOZA: You know, I really have to say one final thought, I'm sorry, ten seconds. I was watching a video on the impact of technology on education, and a professor from Stanford said something that was so profound to me that I just have to share it with you, and that was, he said, you know, this is the death of education, but the birth of learning. You know, think about that, education versus learning, and it has to be learning where we have to be thinking, not our structured education.

MS. PHILLIPS: So how are we going to get those systems in place to support that and systematize it so it's not, you know, you're not hearing from us five years down the road from this state and this state and this state and one college and one business and things like that? We really need to figure out how to systematize the innovation and ingenuity.

MR. BULLOCK: Actually, I might suggest that, you know, we are always working on continuous improvement and sharpening the saw at our companies, and so, you know,

we have some pretty good techniques and have applied them, you know, outside of industry. So, you know, if we can, you know, get, you know, start using things like, you know, six sigma baldridge criteria and applying those to the governmental organizations to, you know, eliminate waste and inefficiencies, you know, we'll get a lot more bang for our buck, and you know, get more quickly to the objectives that we want to get to.

MS. PHILLIPS: Just in time, right, just in time.

MR. BULLOCK: Just in time.

MR. LERMAN: I just wanted to say that we – I mean we're all kind of pretty much in agreement on this panel, but – and maybe a lot of you out here by virtue of the fact that you're interested in work force issues also agree, but I want to remind us that the system is very rigid, and we're re-enforcing it, we are re-enforcing it by viewing things in this lock step fashion.

And all of the subsidy programs of which – massive amounts relative to work force money. All of the expanded education programs, where you're not implementing the learning and context in this combination.

So we, you know, although there's agreement broadly about the need for these career pathways, and we've listed a variety of them here, and I like all of them, we have to face the fact that we have a big selling job to do more broadly. And people in the world really do take advantage of later learning, but they've got to learn something first, they've got to learn something and take pride in it, have a feeling that they can accomplish something, whether it be an early certification program, whatever it might be, and giving them the confidence, and then that learning will beget other learning.

But if we try to put everybody into a fixed box, a fixed pathway, which we still seem to be doing, if you look at any, you know, the most casual look at what government spends money on, so we have a long way to go, and maybe all of you can be missionaries, as well as us on the panel.

MS. PHILLIPS: So thank you everybody. And so I'm going to ask everyone, stay in your seats, we're going to shuffle this panel up here as quickly as possible.

(Pause)

MR. OSTERMAN: Thank you very much. So this is the third panel. My name is Paul Osterman, I teach at MIT, and I have the pleasure of introducing our panelists. To my right, Andy Van Kleunen, The Workforce Alliance; next to Andy is Karen Elzey from the Chamber; and next to her is Gerri Fiala from the U.S. Senate.

I managed to bargain with Ron to get somewhere between four and 45 minutes of speaking time for myself before the panelists, so I'm going to now do my thing, but I'll keep it closer to four than to 45.

First off, let me just say that I fully endorse this middle skills idea. I think that Harry and Bob and The Joyce Foundation Workforce Alliance and Brookings have done a real service in pushing that forward, because there are a lot of clichés out there about the nature of labor demands, so I think they're absolutely right.

The second quick point I want to make is, if you listen to what has gone on in the first two panels, I think there really is clearly a consensus in the field now about what best practice is at the program level, right. I mean best practice at the program level is working with

firms, connecting employment – ending the isolation of the employment training system, linking into the demand side, it's about breaking the barriers between the employment training system and the education system, particularly the community colleges, but other aspects of the education system, too. There really is a sense of best practice.

I think that the stimulus package and the money that's in it gives us an opportunity to fine tune that, because we're not necessarily clear about under what auspices program models work best, exactly what the best designs are and so on, and I think we should take very seriously the challenge of not just spending the money honestly, which we should obviously take seriously, but also evaluating different program models. But there's a broad consensus about best practice.

But the point – the only real point I want to make is really returning to something that Jennifer said at the end, which is, if you really think about WIA, and this is a panel mostly about WIA, I think, WIA is small potatoes. I mean even with this additional money, WIA

is small potatoes financially.

And so I really do believe that the way to move forward is to think a little more creatively about how to use WIA in a more strategic way as opposed – and by that I mean not simply use WIA in both – neither the Secretary's discretionary money, nor formula money, simply to fund a lot of programs no matter how good those programs are, because those are – when you add up the number of people who are served by those programs relative to the universe need, it's going to be slow, small.

Rather, I think we need to think about WIA – I would argue to you that we need to think about WIA in the same way that the foundation world thinks about itself, namely, as a way of leveraging larger institutional change, both in the community colleges, and in the employer community, and in the schools.

And the advantage that WIA has over the foundation world is that the foundation world, no offense to any of the foundation people here, of whom there are quite a few, their attention span is short, right. I mean they do – they fund a lot of programs, they feel they've

made an impact, which they have, and then you move on to something else.

But WIA represents an ongoing political commitment to improving the economic circumstances for low income, disadvantaged folks, but it hasn't leverage changed employers and it hasn't leverage changed the community colleges, and there are a variety of ways I think we could talk about how it could do that. But in some broad sense, in my view, the ultimate performance standard for WIA is not just simply outcomes for clients, but it's really are the community colleges treating all of their students and serving all their students differently than they did before the WIA intervention.

Are employers taking their low skilled, people who don't speak English, or people who don't have – on job ladders, taking those employees more seriously and upgrading them more than they did in the past, before the WIA intervention? And that I think is – so it really involves kind of a reconceptualization, in my point of view, of kind of how to think about WIA and what it's about.

So with those comments, I guess – I don't know

quite what order I'm supposed to go in here, but I'll go right to left – right to right. Okay, take it away, Andy.

MR. VANKLEUNEN: Well, thanks to Brookings for having us here. This has been a good month for the middle skills question. It would have been a good month even just if we had Ron's event here today. But beyond that, there have been some other good things that have happened that I think give us a lot of hope, at least at the federal policy level. Two main things I want to talk about. Obviously, we've talked a lot about the Recovery Act, and I think, you know, in many ways I'm going to say things that folks have already said several times over. But take a look at an Act that was supposed to be, you know, it was about job creation, it was an investment strategy, it was going to be investing in industries, investing in infrastructure, investing in human capital, it was going to create jobs in a strategic way, you know, three to four million jobs are going to be created or maintained, the vast majority of which are middle skill jobs.

If you look at any of the industries that have been talked about, whether it's the transportation

industry, or the expansion of broad band into rural areas, or the digitizing of medical records, or green jobs as broadly defined, these are all – the jobs that we're talking about are primarily middle skill jobs.

So given that, even as – and it's due to a lot of work, including folks in this room, that we were able to convince Congress to put more money into Department of Labor programs, for work force training. You know, $4 billion, which is a big deal, it's a big ticket given what it is that those programs currently get, but look how it compares to the other education investments in the package. So we're talking $70 billion going to states through state stabilization, mostly going to K-12 education, $3 billion going to primarily fund traditional higher education, whether it's through the expansion of Pell Grants or the new American opportunity tax credit, both of which really are structured for folks who are going to school full-time.

Take that 70 billion and three billion, and we're talking about four billion, and really, it's less than four billion if you're really looking at the amount of

it that's actually targeted to people currently in the work force, you know, the seven million folks who have lost their jobs, the tens of millions of people who are in restructuring industries right now that may need to be working on layoff aversion and retraining to keep those jobs, and as was already mentioned, the 80 million or more folks that we have in our work force that currently don't have the basic skills to even get into an occupational training program to get a middle skill credential.

So even as we made an important first step here, we have a long way to go to kind of change the conversation to where middle skill credentials and the kind of training that we've been talking about today figures into the broader education policy discussion here in Washington. And we've also talked about the fact that we want to make sure that money is spent well. So we would say we need to get that investment a little bit more back into the proportion of what is demanded by the labor market.

So if Harry and Bob have documented that almost half of the jobs in the labor market are middle skill jobs, then that means that for every one person that were getting

a college degree, we should be getting at least two people with some kind of middle skill credential. And until we get our federal policies to be working across the agencies that shoot for that kind of a goal, we are investing in a way that is not matching the reality of the labor market. So that's one thing that I think that we should be talking about in a variety of different contexts here in Washington.

Another thing that happened, obviously, on Tuesday, President Obama talked about, and folks have referenced it several times, that every American should be able to get access to at least one year of education and training past high school, whether that was through traditional college, vocational training, apprenticeship. For those of us who have been part of the Skills to Compete campaign, and for those who don't know, Skills to Compete is an effort across business, labor, colleges, community based organizations, folks from the public health work force and education systems, but we've said it's time to change the definition of public education in this country.

We should be working to get everybody the

equivalent of at least two years of education and training past high school, terminating in some kind of industrial certification, vocational degree, or even one's first two years of college, and to make sure that we get everybody the necessary basic skills in order to be able to benefit from that training investment.

But we'll take President Obama talking about the fact they're trying to get everybody one year of education and training, we're ready to work with them on that. I think what we need to figure out, again, is, for whom are we talking about creating that benefit. And we probably are the only people in Washington who are not sitting at their computers right now reading what's actually in the budget that's being released as we speak, and so we will know more details maybe by after lunch time today. But the reality is that most of the conversation around that proposal has been primarily focused on young people, mainly the transition out of high school. And again, to repeat what's been said several times over, that's a small part of the current and future work force. And if we're not making that one year benefit available

to everyone in the work force, both those entering the work force, as well as those currently in the work force, it's a missed transformative opportunity.

So how do we do that? We want to create diversity of pathways. And we've talked about a number of different things that we could do within federal policy. So we can change WIA so that there really is a much greater amount of training that is being done by that program. We can change Title 2 of WIA, which is the Adult Basic Ed component, to make it much easier to do the kinds of things.

We don't want Israel to be saying that he cannot get help from Washington, right; we want to make it easier to combine adult basic ed and job training together so those programs work more effectively together.

We should be changing how we think about federal financial aid, so it's not just about full-time students, that folks can go back to school as they're working full-time, taking care of their families, and still trying to get skills so they can advance within their own industries. We can do the same with our education tax credits, as well. We have welfare reform, Britannica is

going to begin next year, and we really need to look seriously at why it is that we are categorically excluding people who are on public assistance or transitioning off of public assistance from getting a decent investment in their skills and to move them into the labor market.

Those are the kinds of things that we're going to have to do if we're really going to solve the middle skills gap that we have identified already in a number of different industries here in the United States. So proportionate investment, pathways, and the third way that we think we can make sure that those dollars are being spent well is through something that's been mentioned several times, sector partnerships.

So building the capacity to work with local work force investment boards, but building it within individual industries, working across firms, so you have multiple firms working together with local labor unions, if it's an organized industry, with local education and training providers to say how are we going to build this industry, meet its current skill demands, and how are we going to invest in people over time to build this industry so that

it's going to be a bedrock of the economy of our local community. And making those kinds of investments that is going to leverage and make sure that anything that we're putting into our pathways efforts and our education and training efforts are going to make sure that they're effectively being used by those industries and is going to be a benefit to the workers and the firms that are part of those industries.

So proportionate investment, partnerships and pathways, we think any federal policy that we're discussing here in Washington this year, those are ways that I think that we can start putting into place some key steps to get to the vision that President Obama talked about on Tuesday night.

MR. OSTERMAN: Thank you.

MS. ELZEY: Great; well, I'll definitely use my seven minutes quickly before I get the hook. But I just wanted to – I'm representing the U.S. Chamber of Commerce, my name is Karen Elzey with the Institute for a Competitive Work Force, and I wanted to talk just about some of the things from our business member's perspective

in terms of what they're looking at regarding job training and really trying to view the work force development system as a system that's viable for them to get workers who actually meet the needs that they have. And while we're certainly in an economic downturn right now, we know that the long term strategy is that we're still going to have the skill shortage and we're still having a large number of our members come to us with stories about the fact that they can't find the right people for jobs that are available across a variety of industry sectors.

I would start by saying our members have a very mixed view of the work force system, and it's not all very positive. They're not thinking that it's meeting their needs, it's not viewed as somewhere where they're looking for human talent, and we've really got to change that system so it's not a second chance system, but it's one of many resources, and realizing even with the increase in money from the Recovery and Reinvestment Act, it is a very small amount of dollars that is being put in to that retraining, and so we've got to look at other effective areas.

There are a couple of things that we've talked

to our members about that are still very important to them. And it was raised earlier about work force investment boards. Quite interesting, we talked to our members recently who were all adamant about business remaining to be a majority on those work force investment boards. But I think we need to take a look at what we're asking the businesses to do on those boards.

It is so often we're hearing stories about these boards being unwieldy, too large, that business is there on paper, but when it comes to the actual meetings, they are not the majority, and we're still talking about issues that the business community, quite frankly, doesn't care about.

They really want – how do we tap into what the business community can offer, which is, what is their knowledge of the labor market, where are we going to see growth, what are the emerging industries, and what are the strategies that they can help put in place. So I do think we need to do some rethinking of what that business majority is doing and how it's used if we truly want to have an employer led system.

We've also had several conversations about effective coordination. It is – while WIA, when it was reauthorized, made a good attempt to try to coordinate services, we're still seeing numerous silos. And we've got training coming down through TAA, and we've got money coming through food stamps, and in many cases, it is very difficult to figure out how we're going to get the best training using those various silos when it's not more effective coordinated. It's really challenging from an employer perspective to figure out what those silos are and how you need to go about accessing resources and information, and what can we do to provide that better coordination.

We've seen some very successful models at states and in local levels and we need to be able to build on where there are successes and make it more possible and reduce barriers to people being able to do that to create a true nation-wide system.

We're also, you know, in terms of – Andy mentioned relevant training, we've got to figure out how to get more dollars for training. It cannot be, you know,

the small number of people who are truly receiving training through the WIA system is a fraction of even the people who are dislocated in one month. So how are we going to better get training dollars to people they need for the jobs that are in their local communities, and it's jobs that are available now, and being able to train people for what those emerging industries are going to be, so that you have that continual pipeline moving forward. We've got to link that training to the labor market needs. And I think the sectoral strategies and other things that have been happening, the National Fund for Work Force Solutions, and some other good models, where one of our chambers – Omaha is participating. Those models need to be more effectively evaluated and looked at so that we can take what's learning and take those to scale.

I think, you know, we had a big conversation about K through 12 education; I think it's very similar in work force. We've got a lot of great little boutique models, but we haven't been able to figure out how to take that either state-wide or nationally. And we've really got to invest in that evaluation, and we need data, we

need a lot of data if we're going to change the conversation.

I think we've had an interesting conversation about stackable credentials. I would argue, I'm not sure we have a lot of really good data that comes out about what it means when you get one credential and what it means when you get the second credential and how does that impact the amount of money that you're earning. We see the statistics all the time. This is the value out of a four year school, this is the value out of a two year degree, and this is what happens if you only have a high school diploma or if you don't have a high school diploma. But where are all those intermediary steps, and who's going to do that data, and if we don't have that data, how are we going to change the conversation that it's not all about a four year school, that there are a lot of opportunities available to people. It's going to be a tough sell to parents and to others when you're saying go into these careers when the message has been for so long, it's four year education or nothing. And we're going to have to have that data to make a much better case, and I don't

think we've done a good job at gathering that data to change that.

I would also say we've got to focus on leverage of resources. From an employer perspective, you know, we need to find those employers who are going to help contribute and leverage the resources, whether it's time, whether it's financial resources, what it is to make the system move better in a public/private partnership. And, quite frankly, if those employers don't want to participate, then we go to the ones who do want to participate. If it's important to them, they will put the time and resources on the table to make things work. But I think we have to have that conversation. There are not enough dollars in the Work Force Investment Act and all the job training. At the same time, I do think we need to take a look at which programs are effective. And we've had the system now in place for several years, so how much money really does need to go to overhead, and how much of that money can really go to more effective job training?

I'll end there, but that's just kind of a quick – oh, I would just say one more thing, I'm sorry, and that

is community colleges, as well. We believe community colleges play a key role in training. I would like to not see that limited to only community colleges. There are effective career colleges and other for profit providers that are also doing a good job in work force training, and we have to make sure that we allow all of those participants to effectively contribute to the job training system moving forward.

But we do need to make sure that, you know, whether it's a community college or a career college, we have evaluations, and if you're not performing and we don't have the adequate outcomes, then we should be looking for other providers or looking to make the necessary systemic changes so that they do meet the performance outcomes.

MR. OSTERMAN: Thank you. Gerri.

MS. FIALA: I have a cold, so I'll try and speak up. I'm happy to be here today. I wanted to take a second before turning to sort of specific pieces of potential legislation and just step back and talk a little bit about my boss and how she has talked about resources for the work force system since October.

She basically – and Senator Patty Murray, a Senior Senator from Washington, and having Israel here was terrific, but she is the Chair of the Subcommittee on Employment and Work Place Safety, and so that WIA and some other pieces of legislation that are related to WIA, she's very interested in.

But she makes three points with regard to what's happened in our economy. One is that we need to help unemployed and under employed workers acquire the skills to get new family supporting jobs so they can stay in the middle class. We need to address the gender and racial and other equity issues that have grown over the last decades in the labor market, and help low skilled and low income people acquire the 21st century skills that they need to be able to access the middle class. And while we're making investments in infrastructure and modernization, we also need to make investments in the work force, so that workers, businesses, and communities will all be able to contribute to improved productivity and long term global competitiveness. And she's tried to use this message that, at least in the state of

Washington, has resonated with both the duo customers of a work force system, which workers and job seekers, and by that I mean job seeks of any age, we have a tremendous amount of unemployed teenagers right now, and employers. So that basically frames what she has done.

I would urge you to, given the issues that we've talked about with regard to middle class skills, encouraging resources to be directed to people to acquire certificates, to take a look at the guidance and the language related to the economic recovery and reintegration bill.

The conference report and the Senate language, although she and others fought very hard for higher levels of investments, they were very successful in getting some guidance that talks about wanting to focus on individuals who have been hurt or impacted the most in this recession, those who have lost their jobs, those who have lower skills and lower incomes and will find it very, very difficult to get another job. And she talks about – she talked about, and it's reflected in there, that under the Work Force Investment Act, in the adult program particularly, that

can focus on people with multiple problems and multiple barriers to employment, adult education, including both basic skills training and English proficiency training, as long as it's provided as part of an occupational skills training program, can be financed. And that was I think a recognition that – of the importance of adult education and the fact that it did not receive the attention that many people would have liked to have had it receive in that particular package.

There are other little I think important points in there, I won't dwell on them, but if you have questions afterwards, we can deal with that.

I wanted to say that the Senate has already started to engage in a process to reauthorize the Work Force Investment Act. Senate Murray, in speaking to the then Secretary Designate Solace, said that's – this is my first work force priority, and will you help me, will you support me, and of course, there was an affirmative answer. So we really look forward to working with everyone this year to make that happen. We've had one listening session in the Senate, the Senate Help Committee, both

at the full Committee staff and the Subcommittee staff level, invited a number of stakeholders to begin the process of learning from them about what we should be considering in forming the legislative process.

What would you take out of burning building at 2:00 in the morning from WIA that you wouldn't fix, and what would you take out, but you need to clean up the soot or whatever, what are the issues that need to be addressed, and frankly, what are the new ideas. We need to modernize WIA. And, in fact, both Karen and Andy were a part of that first listening session, as well as other people in the audience.

So we will be dealing with that, and it will focus on the integration of both economic and work force development aspects with education. It clearly has to address regional approaches to economic – to work force development, and connecting skills development to the job requirements, both now and in the future.

We also will be focusing particularly on youth. And I'm almost out of time, so I will just simply say that the Senator introduced a bill last year called

Innovations for 21st Century Careers, that really focused on making education work better for young people in high school, providing them with a very broad range of opportunities to make transitions from high school into post-secondary education, which, Bob, includes registered apprenticeship programs, and others, and that no longer is a high school diploma, the end measure, that it really is to increase the graduation rates, but to get young people to not only graduate with high rigorous academic skills, but to move forward into post-secondary education and have another credential. And if you want to hear more about that, I'll be happy to talk about it.

But I think that the – what's most important is to continue to share what we've learned, what's based on fact, what experiences we have as we move forward in the WIA reauthorization, and to remember, it includes adult ed, it includes vocational rehabilitation, it includes Wagner- Pizer, the employment service which provides a lot of the information to help young people become informed about careers and job requirements.

And in addition to that, Andy mentioned a tanif,

but there are other things. You have a huge expansion of the Trade Adjustment Assistance Act that just occurred in that Recovery and Reintegration Package, and you all ought to look at it, because it foreshadows some of these topics we've discussed today and we'll be discussing in WIA reauthorization. You also have, related to this No Child Left Behind and the Elementary and Secondary Education Act and so on, these are all threads that we have to look at, and it will be very hard to do it without your help and the help of people who aren't in this room, because they have different jurisdictions and different interests, but they all impact on the current work force and the next generation coming up. So that's all I have to say.

MR. OSTERMAN: Thank you very much. So I'm going to ask one question to the panel and then open it up to the audience. So as I listen to this, as a field, we've clearly made a lot of progress in the sense that we do have this – we have these notions about best practice models that we've heard about and so on.

But also, a lot of this discussion, I mean not

just this panel, but the whole day, it could have been a discussion from 20 years ago, right. There's too many, there's overlapping programs, they're not coordinated, the rules are too problematic, there haven't been evaluation. I mean the conversation hasn't moved forward a lot in terms of the structure of the thing. Plus, everybody agrees that it's not just under funded this year, but it's been under funded in living memory. So I guess my question is, why has this system suffered, why has it been able to – unable to both fix itself, but why has it consistently suffered in terms of public attention and political support relative to the other issues that are out there? What are we doing wrong in some sense? Because we all know that the problem is huge.

MS. ELZEY: I'll start. I think one of the things that hasn't been very effective is that the business community hasn't valued the system, and I think you see that based on the advocacy that's come from the business community, on whether or not it's really been there in support of the system, and sees it, you know, as valuable.

When you go around and talk to Government Affairs

reps for other corporations, and you look to see what's on their lobbying agenda, while their community social responsibility portion of their company may be giving a lot of money to education, may be doing a lot of retraining within their own business, it is not something that's on their advocacy agenda. And I think we've got to figure out a way to make – that this system is important to them and that they're to stand up for it. And I would say one of the things we're focused on at the Chamber is trying to build the business support, not only for K-12 education, but also through work force, that we get our business members to understand why this is important, why they should care about it, and what they should do it about it.

But, quite frankly, a lot of our members don't possess a lot of good information about what the system can or should do and what their role is. And until the business organizations, whether it's the Chamber, NAM, or the business roundtable, or the state organizations come together and start to figure this out, I think we're going to have a serious issue in terms of where it is on

the agenda, especially when you're talking about all the other issues that are just business issues day in and day out, whether that be taxes, card check, health insurance, all of those things, infrastructure and transportation are all things that are – they are focused on day in and day out.

It doesn't mean they don't care about human talent, they do, but we've got to help make a better case, and I think, as a business organization, we have a responsibility to help ensure that that happens and to move it forward.

MS. FIALA: I was just going to say three things, one, an example to reinforce this. There were a number of conversations as the discussions were going along with regard to what was then the stimulus and now the recovery and reconciliation package, and one part of the discussion related to, there's all of this infrastructure funding going out, and it will create jobs.

There are the dislocated workers who have – and unemployed workers who have skills, who can move into the range of jobs that will be created relatively easily if

they know how to get those jobs and where they are.

But then there are other unemployed people, these people I mentioned earlier, who will need some pre-apprenticeship, early training to qualify for other jobs that are being created under the infrastructure.

And so the discussion related to, wouldn't it be a good idea to have some sort of very minimal, and it ended up being very voluntary amount of money that could come from the infrastructure dollars over to the work force development system, to both refer people and to do the preliminary training, to give more resources. And the other people, and they're certainly very important people who – but the road people and the shovel and dirt people and all of those people said, oh, we don't have problems like that, we don't need to spend our money like that, there are absolutely no human resource problems like that, we will have the workers.

So there's a disconnect in terms of people who are knowledgeable about the human resource side of the house and worker development and people who may be making decisions by contracting for – they're going to buy the

company that says they have the group of workers to do it, so that's the example, and I think that's important.

I think that what I would say is that earlier message that the Senator talks about, we haven't put the work force system in a discussion that ties it to long term productivity and enhancing global competitiveness, and until we do that, and people understand that, we will always have this issue.

MR. VANKLEUNEN: Well, so, to pick up on what both Karen and Gerri said, I mean I do think, in some ways, just looking at it from the perspective of the WIA system, and the WIA system made an attempt to get the business voice involved in the local strategic planning through work force investment boards, and I think anybody who knows a business person who sits on those boards, it's a tough task, right. I mean those who are still doing it, I mean there's a lot that we're asking those folks to do. A lot of it does not have to do with what does my industry need, what does my business need, I mean it's a lot of kind of their kind of doing this public service, of trying to manage a public system.

And, you know, to use an example, where the business community did step up, so I know we were going to have somebody from Pennsylvania here today, and for folks – there's a hearing on it at the House Subcommittee today on WIA reauthorization going on right now, but in Pennsylvania, they made an investment of state dollars in their own industry partnership strategy as a key part for how it was that they were going to target their WIA dollars, and when it came time to tight budget times in the state, it was the employers from those industry partnerships throughout the state who went to the state house and said do not cut this funding, this is meeting our needs, and it was meeting their needs because employers were involved in conversations by industry at the local level to figure out how to make best use of higher ed and work force dollars that are available in their communities. And so ratch that up, we should be creating that capacity nationally to make sure that that can happen in any local community. And I think that will help to solve part of the problem of where it is that the business community feels that they have some skin in the game for this

particular system.

I think one of the other things, and we've said it several times over is, there is this myth that we have this hourglass economy, so when you say why is it that we can't get popular support for this system, it's because many people have been indoctrinated to think that there is no good job out there except a job that requires a BA or a graduate degree.

And so I think that the work that Harry and Bob have done on this issue, I think the work that many folks in this room are doing are starting to show that that's not the truth. And again, you have members – leaders in industry that are stepping up and saying, yes, I need my scientists and engineers, but for every engineer I need, I need, you know, eight technically trained workers to actually implement the plans that that folks are developing. And the more that that is being said, the more we can kind of change the system.

MR. OSTERMAN: So I'm going to open up – I am going to take my privilege to make one comment on these comments, which is, it's quite – I felt it very useful,

but it's enlightening I think that everybody focused on the business constituency as what we need.

Now, I completely agree that we need the business constituency, I completely agree that programs historically have been disconnected from the business community, but there are other constituencies, right. There's the labor movement, there are community groups who represent these poor folks, you know, who should be getting into these infrastructure jobs.

They're not here in this room, or they're not – certainly haven't been on – but they haven't been on any panels, and they have misrepresent, you know, I mean they're kind of strong multi level, multi source constituencies that this program needs, this effort needs, okay, and it's kept it implicit a little in the conversation.

MR. VAN KLEUNEN: Can I answer?

MR. OSTERMAN: No; I'm going to open it up to the group. Yeah.

SPEAKER: I'm going to go back to the employer question. From my perspective, we know why employers –

that employers need to be at the table, not only because they bring the jobs, but they spend about $110 billion a year on training themselves. And kind of to your point at the beginning about a catalyst that sees – that leverages funds rather than just silos. And I wanted you to comment, is there one piece of promise in this new legislation that could really create a more – a system of greater connection and more of a catalyst so that that funding goes to address middle skills jobs?

MR. VAN KLEUNEN: Well, I mean, so, you know, there's very rocky answers to that, you know, I mean there are things that we do in terms of how we measure the success of or failure of this program or any other program. So, for instance, WIA has had this credential measure that really doesn't mean – I mean it's whatever it is that you want it to mean, right.

I mean if we had a process in this country that we actually counted middle skill credentials the way other countries and other parts of the world do, and can use that as an outcome for what is an effectively used work force investment system, I think that would move us forward

dramatically. But as Karen mentioned, you know, if you – we don't count that, right, we count folks who have a high school degree, we count folks who have an associates degree or a bachelors degree, we don't count all of those industry certifications out there, even though that's often what is going to get somebody that middle skill job.

So I think at the national level, we need to change how we're collecting education data, we need to change how we're collecting labor statistics data, we need to think about how is it we're creating a platform to then say across the board, how many of our education and training programs at the national level are moving a certain percentage of our population to some kind of middle skill credential, and I think that's – it's a rocky answer, but it is one that I think we need to address.

MR. OSTERMAN: How much time do I have – do we have, does the group have?

SPEAKER: Three minutes.

MR. OSTERMAN: Okay. Because I'm going to take three or four questions in a row and then ask the panelists to kind of remember the questions and kind of answer –

and to –

MR. VAN KLEUNEN: And keep it shorter.

MR. OSTERMAN: -- otherwise, we're just never –

SPEAKER: Or they won't be able to remember the questions.

MR. OSTERMAN: Oh, these are – they're not middle skill? Come on. I want to pick people, at the risk of offending people, who haven't spoken, too. So you, yeah, white shirt, woman.

MS. CROMWELL: Hi, I'm Patrice Cromwell from the Casey Foundation, spending a lot of time with the state of Maryland. I wanted to just pick up on the question about the disconnect and this issue of all this money going to the infrastructure area that doesn't have a formal tie to the work force system.

I was wondering, given – in the here and now, many states are wrestling with how to take advantage of those opportunities with disconnected systems. What hope is there in some of the guidelines that are coming out that are going to direct folks to putting some covenance

on those funding either through directing them to take advantage of local systems, work force partnerships, untapped populations, or do we have to beef up our advocacy, you know, continue to do that to get those results? There certainly is a requirement that every dollar that goes out of this Recovery Act, you have to show either a job creation or job saving results, and so that is forcing even school systems that are building schools to figure out how to do that.

But we can do a very serious intervention with, you know, states are taking actions to make sure there's very clear policies on how you track that, and interconnections are being made. What I'm really asking is, from your point of view, do you see any of the federal guidelines coming out on how to use this fund being more directive in those interconnections, or is it going to be really left up to the states to figure that out?

MR. OSTERMAN: Okay. So are you going to remember that question, everyone on the panel?

MS. FIALA: I'll try.

MR. OSTERMAN: Back in the back, yeah.

MR. STOKES: Yes, my name is William Stokes. It's a statement, and I'd like for you to respond to it.

MR. OSTERMAN: So my role here is to not permit statements, but only questions.

MR. STOKES: Okay. It's more – it's less of a statement. Based on the competitive nature of our existence in this society, I think there are some issues that we're either – I mean it indicates some things, like for example, are there really enough jobs available for every – every person that needs a job, and most important, do – is the reality that a lot of the jobs do not pay a livable wage?

There's an ongoing study now that's identified the fact that there are not enough jobs available in America for all graduating seniors from colleges and universities, and I'd like for you to respond to that.

MR. OSTERMAN: Thank you. One more question; yeah.

MR. MULTZ: David Multz from Inside Higher Ed. About 25 or so states have community colleges which are offering something called the Career Readiness Certificate

or Work Ready Certificate; I'm curious whether Andy and Karen would support a national portable standardized skills credential that also probably would help some of the counting of some of these work credential folks. So is there a movement towards a national portable skills credential and would you support it?

MR. OSTERMAN: Okay, thank you. So why don't I turn it over to the panel to figure out which subset of those questions they want to answer.

MR. VAN KLEUNEN: I went last, so why don't you –

MS. FIALA: I have the first question, I think. If I can remember the question, first of all, the guidance with regard to how infrastructure dollars is spent will be coming down on the infrastructure side. And remember that all of the various programs that are being funded are being funded, for the most part, it's new authority, I mean, I'm sorry, it's current authority, not new authority.

So, for example, the Surface Transit Act, the monies that deal with highways and roads and things will

be coming down through that, and I happen to know that in that Act, that .06 percent can go for worker training.

But there may be others where that doesn't happen. So then it becomes a process of how does the state, how does the governor, how does the particular state agency that gets the funds under current legislation use the – employ those funds. So it really is up to people to take a look at what's happening in the various states, in the various programs. And they're all going to report, even though there is this incredible work site, or web site, if you haven't seen it, for the recovery and reconciliation, I'll never be able to say that, there's going to be a lot of data there; whether there will be data about this, I don't know. I think you're going to have to think about it state by state and subject by subject.

MS. ELZEY: Well, I guess I can start with the career readiness question. I think from our perspective, I mean I'm not sure that we can – that we all agree upon nationally what career readiness is. So we have ACT's career readiness certificate, there's the national work readiness credential, there's the partnership for 21st

century skills, there's the work that Achieve is doing on the K through 12 side, all of these different organizations are out there, and I don't know that we've come up with really defining what is career readiness, what are those foundation skills, so I think there may need to be a little bit more work done there.

I think the other thing that's going to need to be looked at is, if we develop a certificate, will employers recognize that certificate? So our – and do we know that that's happening yet? Are employers doing something different because someone comes to them as part of the hiring process with a certificate? And I'm not sure we possess that answer across the board in terms of, yes, this means something to me, and this is what it means, and I'm going to look at this as this person may have a leg up, it may mean that they're more qualified. So I think there are a lot of other questions that we need to answer before we get to that question of, should we have a national career readiness certificate, and before we can answer that, I think we just have a lot of things hanging out there.

MR. OSTERMAN: Well, Andy, you have the last word.

MR. VAN KLEUNEN: All right. Well, the career readiness certificate, I think, right, as Karen said, there are various different versions out there, but I think it's the right question, and it goes back to the point that Israel was making, the difference between education and learning, or I would say, you know, education as defined by the institution versus skills that will get folks a job and prepare them for the labor market.

And I think the more that we start to have that kind of a conversation about what is the collection of skills that we're giving somebody and how does it connect to the labor market, whether it's through career readiness certificates or other work on industry specific credentials, I think that is the right set of questions that needs to kind of drive education conversation here in D.C. that we're going to get to this middle skill issue, I think that's one. I think I'll stop there.

MR. OSTERMAN: Thank you very much, folks.

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I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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