

HIGHLIGHTS OF A GAO FORUM

Workforce Challenges and Opportunities For the 21st Century: Changing Labor Force Dynamics and the Role of Government Policies

Why GAO Convened This Forum

The U.S. workforce of the 21st century is facing a very different set of opportunities and challenges than that of previous generations. Demographic and economic trends indicate that the size and composition of the labor force, as well as the characteristics of many jobs, are changing in the 21st century. For example, the labor force is projected to grow much more slowly and to become older and much more racially and ethnically diverse. In addition, increasing global interdependence, technological change, and the growth of the knowledge-based economy will likely continue to change the skills that employers need in many sectors of the economy.

To discuss the impact of these demographic and economic trends and the appropriate role for government in responding to labor force challenges, GAO hosted the "Workforce Challenges and Opportunities for the 21st Century Forum" on April 22, 2004. Forum attendees included government officials, business and union representatives, and other national experts on workforce issues.

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What Participants Said

While participants debated the extent of future labor shortages and which industries and workers may be affected, they generally agreed that the United States will soon face tight labor markets in part because of projected demographic trends and the need for higher skills in order to be competitive for higher-wage jobs. Forum participants made the following observations regarding demographic trends and skills:

- *The baby boom generation could affect the U.S. labor market.* The approaching retirement of the baby boom generation could lead to tight labor markets, affecting some industries more than others.
- *Labor force participation rates are low among certain populations.* High school dropouts, low-income individuals, and some minority groups continue to have low labor force participation.
- *Immigrants help meet U.S. labor demands.* Both legal and undocumented immigrants play a role in the current and future workforce.
- *The United States is moving toward a knowledge-based economy that requires higher skills.* A knowledge-based economy increasingly requires workers to have more advanced skills and higher levels of education than in the past.
- *Workers are not receiving needed training.* More training is needed, although it is unclear whether employers or employees are responsible for providing it.
- *Some countries have a greater supply of young, well-educated workers.* The United States faces a significant demographic difference in terms of the age of U.S. workers and their technological skill compared with workers in countries such as India.
- *Offshoring of jobs has increased and is likely to continue.* Given the high level of education and worker skill development in some countries, jobs moving offshore are no longer low-wage, low-skill jobs.
- *Career education and apprenticeship training are not given enough emphasis.* Some youth may not pursue higher education and instead need training, such as career education or apprenticeship training.

At the forum, participants suggested several potential solutions to address the tight labor market that considered both the needs of the U.S. labor force and the realities of a tight fiscal environment:

- *Increase the effectiveness of publicly funded training programs.*
- *Encourage employers and unions to take the lead in determining training needs.*
- *Promote alternative education and training opportunities.*
- *Keep older workers engaged in the labor force.*
- *Consider changing immigration policies to better meet future workforce needs.*