

John J. Heldrich Center for Workforce Development

## research report

# The State of the U.S. Workforce System: A Time for Incremental Realignment or Serious Reform?

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## Introduction

For nearly 15 years, the public workforce system has been governed by the Workforce Investment Act (WIA) of 1998. Designed to knit together fragmented programs established during the previous 60 years, WIA was regarded as a necessary and legitimate next step in creating a system that would “consolidate, coordinate and improve employment, training, literacy and vocational rehabilitation programs in the United States” (WIA, 1998).

WIA’s flagship concept was the One-Stop Career Center, which would allow job seekers to access a variety of programs through a single entry point, characterized by universal access to key services and a “no wrong door” referral system. Workforce Investment Boards (WIBs) were established as public/private partnerships to convene and coordinate local stakeholders, provide strategic guidance and oversight to One-Stops, and devise workforce strategies that respond to local economic conditions and employers.

While the problems in achieving even WIA’s minimal goals of reducing fragmentation and improving coordination of programs and services have been well documented in the past 10 years, it was the Great Recession that laid bare the many ways in which the system does not work for a 21st century global economy. This is not surprising, as 2008 was a water-

shed year for most American businesses and institutions, forcing everyone to re-assess what they do and how they do it.

Since then, the system has continued to struggle with how best to respond to an economy that has undergone monumental changes. While there have been pockets of success in local areas throughout the United States, most would agree that we are a long way from a sustainable, systemic approach to workforce development that addresses a fundamentally transformed U.S. and global economy.

While it is tempting to argue that lack of funding is the primary reason for the uneven successes of the nation’s workforce system, it is only part of the issue. For at least 10 years, the Government Accountability Office (GAO) and other research organizations have chronicled the continued fragmentation, overlap, and potential duplication of a myriad of federally supported employment and training programs designed to provide labor market assistance to all, or a subset of, job seekers, including dislocated workers, ex-offenders, displaced homemakers, older citizens, youth, veterans, women, and individuals with disabilities (GAO, 2000, 2002a, 2002b, 2011, and 2012; Besharov & Cottingham, 2011).

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And coordinating decades old programs with their respective strong cultures and state–local administrative structures and controls (such as Temporary Assistance for Needy Families or TANF, Vocational Rehabilitation, and Reemployment Services/Wagner-Peyser, for example) has proven to be more challenging for a variety of reasons, resulting in uneven capacity and quality of service across the nation.

Albert Einstein once said, “The problems we have cannot be solved at the same level of thinking that created them.” In other words, the questions we ask will frame the solutions we see. If we ask small questions, we will see small solutions. Times of economic and social upheaval call for big questions, and fundamentally different thinking.

WIA was fundamentally a response to the question: “How do we reduce fragmentation and duplication of services and bring together disparate programs in an environment of heavy job growth?” While a reasonable question for 1998, it is no longer the question we should be asking in 2012. Not only is this question too small and limiting, it also assumes a job environment that no longer exists — one where employers are desperate for workers and the primary goal of the system is labor exchange.

The intention of this report is to start a conversation about a different question, one that is bigger and more appropriate for the times. Rather than tinkering around the edges, wondering how we can become more efficient or more productive, we want to ask something bigger and bolder:

**What would a 21st Century workforce system look like if we built it for today’s economy, using today’s tools and processes?**

More to the point,

**In the new economy, where and how can the public workforce system add true and targeted value?**

Embedded in this big question are other important questions as well, including:

- **Who are our “customers?”** We talk about a “demand-driven system,” but what does this mean? And is a system entirely driven by employer demands also the best system for job seekers? Are we serving both job seekers and employers and why? Is it possible to serve both equally well, especially when their interests often collide?
- **If we are serving job seeker customers, then what do they really need in 2012 and beyond?** Should we be focusing on short-term unemployment issues or longer-term reemployment and career management? Are the programs and funding streams currently in place designed and resourced to meet the different and more complex needs of today’s job seeker? Are we funding programs or are we funding people?
- **What does a “successful system” look like in (today’s) new economy? What measures do we need in place to create a system of what success should look like today (and tomorrow)?** If we are serving employers as the primary customer, then job seeker measures do not work. And are job seeker measures that focus on short-term attachment to a volatile labor market the best measures for that population? “You get what you measure” — fundamentally, we need to be clearer about how we will define success so that it helps us drive the creation of a better system.
- **Do “place-based services” make sense in a world where services are increasingly mobile and virtual?** Should we be spending limited resources on physical infrastructure (like buildings and legacy computer systems) or on developing quality staff and the infrastructure for virtual, mobile services?

- **Do we have the most accurate, credible, just-in-time information needed to make effective decisions about programs and resources and to help job seekers make their own decisions?** If not, how can we access and use this information more quickly and with better accuracy?
- **How should the public workforce system intersect with job creation efforts?** Should it play a reactive role, struggling to keep up with the pace of change or should it be more proactive, investing in strategies that build the U.S. workforce for the longer-term?
- **How should the public workforce system intersect with the education system?** If the connection between educational attainment and long-term success in the labor market is strong, what is the rationale for separate systems, organizations, and institutions?
- **How can we access and use systems that are working well in the larger economy so that we focus our resources in those places where we can really add value?** For example, should we be investing millions of dollars in state job matching systems, when platforms like LinkedIn are already being used by both employers and job seekers? What if we redirected the resources we are using to duplicate what may already work better than anything we can create into services that no one is doing well, such as helping job seekers develop the career management skills to navigate this new economy?

This report is not meant to provide definitive answers to these questions. Instead, it is meant to change the kinds of conversations we are having about the public workforce system, to shift us from conversations about how to “fix” the existing system to conversations that allow us to reimagine and redesign a system that can adapt to fundamentally changed circumstances. We want to challenge the status quo and challenge workforce

practitioners to engage in discussions that help us fundamentally reinvent the public workforce system so that it can truly add value to a changed economy.

## Trends Affecting the Workforce System

To reimagine a workforce system built for today’s economy, we must first understand the trends affecting today’s workplace and workforce. We also must understand the general business trends that are influencing how organizations conduct business. The intersection between these trends create new opportunities and new questions for the workforce system to explore. They are the “new reality” that the workforce system must adapt to today.

The key trends influencing the public workforce system include:

1. Slow growth economy and “jobless recoveries”
2. Changing labor markets and employment relations
3. Advances in information and communications technology
4. Demographic changes
5. Reduced funding for the system

### *Trend #1. Slow Growth Economy and Jobless Recoveries*

Clearly, the Great Recession dealt a devastating blow to the national economy. Businesses laid off employees in numbers not seen since the Great Depression, decimating industries and occupations across the spectrum. The McKinsey Global Institute (Manyika et al., 2011) estimated that seven million jobs have been lost since December 2007. Fur-

ther, there has been a 23% drop in the rate of new business creation, resulting in as many as 1.8 million fewer jobs. To return to “full employment” by 2020, McKinsey projects that 21 million jobs would need to be created.

These statistics are borne out by the Bureau of Labor Statistics (2012), which indicated in its most recent (March 2012) statistics that there are 3.4 job seekers for every job opening. This mismatch between the number of job seekers and the number of job openings cuts across every major industry, although those industries employing lower-skill workers have many more applicants, compared to the available jobs. According to the Bureau of Labor Statistics (2010a) in its study of dislocated workers from 2007 to 2009, the legacy of the Great Recession shows a more universal pattern of job losses across industries than seen in previous recessions (e.g., manufacturing as well as construction, financial services, government, educational services, and retail) and workers (e.g., blue-collar as well as white-collar workers).

Currently, there is little evidence to suggest that these numbers will be changing anytime soon. “Jobless recoveries” have become the new norm, in part because of trends in globalization and technology, examined later in this report. Further, as the McKinsey report indicates, where businesses in the past may have responded to economic downturns by sacrificing some profitability or productivity, now they are more likely to turn to layoffs (usually permanent) as the solution.

### *Challenges for the Public Workforce System*

Jobless recoveries and slow economic growth mean longer periods of unemployment for more people. This extended unemployment not only takes a financial toll on workers, it also reduces their marketability when jobs do return. Worker skills erode and employers are less interested in applicants who have not

worked in months or, in some cases, years — especially in an economy where they can afford to be choosy.

Further, with more frequent and more extended periods of unemployment, more job seekers are accessing an already overtaxed workforce system. They require more services for longer periods of time, something for which the current system was not designed and for which it is poorly equipped. And, as a response to the lack of wage-based job openings (in which workers possess appropriate skills), more and more workers are looking at self-employment and freelance work as viable alternatives to employment, another area for which the current system is ill-prepared to provide assistance.

### *Trend #2. Changing Labor Markets and Employment Relations*

#### *Continued Globalization = Changes in Work and the Workplace*

Globalization and advances in technology continue to create rapid changes in how we work, where we work, and what our workplaces look like. The nature of work and the types of jobs in today’s economy have undergone fundamental changes. As noted by Manyika et al. (2011), as the United States looks to replace jobs lost by the Great Recession, many workers are finding themselves confronted by an ever-evolving employment landscape characterized by:

- A shift away from full-time permanent employment toward different employment arrangements, such as freelance/contract workers, temporary and contingent workers, and part-time and “just-in-time” staffing.
- Increased demand for both “hyper-specialized” workers with very specific high-level skill sets, and for “super-generalists” — workers who can perform a variety of work tasks that cross the standard occupational classifications.

- Increased use of sophisticated technologies to replace workers and lower costs. Huge distribution centers, for example, can be run with 20 workers and a set-up of computer-controlled robots that do the work faster and more efficiently than even their best human counterparts. Technology is also being used to outsource work to the cheapest labor markets.

A significant increase in jobs that require greater skills, innovation, and creative thinking, as well as entrepreneurial and technical skills requiring more advanced knowledge and higher education.

### *Unemployment as a Fact of Life*

As companies increasingly choose layoffs as the first line of defense in dealing with business downturns, workers face more frequent and, potentially, longer periods of unemployment. What had been a once- or twice-in-a-lifetime event for most people is increasingly becoming a regular occurrence, particularly for those with less education and fewer skills. Living with this kind of instability takes a financial and emotional toll on workers. It also creates a depressing spiral of downward mobility as each period of unemployment often culminates in workers taking a lower-paying job than the one that they held previously.

### *A “Polarization of Opportunities”*

Increasingly, the shifting employment landscape is creating a polarization of opportunities for U.S. job seekers. On one end of the spectrum are highly skilled and educated workers who have the marketing savvy to “brand” themselves in an increasingly competitive job market. This new breed of workers enjoys greater freedom and flexibility, higher wages, and lower rates of unemployment.

On the other end of the spectrum are lower-skilled workers with a high school diploma or less and minimal technical skills. The work environment for these individuals is charac-

terized by lower wages, a greater likelihood of part-time or temporary employment, and increased episodes of unemployment that last for longer periods.

While this is nothing new — more highly educated workers have long tended to do better than less-educated workers during recessions, what is new is the speed and frequency with which occupational skill requirements and industries are changing. Researchers have long chronicled the growing “skills mismatch” — where employers note the gap between job openings going unfilled because workers lack the more advanced skills they say they need. But in the labor market of today, individuals who are “highly skilled” now can be tomorrow’s unemployed when companies begin shifting job functions and demanding certifications and skills workers have not anticipated. Not only can “educated” workers find themselves out of a job, these rapid changes make preparing for an occupation a moving target, especially for those who have less education and experience. Navigating these churning employment waters is difficult for economists and analysts who try to understand what is going on, let alone for individual job seekers.

### *Career Management and Training Shifted from Employer to Employee*

In decades past, when workers remained with a single employer for most of their careers, training and education were provided by the employer. Whether through formal courses or “on the job,” employers assumed the costs and responsibility for ensuring they had a skilled workforce. As layoffs become the norm, though, and the average tenure at a company is 4.4 years (Bureau of Labor Statistics, 2010b), companies are taking less responsibility for the career development of their workers. Apprenticeships and management training programs are disappearing at an alarming rate and most companies in this highly competitive job market make it clear that new employees must come prepared to “add value” from day one.

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In addition, the rise of temporary, part-time, contingent, and contract workers has created entirely new classifications of people who are not eligible for company-sponsored training, even if it is being provided and/or paid for through government subsidy or grants. These individuals are on their own and must figure out what skills they need and find ways to pay for getting them.

This more unstable, volatile job market puts the onus for career and professional development squarely on individual workers, who more often than not lack the skills and resources to navigate a perplexing and complex web of occupational requirements, training, and education programs. Further, today's workers must engage in active career management throughout their working lives. Rapid technological innovations, constant organizational restructuring, and ongoing market shifts transform job functions and requirements every few years, rather than every few decades. Workers are caught in a maelstrom of training programs where they are forced to train and retrain at the whims of the marketplace with little guidance, useful or timely information, or support.

### *Job Search is More Complicated and Technology-Driven*

With the constant churn and volatility of the labor market, job search has become far more complicated. We have entered the era of ongoing “personal branding” where workers must be looking for their next job at all times. Job search has moved largely online and requires even lower-skilled job seekers to use more sophisticated technology and branding skills.

An increasing number of job seekers must now be able to complete online applications, optimize their résumés with keywords, and present themselves well in multiple levels of interview screening that increasingly includes online video screens. They must also be able to engage in sophisticated networking and

company research in order to craft résumés, cover letters, and an “online brand” that will attract the attention of potential employers.

To engage in effective job search, it is clear that a vast majority of job seekers need ongoing education and support, not only when they are unemployed, but also while they are still working. Techniques are changing rapidly and workers who do not keep up will find themselves overwhelmed and at a distinct disadvantage when they experience their next period of unemployment.

### *Challenges for the Public Workforce System*

Unmistakably, the changing nature of work, and the restructuring of work, jobs, and occupations means we are working in an economy where there are not enough jobs for everyone who wants to work. Where the jobs do exist, they are either low-wage, low-skill jobs that do not pay family-sustaining wages or they require more extensive skills, education, and training than many workers today currently possess. Much has been written in recent years about the rise in “middle skills jobs” — jobs that require some postsecondary education, or training but less than a bachelor's degree, which has contributed to the increasingly important role played by community colleges in workforce development. The incessantly evolving nature of work means, too, that workers are forced into an ongoing cycle of career exploration and management, regular job search, and constant retraining and reeducation to try to stay one step ahead of their next pink slip.

To navigate these unstable career waters, job seekers need access to ongoing career management supports, longer-term career training and education programs, and timely, high-quality information about skill needs and occupational requirements. This is true for all workers, not just the low-income and disadvantaged populations traditionally served by the public workforce system. Youth and adults in the hardest-to-serve categories

(high school dropouts, ex-offenders, TANF, etc.) need even more intensive supports and longer-term training that can connect them to the middle- and higher-skill jobs that will pay a living wage. But even those who are working will need to acquire new skills and credentials on their own, most likely outside of work, if they are to move up any kind of career pathway, giving rise to the concept of the “working learner” (Soares, 2009). Further, the need to blend both work and ongoing learning has contributed to the notion of stackable credentials that workers can accumulate and build up over time.

### ***Trend #3. Advances in Information and Communications Technology***

Technology and automation are becoming increasingly sophisticated, causing jobs to be eliminated, requiring workers to have jobs that require more advanced technology and digital skills, as well as offering opportunities for a new wave of workers to work in ways that are not tied to physical spaces and places, thus creating tremendous location and time independence. Technological advances that are affecting our daily lives, work, and workplaces include:

- The increasing portability of information through multiple mobile devices and applications (e.g., cloud computing, wireless networks, notebooks, text messaging, smart phones, and mobile applications);
- An acceleration of networks, hyper-connectivity, and instant information through the Internet and due to the expansion of social media; and
- Advances in digital data mining and analysis, resulting in more targeted and customized experiences for consumers (in products, services, and marketing) as well as improvements in the tools and techniques needed to access, organize, and glean information from huge volumes of digital data.

Technology is not only changing the way workers work (for example, creating a new breed of “24/7 hyper-connected” individuals who can use their notebooks, smart phones, text messaging, and social networking wherever and whenever they need to) but it also is continuing to change business structures. Advances in communications technology have allowed businesses to continue to flatten and decentralize, and most importantly, to use technology to create organizational structures that are more mobile and/or productive with fewer workers.

### ***Challenges for the Public Workforce System***

For the current workforce system, the flattened and decentralized workplace is both a challenge and an opportunity. On the one hand, these technological changes are contributing to the ability of businesses to shed permanent workers, increase their use of temporary and contingent workers, and continue to replace jobs with technology, resulting in more job churning and higher unemployment.

On the other hand, these advances mean today’s job seekers have higher service delivery and information expectations. They now expect (as they do in the private market) services and information to be delivered quicker and in multiple ways, especially over the Internet, through social media and mobile devices, and with more current and customized content.

Furthermore, these advances are affecting the expectations of business as well. Using technology, businesses can now get what they want quicker and with less effort using the private market for their recruitment needs (for example, through the use of social media sites such as LinkedIn and Facebook) than what can be provided by the workforce system.

Technology forces us to now question what is a “value-added” service (or service delivery infrastructure) to both job seekers and busi-

ness, and where and how those services can (or should) now be best provided. Recent innovations in communications and information technology can today make place-based services seem less efficient and old-fashioned, and virtual, online, and “self” services more cost-effective and contemporary. While technology has claimed its victims in the labor market, new developments in information and communications technology can provide the current workforce system with opportunities to vastly change and improve services and its delivery system to a wider array of job seekers and businesses, not tied to geographic locations, using data mining and analysis to target and customize services and information, 24/7.

### *Trend #4. Demographic Changes*

#### *The Aging of the American Workforce*

The American public is aging. In 2000, over 45 million Americans were 60 years and older, representing 16.3% of the U.S. population. By 2010, the population age 60+ had grown to over 57 million, 18.4% of the population, or one in every six Americans. By 2050, the U.S. Census Bureau and other leading demographers project the population 60 and over will grow to over 112 million, more than twice the number in 2000 (U.S. Administration on Aging, 2011). Because fertility rates are declining, the U.S. workforce will have fewer younger or prime age workers supporting those people who are over 65. In 1950, there were six workers for every elderly person. By 2010, that ratio had dropped to five workers for one older person, and it is projected to fall to four workers for every older person by 2030. As Americans age, so does the nation’s workforce. As reported by the Bureau of Labor Statistics (2010b), the number of older workers is predicted to grow substantially over the next two decades, and will become an increasingly significant proportion of all workers. By 2018, nearly 24% of the labor force is projected to be persons age 55 and older.

By all accounts, many older workers, including those who have retired from their principal career, want to stay employed — and not only for financial reasons. According to 2008 data from the Sloan Center on Aging and Work, more than half (53%) of adults working after they have retired from their principal career do so because they need or want additional income (Pitt-Catsoupes, Matz-Kosta, & Bensen, 2009).

#### *Declines in Employment Opportunities for Young Adults*

Commensurate with the aging of the American workforce, the United States is seeing vast declines in employment opportunities for young adults. As noted by Fogg and Harrington (2011), there has been a sharp reduction in youth (16 to 24 years old) labor force participation rates across the nation, with the share of teens actively engaged in the labor market declining from 52% in 2000 to 35% in 2010, and young adults declining from nearly 78% in 2000 to just over 71% in 2010.

Weak labor market attachment and work experiences for young people not only have negative effects on the young adults, but their families, communities, and the overall future quality of the national labor force. As noted by Fogg and Harrington (2011), “Young people who are not engaged in work or school do not adequately develop their productive abilities, resulting in diminished lifetime earnings.” In addition, early and long absences from a connection to work diminishes their academic, communications, and soft skills; provides them with little to no real work experience so valued by employers in today’s market; and ultimately further deteriorates their future job prospects (Fogg & Harrington, 2011).

#### *The Rise of the Hispanic Population and Workforce*

Another significant demographic trend is the changing diversity of the American population. As reported by the U.S. Census, in



2011, the Hispanic or Latino population surged 43%, rising to 50.5 million in 2011 from 35.3 million 11 years earlier. Latinos now constitute 16% of the nation's total population. According to the U.S. Department of Labor, at nearly 23 million, people of Hispanic or Latino ethnicity represented 15% of the U.S. labor force in 2010. By 2018, Hispanics are projected to comprise 18% of the labor force. While the Hispanic population has an employment rate about equal to the white population, they are less likely to have a college degree than either whites or blacks and the gap between employed whites with a college degree and employed Hispanics with a college degree is widening. In addition, the median weekly wage of Hispanics was 70% of that earned by whites and 88% of that earned by blacks (U.S. Census, 2011; U.S. Department of Labor, 2011).

Noteworthy is the higher unemployment rates seen in Hispanic youth (age 16 to 19) versus adults. As reported by the U.S. Department of Labor (2011), the unemployment rate for Hispanic youth reached a high of 32.2% in 2012 and has remained steadily high. Most notable was the large numbers of Hispanic teens who are no longer in the labor force. One factor, explains the U.S. Department of Labor, is the educational attainment (or lack thereof), and the higher representation of Hispanics in lower-skilled, high job loss industries such as construction, and lower representation in higher-skilled occupations such as science, technology, engineering, and mathematics (U.S. Department of Labor, 2011).

### *Challenges for the Public Workforce System*

The public workforce system faces a significant challenge stemming from these changing demographics. The rising labor force participation of older adults, or the prospect of older men and women looking or needing to work longer, will most likely result in an increase in older workers over age 50 seeking workforce and education services and supports to work longer. As noted in recent research conducted by Heidkamp, Mabe,

and DeGraaf (2012), older workers are apt to need more, and more effective, assistance than they are currently receiving from the WIA-financed system to facilitate their retention and/or return to work, such as re-skilling, retraining, and enhanced education.

The declining labor force participation and unemployment among the nation's youth is likely to manifest itself in a competition for resources and services between older and young adults. While the public workforce system presently provides less access to training for older job seekers versus younger job seekers for a variety of reasons (Heidkamp, Mabe, & DeGraff, 2012), the rising labor force withdrawal and unemployment among youth, especially males, is gaining national attention. All in all, a continued decline in their labor market attachment now will mean that the public workforce system down the road will be seeing more adults with poor work histories, poor educational attainment, and poor skills who are not able to gain employment because they lack the qualifications with specific skills in demand by employers.

Finally, the increasing Hispanic population will place greater demands on the workforce and education systems, as One-Stop operators and local educators witness an increase in low-skilled, non-college-educated workers with limited English-speaking skills. These workers are likely to need resources and support to overcome basic literacy, numeracy, and digital skill barriers — skills necessary to enable them to access and graduate from postsecondary education in order to move into higher-growth, higher-skills jobs.

### *Trend #5. Reduced Funding for the System*

Federal, state, and local governments have not been immune to the Great Recession. They took huge hits in 2008 and continue to struggle with the lingering effects of budget deficits and discretionary spending constraints.

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As part of an overall attempt to reduce government spending, the public workforce system has seen its share of funding decrease steadily over the past several years. While there was a brief influx of funds under the American Recovery and Reinvestment Act, the system now must serve more people with less money. *The New York Times* recently reported that funding for training under WIA is 18% less than in 2006, even though there are six million more unemployed workers, and Wagner-Peyser has been cut by 13% (Rich, 2012).

In addition, there has been considerable growth in entitlement spending, most notably Social Security (Retirement, Disability Insurance), Medicare, and Medicaid. According to the U.S. Office of Management and Budget (2012) and Austin and Levit (2011), today more than half of the federal budget goes toward mandatory spending outside of the annual budget process, including Social Security, Medicare, Medicaid, Troubled Asset Relief Program or TARP, TANF, and other programs. In 2010, Social Security accounted for a fifth of federal spending. Medicare and the federal share of Medicaid, the fastest growing components, accounted for 23%. Compared to 1962, before the creation of Medicare and Medicaid, mandatory spending was less than 30% of all federal spending.

Contributing to this increase has been the decline in non-entitlement discretionary domestic spending provided through appropriations acts, the stability of discretionary domestic spending as a share of Gross Domestic Product, the increase in health care costs per capita, and the growth of beneficiaries of entitlement programs (Austin & Levit, 2011). All in all, if the growth in mandatory spending increases (without other measures put in place to decrease spending or alter benefits), if action is taken to reduce the federal deficit, and if there is no support for raising taxes,

changing the tax code, or reducing military spending, then it is most likely that there will be continued Congressional efforts to decrease discretionary domestic spending. The result is obvious — less federal (and likely state) resources available to support the public workforce system.

### *Challenges for the Public Workforce System*

The public workforce system is facing unprecedented resource pressures at a time when the nation needs more effective education and workforce policies to meet the demand for qualified, skilled labor. Without a doubt, especially in light of fiscal constraints, any vision for the future of the workforce system must include challenging our assumptions about how and where it provides services, who is best suited to provide what services, as well as how to provide more services and better services to more people with less resources.

## Challenging Our Assumptions

Looking at these five trends, it is clear that we are working in a vastly different economy than the one that existed even 10 years ago. If the public workforce system is to remain relevant and viable, we must begin to question old assumptions about how the system should operate and develop new strategies that take into account this new economy. We need a new conceptual framework for thinking about what we do and how we do it.

To start the conversation, we offer our perspective on where we believe the system is today, and where we think it should be heading if we built it for today's economy:

**Where We are Today: The Old Approach to Workforce Development**

**Where We Need to Be: A New Approach to Workforce Development**

Responsive to the bureaucracy, service providers, and program administrators.

Responsive to the hiring market and job/skill needs of local and global employers and job creators.

Funding tied to distinct and separate programs and policies from the 1930s, 1960s, and 1990s, separate from the secondary and postsecondary education system, requiring a sophisticated knowledge of eligibility, funding streams, and regulations to navigate.

Flexible, simplified funding that can be used to serve a wide variety of job seekers. Programs and policies are aligned or part of the education system and labor market needs. Processes for accessing funding are simplified so that services can be better coordinated.

Funds programs not people. Funding tied to individuals and distinct special/sub populations but eligibility and service packages dictated by program rules.

Funds people not programs. Flexible funding that offers resources for services and work supports that are available and tied/customized to what each individual needs to succeed.

Focused on job development and matching with traditional employers offering wage-based employment. Connections to economic development and education limited. Resources and income support benefits tied primarily to traditional wage-based employment or to a classification of worker.

Targets resources and services to activities likely to create job growth, including wage employment as well as entrepreneurship, small business, and social enterprise incubation. Work supports and income support benefits help a wider array of workers and working arrangements that acknowledge the flexible and mobile ways more people are working.

Views education, training, and career development separately from (re) employment assistance and Unemployment Insurance.

Views education, training, and career development as a vital part of (re) employment assistance and Unemployment Insurance.

Views education and training as a social service.

Views education and training as preparation for a job and as critical to skill and career development and long-range economic security.

Offers a menu of one-size-fits-all (core, intensive, training) to job seekers at a geographic location.

Offers a variety of services customized to the job seeker when and where they want/need it. Offers both “high tech” (self-directed, virtual, and mobile services) and “high touch” (personal, targeted, customized) not necessarily in a physical space.

Services and labor force planning tied to geopolitical boundaries.

Services and labor force planning tied to economic markets and high-growth/strategic industry sectors.

Services focused equally on the “dual customer” of job seekers and business.

Services focused on the job seeker as the primary customer, yet responsive and relevant to, informed by, and closely aligned with the labor market, employers, and job creators.

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### Where We are Today: The Old Approach to Workforce Development

Uses technology to collect individual data, process transactions, and push out information to customers.

Resources and investments directed at building separate information technology systems, physical spaces, integrating and coordinating separate programs and funding, and staffing.

Innovation and experimentation tied to new grants and add-ons while maintaining traditional programs and funding arrangements.

### Where We Need to Be: A New Approach to Workforce Development

Uses technology and data to customize services and supports and get services and resources more quickly and with higher quality to job seekers, to analyze trends and effective practices, and to pull in information/feedback from customers as well as push out information.

Resources and investments directed at the professional development of workforce staff, providing higher quality and more timely information; harnessing, analyzing, and mining data; and making better use of existing technology and social media platforms and applications.

Innovation and experimentation embedded in flexible, fungible funding nationwide with resources tied to evidence-based practices.

## Conclusion: From Problems to Possibilities

While it is tempting to view these changes only with pessimism, they also offer new opportunities for the workforce system to reinvent itself and re-evaluate how it provides value to its customers. The system will need to look at how it currently allocates resources and determine if there are better ways to leverage and use the same resources that businesses are using to reinvent themselves every day.

We need to rethink how the public workforce system can support workers in an economy where lifelong career management/education, freelance/contingent work, and more frequent and longer cycles of unemployment are now the new norms.

We need to re-evaluate how we are investing in and providing services in a world where cheap cloud computing, mobile technolo-

gies, and new working arrangements make virtual and mobile services a viable alternative to place-based services.

And finally, we need to explore how we can better leverage evolving private-sector tools and platforms to conduct our work so that we can focus our limited resources in ways that truly add value.

The problems our nation's workforce system are facing are not insurmountable, but they do require us to engage in an honest dialogue about the realities of our situation and how the public workforce system can truly add value.

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