The Evolution of American Labor Market Policy

The Historical & Political Context

CLASP
Workforce Policy Forum
May 9, 2011
Overview

• DOL Formed in 1913
  – Lack of Labor Market Policy/Plan
  – Controversial (Taft-Hrs Before Wilson)
  – Response to Labor Wanting “Voice in The Cabinet”

• DOL Not Involved/Responsible In:
  – WWI
  – Depression Programs
  – WWII

• Three Basic Periods of Labor Dept Evolution:
  – #1 Industrial Transformation
  – #2 Social Policy
  – #3 Economic Policy
#1 Industrial Transformation

- Labor Strife and Mediation
  - US Conciliation Service
  - Bureau of Labor Statistics
  - Bureau of Immigration
  - Bureau of Naturalization
  - Children's and Women's Bureau

- WWI
  - War Labor Admin
    - Adjudicating Labor Disputes
  - 8 Hr Workday
  - Davis Bacon
Industrial Transformation (Cont)

• Depression
  – Davis-Bacon
    • Stabilize Wages in Construction
  – Employment Service Within Bureau of Immigration
  – Wagner-Peyser
    • Nation Wide System of Employment Service Offices
  – Unemployment Insurance
  – Fair Labor Standards Act
Industrial Transformation (Cont)

• WWII
  – Labor Standards
  – Data (Price Stabilization Board)
  – Taft-Hartley
    • Post World War II Inflation/Strikes

• Employment Act of 1946
  – First Major Labor Mkt Policy Statement
  – Only Fiscal Macro Policy

• ARA 1961
  – Direct Response to Industrial Transformation
    • Automation and Unemployment
  – Community Assistance for Economic Development
  – Unaware of ‘Social Impact of Transition’
Period of Industrial Transformation Characterized by:

- High Population and Immigration Growth
- High % of Unskilled Jobs & Labor
- Universal K-12 Education
  - Very Little Access to HE Until GI Bill Post WWII
- HS Deg or less Ample for Transition from Ag Economy to Industrial Economy
- Rate of Change Accelerated
  - Union Growth
  - Standard of Living
  - Growing Labor/Skill Shortages
- 60 Years of Adjustment to Industrial World

No Focus on Impact of Education or Training As Labor Market Tool....Assumption of Temporary Assistance for Short Term Dislocation
#2 Social Policy

- **MDTA 1962**
  - First Labor Market Policy Frame Work
  - Strong Centralized Federal Program For Training
    - Identifying Labor Shortages
    - Training the Unemployed
    - Sponsoring Manpower Research
  - Developed To Shift ARA Focus from ‘Communities’ to ‘Individuals’
  - Immediately Overtaken by..
    - ‘Great Society’ and ‘War on Poverty’
Social Policy (Cont)

• Established Manpower Administration to Oversee..
  – Neighborhood Youth Corps
    • 1.5 Mil Poor, Unemployed Youth Work/Complete HS
  – Special Impact
    • Services for People in Poor Neighborhoods
  – New Careers
    • Training in Health, Education, Public Safety
  – Work Incentive Program
    • Able Bodied from Welfare to Jobs
Social Policy (Cont)

• Contracted With ‘Expeditious’ Public and Private Agencies (Direct Fed Contracts)
  • Directed Secretary to Set Standards for Operation, Quality, and Content
  • Negotiate with Agencies for ‘Training Schedule’

• Major Role for DHEW
  – Voc Ed Expansion (Unions Vs AVA)

• Manpower Report To President
• EEA 1971
  – First Attempt at Comprehensive E&T Failed
  – Passed EEA in Response to High Unemployment
  – $$ to State & Local Governments for Public Service Jobs
  – Established First Attempt at ‘Revenue Sharing’
    • Jurisdictional Allocation of Funds
    • Jurisdictional Management of Programs
#2 Social Policy (Cont)

• **CETA 1973**
  – Rallying Cry for Comprehensive Reform
    • “10,000 Individual Contracts”
    • “Training for Jobs That Don’t Exist”
  – Clear Revenue-Sharing
    • Funds and Decision Making
  – Established New Concepts of..
    • Prime Sponsor Jurisdictions
    • Allocation Funding Formulas
    • Hold Harmless Stop/Gain Funding
    • Private Industry Counsels (Advisory)
  – Established the First National Frame Work for Training the Disadvantaged
    • DOL Had no Experience or Structure
    • Major Task Force for Regulatory Development
#2 Social Policy (Cont)

- Manpower Admin. Renamed ETA
- Major Tension Between Fed Gov and NGA, NACO, Conf of Mayors, and NLC
- DOL Established Directors Work Group
- CETA Reauthorized 1978
  - Sharper Targeting on Disadvantaged
  - New Focus on Private Sector (PSIP)
- Targeted Jobs Tax Credit 1978
  - Credits for Hireling Disadvantaged
- Youth Employment Demonstration Projects
#2 Social Policy (Cont)

- **JTPA 1983**
  - Partnership Between Business & Gov At All Levels
    - Strengthened Role of Private Industry Counsels (PIC’s)
  - Increased State Role in Lieu of Federal Control
    - Local Decision Still Paramount
  - Increased Focus on Training
    - Repeal of Public Employment Program
  - Focus on Economically Disadvantaged
  - Introduced ‘Dislocated Worker’

- Increased Focus on Youth

- **Wagner-Peyser Amendments**
  - More State Authority on ES Offices and Services

- **Project Literacy USA (PLUS)**
  - Growing Focus on Lack of Basic Ed Skills for New Jobs
Period of Social Policy Characterized By...

- Initial Transition from Industrial Economy
- Permanent Dislocation of Industries
- Massive Loss of Low Skill/Education Jobs
- Growth in Technology
- Massive Increases in Rural and Urban Poverty
- Social, Racial, Economic Unrest
- Adverse Impact on ‘Disadvantaged’ Youth & Minorities
- Economically Disadvantaged Defined as...
  - Income
    - Race, Environment, Access, etc

Population Exceeded Job Availability..
Policy Was...Give Them ‘A Step Up in the Labor Queue’
#3 Economic Policy

- Shift To Economic Policy in Early 80’s
  - Rapid Industrial Transitions
  - Technology
  - Changing Demographics
  - Security Defined by ‘Portability of Individuals’ Rather Than Fixed Government Programs

- Workforce 2000
  - DOL Takes Leadership in Looking ahead and defining the Impact of Shifting Demographics, Changing Skill Expectations, Shortened Employment Tenure, etc
#3 Economic Policy (Cont)

- WARN
  - Plant Closing Notification (ETA Asked to Implement)
- Economic Dislocation Assistance and Worker Adjustment Program
- Welfare Reform Demos
- Displaced Homemakers
- SCANS
- Skill Standards Demonstrations
#3 Economic Policy (Cont)

- **WIA 1998**
  - Customer Focus
    - Employers and Employees
  - One Stop System
  - Strengthen WIBs..Oversight/Planning Not Delivery
  - Empowering Individuals (ITA)
  - Universal Access

- **STW**

- **Skill Standards Commission**
#3 Economic Policy (Cont)

- **K-12 Reform**
  - Goals 2000..NCLB
  - Core Curriculum For All, Standards, Outcomes, and Remediation

- **Post Secondary Education**
  - AA Deg
  - Industry Recognized Certification

- **Job Training**
  - GED
  - Industry Recognized Certification

- **HE Reform**
  - Accountability for Continuous Improvement
  - Gen Ed, Curriculum, Standards, Outcomes, Grad Rates

All Focused on Alignment for New Labor Mkt
- Curriculum
- Standards
- Continuous Improvement
Period of Economic Policy Characterized By...

- Increased Global Competition
- Very Slow Population/Workforce Growth
- Job Growth Outpaces Population Growth
- Increased Education/Skill Expectations
- Shortage of Skilled Workforce
- Shorter Tenure of Workers
- Increased Premium on Education/Skills

Economic and Social Security Now Defined As ‘Portable Education and Skill Competencies’
Future US Labor Markets

• Demographics

  • Slow Population Growth
    – 1% per yr.
    » .8% by 2030

  • Slow Labor Force Growth
    – .05% yr

  • Increased Percentage of Older Population

  • Fewer Younger People Entering Workforce

  • Core Workforce Age Group is Declining

  US Economic Growth Will Depend on Fewer Workers....And Increased Productivity!!

BLS/Census
## Smaller Percentage Workforce..

<table>
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<tr>
<th>Age</th>
<th>2000</th>
<th>2020</th>
<th>2040</th>
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<tbody>
<tr>
<td>0-19</td>
<td>28.5%</td>
<td>26.4%</td>
<td>25.9%</td>
</tr>
<tr>
<td>20-64</td>
<td>59.0%</td>
<td>57.2%</td>
<td>53.6%</td>
</tr>
<tr>
<td>65+</td>
<td>12.4%</td>
<td>16.3%</td>
<td>20.4%</td>
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BLS/Census
## US Labor Force More Diverse

<table>
<thead>
<tr>
<th></th>
<th>1980</th>
<th>2020</th>
<th>2050</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>White</strong></td>
<td>82%</td>
<td>63%</td>
<td>53%</td>
</tr>
<tr>
<td><strong>Minority</strong></td>
<td>18%</td>
<td>37%</td>
<td>47%</td>
</tr>
<tr>
<td><strong>Hispanic</strong></td>
<td>6%</td>
<td>17%</td>
<td>24%</td>
</tr>
</tbody>
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* *50% of Population Growth in 2007*

BLS/DOC
Changing Face of American Workplace

- **1.3%** Job Growth Per Yr
  
  Exceeds Labor Force Growth of **0.8%**

- By 2016...166.2 Total Jobs
  
  - 34.0 Mil Replacement Jobs
  - 16.0 Mil New Jobs
  
  - 87.0% of New High Growth/High Wage Jobs Require PS Credential

  - 78.0% of All Job Openings Through 2014
    
    Require Some PS Ed or Trng

  - 24 of 30 Fastest Growing Occupations Require PS Deg/Cert

  - 23 of 30 FGO’s are in the 1st & 2nd Earnings Quartile

- Fastest Growing & Largest Job Growth
  
  - Accountants
  - Operations Management
  - Health
  - Technology
  - Education
  - Energy
  - Engineers
  - Environment

- **7 Years From Now...What Will Be Required in 11 Years (2020)?**
Lessons for Successful Labor Market Policies..

• America Has Not Had a ‘Comprehensive Job Training Policy’ or System
  – Evolving Set of Policies Reacting to ‘Perceived’ Changes in The Structure of the Economy
  – Client Group of the Moment Focus
    • Black, Hispanic, Dislocated, Unemployed, Poor, Youth, Welfare
  – Most Policy Debates Focused on Governance and Funding Formulas
    • As Opposed to Clients and Recognized Labor Mkt Outcomes

• Focus on Labor Market Variables
  – Demographics
  – Job Growth
  – Rate of Education/Skill Shifts
  – Alignment of Industry, Government, Educators, and the Public
  – Transparency of Access, Programs, Credentials, and Delivery System

• Economic and Social Security Increasingly Dependent on Education
  – K-12 Completion (GED)
  – Post Secondary
    • AA Deg
    • Industry Recognized Certification
Lessons.... (Cont)

• Need For *Industry Recognized Certifications* (IRC)
  – Industrial Associations Develop Formal Certifications Around Job/Skill Sets on Behalf of Industry Employers
  – Develop and Communicate Curriculum, Assessments, and Standards of Achievement
  – IRC’s:
    • Portable Credentials Recognized By Employers and Educators
    • Reflect High Growth, High Wage, Demand Occupations
    • Linked to Related/Higher Level Technical Certifications
    • Carry Academic Credit Toward AA or BA Degrees
  – Distinct from ‘Corporate Certs’ & ‘Licensure’
  – Cisco Practical Nurse
  – Adobe Real Estate

• Not Defined by Educators or Training Systems
History Must Not Be Allowed to Repeat Itself...

• Employment Service, Unemployment Insurance, Workforce Investment Act, Trade Adjustment Assistance, Apprenticeship, Student Loans, etc
• All Designed For Earlier Periods of Labor Our Market Experience
• Not Designed for the Dynamic Labor Mkts of America’s Future

*You Are the Workforce Policy Leaders That Will Design and Deliver the New Systems*
THANK YOU

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