

Statement of Principles

The restructuring of the world economy, global competition, international economic integration, unprecedented technological change, defense conversion and related structural changes demand a new national workforce development strategy for the U.S. The existing array of federal-state programs is fragmented, uncoordinated and in general of marginal benefit to the people those programs are intended to serve. More fundamentally, federal training programs rooted in the 1960s are unable to address the challenges of a highly competitive international economy undergoing rapid structural transformation. *There is a need for fundamental change* – to establish a new workforce development system that will serve its principal customers, focus on total quality and contribute to U.S. international competitiveness.

The Business Roundtable believes the following principles should guide a new U.S. workforce training and development policy:

1. *Investment in Workforce Training and Skills Upgrading is an Urgent Priority for U.S. Competitiveness.* In the integrated global economy, workforce quality drives national competitiveness. A major determinant of America's competitiveness is its people. The structural transformation of the American economy demands a substantial improvement in the training and development of the U.S. workforce. The goal of workforce training should be empowering workers with competencies to meet global competitive challenges.
2. *Workforce Training Should Be Seen as an Investment in Human Capital.* A long-term approach is required, aimed at continuously improving and upgrading the skills of current employees as well as providing the skills that will enable those out of work to get jobs. America's mindset on the importance of training must be that training is a competitive necessity not a discretionary activity. The qualities of high performance that today characterize our most competitive companies must become the standard for the vast majority of employers, public and private, large and small, local and global. Every employer in America should create its own strategic vision around the principles of the high performance workplace. We must be as willing to invest in upgrading people as we are in upgrading machinery.

3. *U.S. Workforce Development Policy Should Be Based on the Principles of Total Quality.* A revolutionary new approach is required in the design of workforce training and development programs. Those programs should be based on the principles of Total Quality Management: identification of “customers” and their requirements, a commitment to continuous improvement, benchmarking successful programs, results measurement, and involvement of stakeholders in creating solutions.

4. *Improving Workforce Skills Will Create Employment Opportunities.* Economic growth in a global context can translate into more and better employment opportunities only if the workforce itself is competitive. Accordingly, the quality of the workforce will be a critical “supply-side” factor in the creation of new jobs during economic recovery. Education, workforce development, skills improvement and other investments in training, therefore, have a direct effect on employment opportunity.

5. *Improvement of K-12 Education is Critical.* Business recognizes that public and private training efforts can address only a part of the challenge of unemployment and skills inadequacy, particularly for the economically disadvantaged. The early training and support provided by families, communities, and K-12 education provides the formative impact on the life skills critical to employment success. In addition, systematic reform of the public schools is essential. An agenda for public school reform, known as “The Essential Components of a Successful Education System,” has been adopted by the Roundtable. Several states have already adopted these nine points and many other states, through the work of the Roundtable CEOs, are in the process of major reform initiatives based on this agenda. Work readiness skills, effectively described in the “SCANS”^{*} model, are critical for employment opportunity.

6. *Building High-Skilled Work Organizations Requires Teamwork and Partnerships.* Collaboration and networking among business, labor, education and government will be required to develop voluntary national occupational skill standards and skill enhancement programs to improve workforce competitiveness. National skills standards, however, cannot replace detailed job standards and performance requirements because of variations in workplaces, work technologies and work designs. Improved work skills will support further development of high performance work organizations which utilize systems and processes to focus work efforts toward continuous product and learning improvements.

* The Secretary’s Commission on Achieving Necessary Skills,
U.S. Department of Labor

7. *Program Delivery Systems Should Be Streamlined and Administered at the Local Level.* A central element of a new national workforce development system should be the consolidation of current federal, state and local workforce-related programs. Within communities, the decision-making process should seek to insure that the programs meet the needs of both business and workers in the most efficient manner possible.

8. *Business Should Have A Leadership Role.* U.S. business, both as a provider and a principal “customer” of workforce training programs, should have a leadership role in the formulation and implementation of workforce development policies. Business should also engage with State and local government in efforts to design, evaluate, manage and implement workforce development programs. Governments should consider tax incentives to encourage business to become involved in such programs. The Business Roundtable is prepared to work with the Administration and Congress to translate these principles into action in five priority areas: school-to-work transition; skills standards; dislocated worker assistance; training the current workforce; and streamlining existing training and labor market information systems.

9. *Government Funding For Workforce Development Strategies.* While adequate funding for workforce development programs is essential, there must be a recognition of the serious U.S. budget deficit problem. The *first* need is to determine the effectiveness of existing federal, state and local spending and, where necessary, reengineer job training programs. Significant savings can be realized by achieving synergy in present programs and streamlining delivery systems. As a *second* step, and recognizing the domestic and international structural changes affecting U.S. competitiveness and the workforce, additional public funding for programs, in particular those that assist dislocated workers, that are designed and implemented in accordance with these principles, may prove necessary. Programs should be proven effective before committing substantial new federal funds.

To Promote Workforce Competitiveness

1. *The Transition from School to Work*

One of our country's greatest challenges in the area of workforce development is to restructure the transition from school to work. The Competitiveness Policy Council concluded in March 1993 that because of our failure to better integrate school and work, "we are producing a substantial cohort of workers with poor basic skills, little understanding of what work demands, and limited grasp of how to find a good job or get good training."

Employability preparation to facilitate the entrance of young people into productive careers must become a priority mission of our educational system. An essential element for that transition is to ensure that all graduates have acquired at least the competencies and skills outlined in the SCANS report so that the high school diploma becomes a certificate of achievement. In addition, students should be taught the principles and processes required for participation in high performance work teams and total quality environments. These are critical "life skills" for personal development and effectiveness in all working environments, public and private.

Few employees, if any, will be able to plan on lifetime employment security with their employers. Employment security needs to be re-defined as employability security. College and non-college-bound youth should learn these employability skills. Creating this awareness will involve curriculum change and should begin early in junior high, continue through high school and, in fact, become part of the learning curriculum of workplaces throughout our Nation.

Reforms of the public education system to support programs related to the transition from school to work should be based on systemic reform of the schools, and should accord with the nine principles set forth in the Roundtable's public policy statement, "The Essential Components of a Successful Education System."

Present "school-to-work" programs encompass a variety of models being tried throughout the U.S. Youth apprenticeships, tech-prep, career academies, cooperative education, junior achievement, and school-based enterprise all offer promising approaches. Community colleges could play an important role in this process, including using retired professionals in fields such as engineering, accounting and management

information systems to provide training. To meet the needs of non-college-bound youth, effective school-to-work transition programs will require the following:

- Recognition of the central role employers must play in effective school-to-work transition programs – in the development of standards; in curriculum preparation; in the design of structured work experiences and other school-to-work models; in the certification process; and in the creation of work-based learning opportunities for students.
- Definition of the skills required based on the “customer driven” approach. In addition to the basic readiness skills recommended by SCANS, workforce competitiveness also requires the development of skills needed by high performance workplaces. The development of these skills should be one element of a broader partnership among business, education, labor and government to implement the principles of Total Quality. “Quality” skills standards should be emphasized at all levels – primary, secondary and post-secondary.
- A curriculum that integrates school-based and work site learning, developed jointly by schools, business and labor where appropriate, that will insure that there are high standards for graduation and that students learn the required skills. An effective school-to-work transition curriculum will include: orientation to occupational categories and employment opportunities; understanding of occupational duties, skill requirements and performance outcomes, instruction about required school courses and job skill development; a career orientation process to help students appreciate their preferences and aptitudes and how these are linked to specific curricula and job skill development; and improved teacher training in the school-to-work transition.
- Business, large and small, should become engaged with local education agencies and schools to improve the school-to-work transition process. Consideration should be given to incentives, including tax incentives, to encourage greater employer engagement in school-to-work programs. An effective collaboration between schools and business must ensure that transition programs teach students the skills that business needs. In the end, this will be the best incentive for active business participation.

- A system for giving credentials for those acquiring the skills. Business ultimately will need to make the commitment that where the achievement of skill credentials is based on the principles of competitiveness and Total Quality, such credentials will be a meaningful factor in hiring decisions, along with legal considerations and actual job requirements.
- Considerable infrastructure barriers exist that may prevent rapid expansion in the scale of school-to-work programs in the U.S. Concerns about the availability of teachers and mentors, student salaries, curriculum, certification of skills achievement, and the integration of academic and workplace learning demand careful consideration. The U.S. government could be a catalyst in funding pilot projects designed to replicate “best practices” and in helping to build capacity at the state and local levels to improve the school-to-work transition and employer cooperation with educational institutions. In addition, the government can play an important role in identifying and disseminating information about successful school-to-work models at home and abroad.

2. Skill Standards

The United States has no accepted standards for the skills needed for the successful performance of most non-professional occupations nor any accepted means for measuring the level of such skills. Many have argued that the development of a competitive workforce requires such standards to ensure that workers are trained to skills levels benchmarked to the highest standards of our international competitors. A few industries have established such standards and a number of pilot programs to develop them in other industries and occupations are currently underway by industry associations and others with some funding from the Federal government.

A workforce development system that meets the demands of an internationally competitive economy requires workers to acquire skills that meet appropriate standards. The Competitiveness Policy Council reports that four in ten U.S. business executives say they cannot modernize their equipment because their workers lack necessary skills. Work readiness skills should include the five workplace competencies identified by SCANS (resources, interpersonal skills, information, systems, and technology) and the three-part foundation skills (basic skills, thinking skills and personal qualities). With respect to skill standards, the focus should be on “customer” requirements and should involve the following elements:

- Voluntary, flexible national occupational skill standards should be developed by a partnership among business, education, labor and government driven by the principles of workforce competitiveness and Total Quality.
- The federal government can promote the development of world-class skill standards by encouraging business to establish and disseminate standards of excellence which will improve the international competitiveness of the U.S. The role of government in the development and promulgation of skill standards should be one of leadership and guidance rather than one of control and mandates.

- Methods should be developed to measure whether skill levels have been attained, with maximum recognition of the need for local flexibility and special needs, and continuous reexamination of new skills needs.
- Certificates of attainment of these skills should be used as significant factors in hiring decisions, along with legal considerations and actual job requirements.
- Workforce development programs, whether school to work or adult, should be assessed on the basis of their ability to train workers to meet such skill standards.
- Standards should be benchmarked to world-class levels of performance and this benchmarking data should be made widely accessible to companies, training institutions, and schools.
- Pilot projects should be established, within a flexible basic framework that will speed time to market of initial standards development and testing. The U.S. will gain ground faster if each industry-based partnership is given the flexibility to take risks, try alternative approaches, and adapt quickly to its customer input.

3. *Dislocated Workers*

The Federal government currently has separate programs to provide retraining for workers losing their jobs on account of international trade, defense conversion, and clean air requirements as well as for any workers who have been laid off and are unlikely to return to their previous occupation and industry. These programs vary in their administrative structure, the training available, the income support provided and in the method of funding. Some are an entitlement and others are funded through discretionary appropriations.

A dynamic economy and the impact of foreign trade, defense conversion and technological change may require workers to change occupations and/or industry several times during the course of their working lives. The North American Free Trade Agreement, for example, is expected to stimulate job growth in the U.S. but could also be a factor in some worker dislocation that justifies worker retraining and adjustment assistance. Workers will need to acquire new skills throughout their careers in order to adjust to such changes. A workforce development program for dislocated workers should reflect the following considerations:

- There should be a single publicly-funded program available to provide training for all workers permanently dislocated from their jobs who need new skills to secure productive employment. The problems of job dislocation caused by technological change, defense reductions, environmental impacts and trade policy and international competition are not fundamentally different and should not be addressed with separate programs. Accordingly, the existing Trade Adjustment Assistance (TAA) and Economic Dislocation and Worker Adjustment Assistance Act (EDWAA) programs should be consolidated appropriately into one comprehensive program for dislocated workers. While it is necessary to have an adequate and effective adjustment assistance program for any dislocations which may result from the North American Free Trade Agreement, there should not be a special new program created solely for that purpose.

- Workers needing retraining should be identified early so that they may receive income support during retraining from the employer-financed unemployment insurance system. After exhaustion of UI benefits, eligible workers could receive appropriate income support from the dislocated worker program. Counseling, assessment, job search assistance, labor market information and other basic transition services are, like training, critical components of an effective adjustment program for dislocated workers. Training commitments and support should be of sufficient duration to give the dislocated worker the new skills needed in the high performance workplace.
- An effective information system should be developed for determining the skills and occupations for which there is demand, for getting that information to dislocated workers, and for assessing workers' aptitudes and abilities to determine which training programs will be most effective in preparing for realistic new occupations.
- General revenue funding should be made available in sufficient amounts to provide an effective program of transition services, training and income support for dislocated workers. The business community should support a federally-funded dislocated worker program, with an annual appropriation, that would provide appropriate "packages" of services, training and income support to eligible workers.

4. Continuous Training of the Current Workforce

America cannot create a competitive workforce only by training new entrants and dislocated workers. It is estimated that eighty percent of the workforce in the year 2000 will be made up of those who are currently employed. Perhaps the best opportunity for skills development is through work experience and on-the-job training. Continuous workplace training and skills upgrading are essential, therefore, to maintain national and workforce competitiveness. Every business in America should recognize the importance of training and upgrading the skills of its workforce. This means business should treat training costs as investments in competitiveness. A workforce development program that reflects these goals should have the following characteristics:

- Training and workforce development should be viewed by business, education and government as an investment in “human capital” aimed at empowering the workforce and improving U.S. competitiveness. Such investments should be perceived as integral to the development of high performance work organizations.
- Incentives, including tax incentives, should be created to encourage employers to make additional investments in upgrading the skills of their workforce, including investments in education and training, to insure employee adjustment to technological change and improve U.S. competitiveness. Continuous skills upgrading is also essential for suppliers, subcontractors and small and medium-sized businesses. Governmental training mandates are inconsistent with the appropriate government role of encouraging human capital investment, total quality and high performance work organizations, and should not be enacted.
- Incentives should be created specifically for employees to invest and assume responsibility for their own education and training. Congress should extend permanently the tax exclusion for employer-provided tuition reimbursements.
- There should be an active program of business-led dissemination of information on the need for and development of high performance work organizations through replication of “best practices,” relationships with suppliers and subcontractors and other appropriate means. The federal government should ensure that there are no legal impediments to the development of high performance work organizations.

5. Streamlining Existing Workforce Training Systems

Effective publicly-funded workforce development programs should be part of a human resources policy and must be driven by the needs of the local labor market, in concert with business needs. Appropriate private sector involvement at the State and Federal level is also necessary to ensure that policies are responsive to the needs of the economy.

This requires:

- A rigorous assessment of the multiplicity of publicly-funded programs in terms of their effectiveness in meeting labor market needs and social goals.
- Reengineering of current programs and processes, including assessment of the effectiveness of current funding levels. The emphasis should be on local control and responsibility, and it should be based on a local human resources development strategy for that community.
- Publicly-funded workforce training and development programs should be planned and coordinated by local entities with the significant involvement of the business community. There should be a restructuring of programs and a rationalization of present competing delivery systems. The goals should be to eliminate overlapping delivery systems, provide greater administrative efficiency and make programs more “user friendly,” including the implementation of “one-stop shopping” at the local level.
- Business should be perceived as a principal customer, and therefore involved in all phases of the local labor market process – design, implementation and assessment.
- Funding should be targeted only to those programs that meet acceptable standards of performance and accountability.

The Business Roundtable

Workforce Training and Development for U.S. Competitiveness

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