

Education and Employment Challenges for the 21st Century

The shift to a global economy and changes in technology, the nature of work, and workforce demographics are challenging customary federal approaches to education and employment. The global economy and advances in technology enable work to be shifted to other countries or render some jobs obsolete. If we are to compete effectively in a growing, knowledge-based economy, our educational system must equip children with appropriate skills to meet high standards and provide means for adults to continue to learn new skills and enhance their existing abilities. This will require ensuring that diverse populations have access to postsecondary, vocational, and adult education. As an increasingly volatile job market creates and eliminates jobs, federal programs that train new workers or support workers who lose their jobs must also be capable of responding to sudden changes in the economy. Federal efforts to protect workers must account for changes in the nature of work: membership in organized labor has declined, traditional work arrangements are giving way to alternatives such as temporary employment and teleworking, and lifelong service with a single employer is becoming much less common.

Changes in workforce demographics pose additional challenges. The U.S. labor force has more than doubled in the past 50 years but is now growing at a much slower rate. Women, who helped fuel past workforce growth, are expected to join the workforce at a constant rate, and baby boomers are likely to begin retiring in large numbers in less than 5 years. As a result, those leaving jobs are expected to outnumber those seeking jobs in certain industries. The tighter job market will challenge federal efforts to ensure that employers have enough workers with the right skills to help promote economic growth. This trend also underscores the importance of addressing current pension, disability, health, and immigration policies. With regard to the latter, it will be important to consider whether the number of visas allowed for both employment and education may affect long-term competitiveness, and our ability to build bridges with other nations, their people, and their cultures while addressing our national and homeland security needs.

The following challenges and illustrative questions provide a framework for thinking about these issues in the future.

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With rapid advances in technology, increases in global trade, and the availability of highly educated foreign workers, U.S. workers increasingly need advanced skills to remain competitive. Determining what skills workers need and providing the right opportunities for acquiring those skills will depend, in part, on building partnerships among the multiple federal agencies and other key nonfederal players that support employment training, industries, and employers. In developing these partnerships, avoiding redundancy and ensuring sufficient numbers of workers with the right skills will be crucial. This challenge may become more difficult to address if labor markets tighten over the next 20 years as the baby boom generation retires, labor force participation rates for women remain flat, and immigrants face potential difficulties in obtaining visas given heightened security concerns. These shortages will have implications for the broader economy and budget as well as the Department of Labor's efforts to ensure that employers have sufficient numbers of workers with the right skills.

▶ *Should federally funded training programs operated across multiple federal agencies—9 federal agencies administer 44 such programs—be better integrated and restructured in order to increase their cost effectiveness?*

▶ *How can existing policies and programs be reformed to ensure that employers have sufficient numbers of workers with the right skills (for example, modifying pension policies and regulations so that workers can work part-time and still receive a pension)?*

Many of the federal government's higher education policy tools—especially its grant and loan programs—were designed decades ago to meet the needs of traditional students in traditional academic settings. However, they may not be well suited to an increasingly diverse population that includes working adults, single parents, students with disabilities, and increasing numbers of minorities. In addition, these tools may not be structured to take advantage of the potential for cost savings or widening access provided by distance education technologies. The adoption of tax policy tools in the last decade has resulted in some of these policies working at cross-purposes to traditional grant and loan programs. For example, under the Higher Education Act, students seeking federal grants

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and loans are penalized for having saved funds to pay for their education, while the Internal Revenue Code has encouraged saving by exempting individuals from federal income taxation on interest income used to pay for postsecondary education.

► *Is there a need for better coordination—or integration—among higher education policy tools (such as grants, loans, and tax preferences) or periodic examination of those policy tools that are not routinely subject to periodic reauthorization or appropriation, such as the Hope and Lifetime Learning tax credits, for which tax filers claimed nearly \$5 billion in 2002?*

Higher education is increasingly global in nature as students study outside their country of origin with greater frequency and universities have become multinational institutions. While the United States has long been the global leader in higher education—and the most desired destination of foreign students seeking higher education—recent graduate enrollments have fallen, and institutions in other countries have captured an increasing share of the international student population. The adoption of tighter security requirements has widely been argued as contributing to the decreased enrollments of foreign students in the United States.

► *How can the United States balance immigration policies—such as worker and student visa programs—to address employers' need for workers with particular skills, particularly math and science, the nation's need to maintain global leadership in areas such as science and higher education, and the nation's homeland security requirements?*

The large achievement gap between students of different backgrounds has persisted for four decades despite a significant federal investment in educating disadvantaged students during that time. Many disadvantaged children start school with fewer skills than their more advantaged peers. Research shows that early intervention helps children succeed in school and is particularly effective for the most disadvantaged students. It is less clear whether current levels of coordination among the myriad federal and state programs efficiently produce desired results for particular subgroups of children. For example, systematic information is not available on the total number of preschool children receiving

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subsidies through various federal programs and/or participating in state-funded preschool. This prevents a comprehensive assessment of how fully the combination of federal and state programs addresses preschoolers' needs. Recent legislative initiatives, such as the No Child Left Behind Act with its emphasis on accountability, may help change this trend and could be aided by retargeting of federal investments. The Elementary and Secondary Education Act was passed in 1965 to provide assistance to states in educating disadvantaged students through Title I, the largest federal program for elementary and secondary education. However, since about 90 percent of school districts receive these Title I funds to improve the education of disadvantaged students, including a growing number with limited English proficiency, an opportunity exists to improve targeting of funds to school districts having the greatest number and percentage of disadvantaged children.

▶ *Is there a need to reexamine the federal investment for early childhood programs (e.g., funds provided under the Child Care and Development Block grant and certain expenditures under Title I) to better coordinate them and support state and local efforts to prepare disadvantaged children to succeed in school?*

▶ *In light of the increasing diversity of the nation's school age population, should the Department of Education reexamine whether there are opportunities to better target limited resources such as Title I funds so that the needs of disadvantaged students including those with limited English proficiency are better addressed?*

Federal agencies that help employers provide safe, healthy, and productive workplaces, such as the Occupational Safety and Health Agency (OSHA), will have to adapt to both changes in workforce demographics—the rising proportion of older workers in general and immigrant workers in some occupations—and the rise of nontraditional workplace arrangements, such as increased use of independent contractors not covered by most worker protection laws.

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▶ *Do recent changes in the labor force makeup and work arrangements—such as the growing use of telework and the increasing number of independent contractors—warrant a reconsideration of the Department of Labor’s focus, such as through OSHA, on traditional workplaces as part of its efforts to ensure worker safety?*