



# A SYSTEM THAT WORKS

How a new workforce development and  
employment system can meet the needs  
of employers, workers, and other stakeholders

A MUCH-NEEDED

# TRANSFORMATION

Technology. Globalization. Demographic changes. The American workplace has changed profoundly over the past 40 years, and it continues to evolve. Employers still need workers who come to jobs with industry-specific knowledge. But they also increasingly value such skills as effective communication and critical thinking to facilitate teamwork and meet expectations of ongoing innovation.

As a result, some workers find that their knowledge and skills are no longer up to date or even necessary and that employers no longer offer stable employment and benefit packages. Some employers struggle to find workers who have the kinds of skills and knowledge needed to keep their companies well staffed and competitive over the long term.

RAND Corporation researchers took a systems approach to rethinking the current workforce development and employment system. The study pinpoints the ways in which the system is failing many and envisions how educators, employers, workers, and other stakeholders can rebuild the current system to bring about much-needed transformation.



## *What's Wrong with America's Workforce Development and Employment System?*

Kindergarten. Grade school. High school. Work—or college and then work. Our workforce development and employment system has changed little since the mid-20th century. But like a black-and-white television set, it is a system that was “good for the time.” The system underperforms in today’s fast-paced and changing world in which lifelong learning is essential.

**WORKERS NEED TO RE-SKILL BUT HAVE NO CLEAR PATH FORWARD.** Automation and shifting consumer demands have made some of the skills that individuals learned years ago obsolete. Many workers may need to immediately acquire new knowledge and skills, but there is no well-defined path for them to acquire what they need to succeed.

**WORKERS DO NOT HAVE EQUAL ACCESS TO TRAINING.** Public funding for all levels of education is still unequally distributed and is often based on location and family circumstances. And in the workplace, employers often pay for only the more educated members of their workforce to advance their skills. These inequities perpetuate disparities in wages, earnings, and lifetime incomes.



- ▶ **WORKERS FACE LESS STABILITY AND MORE RISK.** While freelancing and the gig economy offer flexibility, there are distinct trade-offs. Unlike many traditional wage and salary jobs, workers in these jobs lack well-defined career ladders and access to fringe benefits to buffer the risks associated with health care needs, accidents, injuries, disability, and the business cycle.



- ▲ **EMPLOYERS STRUGGLE TO FIND WORKERS WITH “21ST-CENTURY SKILLS.”** There is greater demand for workers who master information synthesis, creativity, problem-solving, communication, and teamwork and substantial demand for skilled positions that do not require post secondary degrees or specific credentials. Yet time after time, employers report that they cannot find the workers with these skills, and positions go unfilled.



- ▲ **EDUCATIONAL INSTITUTIONS ARE SLOW TO CHANGE.** Relying on traditional curricula and learning models, our primary and secondary schools have been slow to adapt to the need to prepare children and youth to be lifelong learners. Postsecondary training and education institutions offer much the same structure of credentials and degrees as they did years ago and may be constrained in their ability to respond to the changing requirements of jobs in a timely way.



▲ **THERE ARE TOO FEW WAYS TO DEVELOP AND TRY OUT NEW STRATEGIES, REFORMS, AND POLICIES.** Educators, employers, and policymakers often seek to introduce change. But transformation has been piecemeal, with each sector focusing on changing itself without engaging with other sectors or considering broader consequences. Further, there are no mechanisms in place to build systems-level evidence of what strategies do and do not work and to broadly disseminate lessons learned and best practices.

▲ **USEFUL INFORMATION IS HARD TO ACCESS.** The right information from employers and training institutions could help schools respond to changing employer needs or assist college students and workers in making smart education and retraining choices. However, this information isn't always shared or is outdated by the time it reaches those who need it.



How can the nation's employers, workers, and education and training organizations work together more cohesively and collaboratively to thrive in the 21st century and beyond?

## *America's Workforce Development and Employment System, Reimagined*

A 21st-century workforce development and employment system should provide multiple on-ramps for transitioning individuals to access training and employment opportunities (equity) while suitably matching workers and jobs (efficiency).

Members of the workforce, education and training institutions, employers, unions, labor market intermediaries, and other system stakeholders would be served by these system features:

**STRONG CONNECTIVITY.** A rapid exchange of accurate and timely information across stakeholders would support the decisions made by workers, employers, and leaders in education, training, and other relevant institutions.

**FLEXIBILITY AND RESPONSIVENESS.** Workers, employers, educators, and institutions across the system would readily adapt to changing skill requirements, market forces, and other unexpected circumstances in the short and longer terms.

**ALIGNED INCENTIVES.** The incentives embedded in private or public policies would support system goals and promote desired outcomes.

**DATA-DRIVEN, EVIDENCE-BASED DECISIONMAKING.** Current and readily available data and other evidence-based practices would be used to monitor system outputs and outcomes, identify needed reforms, test interventions, share lessons learned, and effectively scale up proven strategies.



## GOALS

*The equity and efficiency goals of a new workforce development and employment system could be supported in these ways*

**1** / Goal 1: Providing equitable access to opportunities to learn, train, and retrain throughout individuals' working lives.

*A broadly applicable skill and competency base for all prekindergarten to grade 12 students:* Such a foundation can help develop and socialize literate, engaged citizens; promote lifelong learning skills; and teach basic skills needed for a lifetime of work.

*Readily accessible information about education costs and returns:* Knowing a full range of career options and having access to reliable cost and benefit information about credentials can improve career decisionmaking of high school students, as well as current and displaced workers.

*Multiple on-ramps for displaced and transitioning workers:* Unemployed people can use their time out of work to retool and invest in their future when they know the right jobs to train for, where to train, and what fields and programs have poor prospects. Labor unions and unemployment services can assist in coaching and providing information.

**2** / Goal 2: Enabling timely and appropriate matching and rematching of skilled workers with jobs to which they are well suited over their time in the labor market.

*Robust connections between employers and education and training providers:* Technology can facilitate the flow of information between a worker's current employer or prospective employers and educational institutions to better align needs with skill acquisition.

*Greater employer and industry awareness of forecasted needs and skills:* The development of new, broadly accessible supply and demand models could help employers forecast the number of employees they need over the short and long terms, the types of skills those employees should possess, the likely supply of worker availability, the costs of hiring and supporting these workers, and the likely retention rate of these employees over time.

*New mechanisms to meet the needs of the growing gig economy:* Worker collectives could provide freelancers, contractors, and other independent workers access to lower-cost group-based health insurance, professional networking opportunities, and other benefits and support.

## How to Accelerate the Transformation



Some organizations, states, and communities are already embarking on meaningful change toward the system we envision. However, we should understand the effectiveness of these new strategies and how to adapt to them successfully to meet the needs of diverse locations, industries, education providers, and other groups now and in the future. We also need to carefully monitor the effects of small changes on the broader system. *Here's how to move forward:*

### AN EVIDENCE-BASED SYSTEM

Robust data, metrics, and tools can help monitor the inputs, outputs, and outcomes of the current system to identify precisely where the current system is failing and where innovation should be targeted.

### DEVELOPMENT AND TESTING

Gaming, competitions, and other strategies can surface new and innovative solutions. Pilot projects and rigorous short- and long-term evaluations can assist in measuring the impact of promising interventions and policy changes, as well as test implementation refinements and the robustness of results with replication and scale-up.

### ACTIVE, OPEN DISSEMINATION

An open clearinghouse that gathers, rates, summarizes, and circulates information to all stakeholders could potentially increase the speed at which promising approaches are taken to scale.



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