

Strengthening Education, Retraining, and Economic Diversification

To remain globally competitive, education and worker training strategies must be at the top of the national priority list. The administration successfully passed the No Child Left Behind Act in 2001, and is now working to fully implement this landmark education reform. The administration is also investing \$1 billion over five years to improve math and science education.

In addition, under President Bush's leadership, the Departments of Commerce and Labor have worked together throughout the country to link workforce development efforts with economic development efforts. Important initiatives include the Department of Commerce's Economic Adjustment Program and the Department of Labor's new 21st Century Workforce Initiative, which strive to strengthen retraining systems that maintain the U.S. skills advantage in manufacturing. The Department of Labor's Employment and Training Administration invests approximately \$10 billion a year in an array of workforce investment programs.

Building on that record should take the form of the steps set out below.

Enhance Workforce Skills Essential for Employment in Manufacturing Enterprises of the Future

Manufacturers across the country raised significant concerns about whether America was training the next generation of workers required to meet the needs of an increasingly high-tech workplace as well as to develop the manufacturing industries of the future. There was clear support for the development of improved vocational/technical training at both the secondary and post-secondary level, as well as for programs designed to improve

the skills of career-changing adults interested in manufacturing jobs. There was also support for improvements in basic math and science education, such as the current five-year, \$1-billion initiative for a new math and science partnership program that will strengthen math and science teaching and education at all levels.

It is important to define the starting point for improving the skills and preparation of the U.S. workforce. Toward that end, the Department of Labor, in conjunction with the Departments of Commerce and Education, should undertake a benchmark analysis of the existing skills of the U.S. workforce and the future needs of the U.S. manufacturing sector. The effort should be designed to inform both programmatic changes at the federal level and suggestions for curricula at the local level.

The analysis should address ways that federal programs that support basic education for elementary and secondary students will prepare them to enter the workforce without the need for significant remedial education. The analysis should catalog the basic academic skills needed for individuals entering the manufacturing workforce and assess the extent to which primary and secondary education in the United States provide those skills.

The second step in the analysis goes to the specialized training needed to succeed in the manufacturing environment of the future. Historically, U.S. schools, particularly in secondary education, provided a number of opportunities for vocational training. Over time, these opportunities have declined, and the educational system has relied more heavily on specialized vocational-technical schools, at both the secondary and post-secondary level, to fill in the gap. The analysis should examine whether the existing system of vocational-technical education is sufficient to meet the needs of the U.S. manufacturing sector and should propose recommendations for change where needed.

Establish a High School and Technical Education Partnership Initiative

Congress should pass legislation creating a coordinated high schools and technical education improvement program, utilizing secondary and technical education state grants, as proposed in the president's budget for fiscal year 2004. This program would provide high-quality technical education through partnerships between high schools and postsecondary institutions. Such an initiative, administered by the Department of Education, would support secondary and postsecondary career and technical education programs in high-demand occupational areas. The high school component would include a challenging academic core to ensure that students in the program meet state achievement standards and obtain a clear pathway to further education beyond high school, through apprenticeship or postsecondary technical certificates and associate or baccalaureate degree programs. Such an initiative will ensure that students are being taught the necessary skills to make successful transitions from high school to college and college to the workforce.

Establish Personal Reemployment Accounts

In any period of economic adjustment, the most significant challenge is how best to ensure that workers who lose their jobs can successfully re-enter the workforce. The federal and state governments provide a number of programs designed to help workers find new jobs with training and re-employment assistance.

Toward that end, President Bush has proposed a Personal Reemployment Account initiative to assist Americans who need the most help getting back to work. This innovative approach to worker adjustment would offer accounts of up to \$3,000 each to eligible individuals to purchase job training and key services, such

as child care and transportation, to help them look for a job and get back to work quickly. As a further incentive, recipients would be able to keep the balance of the account as a cash reemployment bonus if they become reemployed within 13 weeks. The Bush administration has included Personal Reemployment Accounts in its legislative proposal to reauthorize and reform the Workforce Investment Act.

Coordinate Economic Adjustment for Manufacturing Communities

Communities are hard hit when local manufacturing declines, particularly when a local factory accounts for much of the employment in a city or town. Just as individuals may need retraining to reenter the workforce, communities must, at times, develop alternative bases of economic development.

The federal government already has a number of programs available that can be used to develop the competitiveness of communities and support innovation in manufacturing. The challenge for communities often involves sorting out the purposes and requirements of those federal programs and how they might best be employed or tailored to local circumstances.

What is needed is an interagency federal task force, chaired by the Assistant Secretary of Commerce for Economic Development, to coordinate the efforts of relevant federal agencies, particularly the Departments of Labor and Education, in addressing the structural economic challenges faced by manufacturing-dependent communities. The task force would ensure that all federal agencies work together, coordinating resources and strategies to best provide a range of assistance to eligible communities. More specifically, the task force would provide a means of rapid response, identifying communities where the employment base is substantially dependent on only a few manufacturing companies and the communities that are at a significant risk of economic dislocation.

Given that early intervention and planning are critical for communities at risk, the first step the task force should take is to identify criteria for determining when a rapid response is needed. The task force would then work with the communities identified under these criteria to develop market-based development policies that seek to retain manufacturing jobs in a community, while beginning the efforts to diversify the economic base of the community.

Improve Delivery of Assistance for and Retraining of Displaced Workers

The challenges unfolding in manufacturing and in the job market represent a significant change from years past. Instead of individual industries facing particular adjustment issues due to stronger import competition, the U.S. economy in general is adjusting to fundamental changes underway in the world economy. While that process is particularly acute in the manufacturing sector, it extends broadly throughout the U.S. economy.

Current worker adjustment programs, in general, take one of two forms. The first involves the traditional suite of unemployment insurance and related programs that are designed with the individual worker in mind. That individual's employment prospects may or may not be related to more fundamental changes underway in the economy. The alternative form is the suite of trade adjustment assistance programs that fund extended unemployment and retraining for eligible workers. Here, eligibility is defined in terms of whether the employee can point to some direct trade impact that has displaced him or her from a job.

Neither of the current programs fully addresses the sort of adjustment underway in today's economy. What that calls

for is a fundamental reassessment of both types of programs to see how they might best be integrated into a coordinated approach to adjustment, reemployment, and retraining. Toward that end, the Commerce and Labor Departments, with the assistance of the Department of Education, should review the existing programs and provide recommendations on how best to integrate them into a coherent program that is dedicated to addressing the needs of workers affected by the ongoing adjustment in the rapidly changing economic environment.

This effort should build on the work currently underway through the Labor Department's High Growth Job Training Initiative. That initiative facilitates collaboration among employers, industry leaders, business associations, educators, community and technical colleges, and the public workforce system to tailor training programs to meet local workforce needs.

As part of this initiative, the Department of Labor is working with the manufacturing industry and others to conduct a nationwide review of workforce challenges. Key manufacturing sectors include electronics, motor vehicles, communications equipment, aerospace, plastics and pharmaceuticals. These sectors, and the manufacturing industry in general, are undergoing a transformation as a result of technological advances, requiring workers to adopt and perform new skills. Through collaborative efforts, the High Growth Job Training Initiative will identify those skills and work with institutions to develop successful training models.

In addition, Congress must pass the Bush administration's plan to strengthen the Workforce Investment Act. Annually, the Department of Labor spends \$15 billion on the nation's "One-Stop" employment and job training system. Over 3,800 One-Stop centers provide services that en-

able workers to transform their skills in order to gain employment in emerging and growing industries. The administration is seeking to strengthen this system through the re-authorization of the Workforce Investment Act. Among the changes sought are to make funding more accessible through consolidation, to make the system more responsive to business needs, and to strengthen accountability.