

The United States of America

Ensuring a More Comprehensive and Responsive Skills Base

The U.S. Economy and the Workforce

1. Last month, the United States celebrated an important milestone – the country’s population reached 300 million, 39 years after reaching the 200 million mark. The United States economy is the largest in the world, with a labor force of nearly 150 million people generating a gross domestic product (GDP) of \$12.4 trillion, or approximately \$42,000 per capita. The annual GDP growth rate was 3.5 percent in 2005 and as of the second quarter of 2006, it is estimated at 2.6 percent. The United States operates a market-oriented economy where private firms and individuals make most microeconomic decisions. American business firms are said to enjoy greater flexibility than their counterparts in many other countries in decisions to expand capital resources, hire and fire workers and develop new products.
2. Nearly 78 percent of GDP results from activities in the service sector. The non-services industry accounts for 20.4 percent and the agriculture sector accounts for 1 percent. The labor force is distributed among several sectors, including managerial, technical and professional (34.7%); sales and office (25.4%); manufacturing, extraction, transportation and crafts (22.9%); other services (16.3%); and farming, forestry and fishing (0.7%).
3. America has experienced 37 months of uninterrupted growth, creating approximately 5.7 million net new jobs since August 2003. The national unemployment rate remains low at 4.6 percent as of September 2006. This is well below the 5.7 percent average unemployment rate of the decade of the 1990s. Moreover, the net employment outlook has held largely steady in the country.
4. Government activity impacts the economy in several ways. The federal, state and local governments purchase goods and services in the private marketplace. The federal government also exerts influence on economic activity through adjustments to spending and tax rates (fiscal policy) and through controlling the amount and use of credit in the banking system (monetary policy). In 2005, the federal government operated on a budget of \$2.466 trillion. Approximately \$15 billion of that total is used to fund the Nation’s workforce investment system.
5. The U.S. economy continues to transform as the result of influences from globalization, advances in technology, a changing mix of industries and occupations, and increased innovation and competition. The composition of the labor force as well as GDP data further illustrates the transformation and shifts to knowledge-based technology and service industries. The global economy of today contrasts sharply with the international markets of the past. Whereas manufactured goods, food and apparel once dominated U.S. international trade, traveling for weeks along shipping lanes to their destinations, trade is the 21st century economy and is based on knowledge and information which is instantaneously transmitted over the Internet.
6. As revolutions in technology and information ushered in the era of globalization, the land, labor and capital inputs once tied to geographic locations have become less relevant.

Work and the information shared by workers flow seamlessly across physical and virtual borders and capital can cross the globe as easily as it can cross the street. The new era is marked by tremendous advances in communications, travel and trade, allowing individuals instant access to commerce from almost anywhere in the world. The new global economy rewards talent development as a key factor in national economic competitiveness and commercial success. Businesses, now more than ever, compete against and partner with other businesses around the globe.

7. In the global economy, economic regions serve as the building blocks for national competitiveness and global economic success. Economic regions consist of boundaries set by such factors as labor market skills and industry clusters, rather than geographic limits and political borders. Although important from political and societal perspectives, the 50 states and the other political subdivisions within the United States do not form the logical starting point for analysis of economic growth and change. Boundaries between states are often arbitrary in economic terms, as seen, for example, in the multi-state economic regions of the Kansas City, New York City and Washington, DC metropolitan areas. At the same time, residents in parts of one state often live and work in entirely different economies from those in other parts of the same state, as seen in the contrasting regions within the states of New York, Illinois and Georgia. These examples illustrate the importance of the regional economies within the United States.
8. Regional economies form and grow where companies, workers, educators, researchers, entrepreneurs and governments come together to create competitive advantage. That advantage stems from the ability to transform new ideas and new knowledge into advanced, high quality products or services which are unique and complementary to the products and services offered by other regions. Indeed, innovation occurs in regions. Successful regions are those that demonstrate the ability to network and maximize innovation assets – people, institutions, capital and infrastructure – to generate growth and prosperity in the region's economy. These regions are successful precisely because they have connected three key elements: 1) workforce skills and lifelong learning strategies, 2) investment and entrepreneurship strategies, and 3) regional infrastructure and economic development strategies.
9. The innovation and inventiveness of the American worker has long been the driving force of the United States' success in the global economy, and indeed, American innovation introduced the world to the information age, shaped by American inventions such as computer operating systems, the Internet, global positioning satellite systems, digital satellite radio, and others. However, the same technologies that make possible the rapid distribution of U.S. products and ideas have also opened the market to competition from abroad, including competition from recently formed free market economies. Developing overseas centers of innovation challenge the United States' position as a worldwide leader in technological innovation and serves as a driving force to find more ways to invest in and improve America's workforce, industries, and regions so that the innovation economy is a reality.
10. The needs of the 21st century labor market are radically different from what the United States has known in the past, and for which most workers are currently trained. Crosscutting technologies such as biotechnology and geo-spatial technology are requiring many industries to find workers with science and math skills at a level currently lacking in America's youth and adult population. Traditional industries, such as manufacturing and

retail, have also undergone transformation and now require an understanding of computers, robotics and supply chain management. Consequently, educational attainment exerts a powerful influence on average wages. Those who earn high school diplomas and pursue education and other training beyond high school earn significantly more than those who do not.

11. The 21st century knowledge economy requires more specialized skills than in the past. In fact, 90 percent of the fastest growing jobs require some form of education and training past high school. Accordingly, workers today must commit themselves to lifelong learning and to continually upgrading their skills. They must have access to postsecondary education and training institutions, avail themselves of the offerings of such institutions and master the learning that is being taught. Postsecondary education and training institutions in the United States need to ensure that they are providing students with relevant, marketable skills that lead to meaningful opportunities in the labor market.
12. At the same time as the need for knowledge workers increases, the population and labor force is growing more slowly due to the aging and retirement trends of the baby boom generation, as well as lower birth rates in recent years. Demand for skilled workers already outpaces supply in some industries. The health care and information technology sectors have been actively recruiting talent for the past several years in order to maintain the skill level of their workforce. Recently, the nuclear energy industry estimated that it will need to replace half its workforce in the next five years, primarily due to retirements. The need to develop a pool of skilled workers is paramount in addressing these industries' immediate needs.
13. Moreover, the transition of the United States to a knowledge-based economy has created millions of new jobs in industries that did not even exist a decade ago. These industries provide high-value, high-paying jobs, and demand workers with higher skills and more education -- making investment in knowledge and people critical in determining the success of an enterprise and its workforce. The fastest growing jobs of the future will need to be filled by workers with specialized skills and training.
14. The talent pool needed for the unfilled jobs of today and the jobs of the future will need to come from every facet of the population, including those left behind by previous economic change. Older workers also present an opportunity to invest in talent development. Seventy-six million baby boomers are eligible for retirement in the next five years, and many of these workers plan on staying at least partially engaged in the labor market thereafter. Other labor pools, such as individuals with disabilities and those with limited English proficiency, can also be more fully utilized to harness the potential of the entire U.S. workforce. To develop the workforce to respond to the needs of the 21st century economy and meet the challenge of global competition, talent development for every sector of the labor pool is critical.

Evolution of the U.S. Workforce Investment System and Targeted Initiatives

15. On January 31, 2006, President Bush announced a new agenda for the Nation's economy called the *American Competitiveness Initiative*. The series of actions are designed to ensure America's ability to compete in the global economy. The initiative includes increased spending on research and development in the physical sciences, an increased

focus on math and science in high school through advanced placement and baccalaureate programs, expanded teaching options and incentives for professionals in the mathematics and engineering fields, and reformed immigration policies to attract the best and brightest from around the world. The President also called for Career Advancement Accounts that American workers can use to obtain the education and training they need to compete in the 21st century economy.

16. As part of the *American Competitiveness Initiative*, the Department of Labor's Employment and Training Administration (ETA) is developing more streamlined and efficient ways for workers to access training and increase their skills. Aligning the workforce investment system with the new economic realities facing the United States is among the critical factors in ensuring that American workers and businesses are competitive in the global marketplace. One way to maintain the country's competitive advantage is to increase the skill levels of American workers. Career Advancement Accounts is a bold proposal designed to move the entire workforce investment system in a direction that will better support our nation's competitiveness. This proposal is designed to give states and local communities more flexibility to design streamlined workforce systems that best fit the unique needs of their states and that better serve the needs of American workers and businesses by ensuring funds are directly available for training.
17. The Career Advancement Accounts proposal continues the principles articulated by President Bush in his comprehensive legislative proposals for job training reform. These principles are:
 - Streamlining programs to reduce duplication and overlap;
 - Reducing bureaucracy and administrative overhead to achieve cost saving; and
 - Direct more funds directly to worker training.
18. Career Advancement Accounts are self-managed accounts that enable current and future workers to gain the skills needed to successfully enter, navigate and advance in the 21st century labor market. Accounts would be available to both adults and out-of-school youth entering or re-entering the workforce or transitioning between jobs, or incumbent workers in need of new skills to remain employed or to move up the career ladder. Additional eligibility criteria and service priorities would be established by states. The maximum amount of an account would be \$3,000 for one year. This is sufficient to finance approximately one-year's study at a community college. The accounts may be renewed for one additional year, for a total two-year account of up to \$6,000 per worker. The Career Advancement Account proposal would more than triple the number of workers currently trained through the workforce investment system.
19. ETA will be working with several states to demonstrate the Career Advancement Account approach. This process will allow the concept to be tested while Congress continues to debate legislative changes.
20. ETA is leading the transformation of the U.S. public workforce investment system to a demand-driven system. In a demand-driven system, industry and businesses define workforce challenges and needs; education providers assist in developing and delivering training solutions to meet those challenges; and the workforce system provides access to human capital – including youth, dislocated workers, incumbent workers and untapped labor pools such as individuals with disabilities and older workers.

21. It is through key partnerships between workforce, economic development, and education that workers will be prepared for job opportunities in high-growth, high demand and economically vital sectors of the American economy. To transform the workforce investment system into one that is demand-driven, ETA has implemented several initiatives.

High-Growth Job Training Initiative

22. 2003, President Bush set forth his groundbreaking approach for closing skills gaps - the High-Growth Job Training Initiative. This initiative represents the first step in a series of actions ETA has taken to engage business, education and the workforce investment system to work together to develop solutions to the workforce challenges facing high growth industries. Fields like health care, information technology, and advanced manufacturing have jobs and solid career paths left open due to a lack of people qualified to fill them. The High-Growth Job Training Initiative documents the skills and competencies needed across all high growth industries to ensure that workers get the skills they need to compete and build successful careers in these and other growing industries.

23. To put this approach into action, ETA identified 14 industries that are (1) projected to add substantial numbers of new jobs to the economy or affect the growth of other industries; or (2) existing or emerging businesses being transformed by technology and innovation requiring new skills sets for workers. The sectors include:

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| Advanced Manufacturing | Geospatial Technology |
| Aerospace | Health Care |
| Automotive | Homeland Security |
| Biotechnology | Hospitality |
| Construction | Information Technology |
| Energy | Retail |
| Financial Services | Transportation |

24. Through the High-Growth Job Training Initiative, ETA has invested over \$284,000,000 in more than 149 partnerships among employers, education programs, and the workforce system. Through the public-private partnerships and project activities developed under the Initiative, communities are ensuring that the skills individuals acquire are in demand. This ensures more workers will obtain quality jobs that pay higher wages, while enabling employers to address their skill shortages and better compete in today's changing economy.

25. Our national apprenticeship system also is evolving to meet industry and worker demands in an increasingly competitive global economy. Apprenticeship training is transforming from the traditional skilled trades to new and emerging knowledge occupations such as information technology, health care, geospatial, and biotechnology. The Department of Labor is exploring the use of improved training methodologies, technology and new workforce strategies to respond to these changes.

Community College Initiative

26. The High-Growth Job Training Initiative revealed a critical shortcoming in the workforce development capacity of many regions – many communities are not positioned to meet the training demands of our high-growth industries because of limited training capacity and outdated curricula and training delivery systems. To address this need for expanded affordable, flexible education and training capacity in local communities across the country, President Bush established the Community College Initiative. The initiative provides Community-Based Job Training Grants to help communities to better train workers for jobs in high-growth sectors by utilizing the expertise of America’s network of community colleges.
27. Community colleges play an important role in helping workers who need to develop, retool, refine, and broaden their skills. Their close connection to local labor markets positions community colleges to prepare workers for high demand occupations. In the fall of 2005, ETA announced the first installment of grants by investing \$125,000,000 in grants to 70 community colleges around the country. A second round of investments will be awarded in late 2006.
28. The grants may be used to (1) increase the capacity of community colleges to provide training in a local high-growth, high demand industry through activities such as developing training curricula with local industry input, hiring qualified faculty, arranging on-the-job experiences with industry, and using up-to-date equipment; and (2) train new and experienced workers in identified high growth, high demand industries, with the aim of employing and/or increasing the retention and earnings of trained workers, while meeting the skill needs of businesses within targeted industries.

Workforce Innovations in Regional Economic Development (WIRED) Initiative

29. Information, goods, and services now travel freely around the world and the advances in communications and technology have fueled the competitiveness in the global marketplace. For regional economies to succeed in this world, they must pay attention to three critical elements. These elements were identified in a groundbreaking report, *Innovate America*, published by the Council on Competitiveness. The first element is infrastructure, which includes not only the traditional factors such as highways, bridges, and buildings, but also 21st century factors like access to broadband and wireless networks. The second element is investment, including the availability of risk capital and the conditions that encourage the use of such capital. The third critical element is talent. A region may possess a strong infrastructure and the investment resources for success, but without the talented men and women to use those elements for economic growth, they are meaningless. Talent refers to important characteristics, including creativity, technical knowledge and the ability and drive to continuously improve knowledge and skills. Of the three characteristics, talent is unique because it has generative effects with respect to the other two. Investment capital tends to follow talent and infrastructure can be built or deployed to support a growing economy with talented workers.
30. The WIRED Initiative was launched in recognition that the third key element, talent, drives prosperity. In other words, the bedrock of a nation’s competitiveness is a well educated and skilled workforce. WIRED will demonstrate how talent development can drive the

transformation of regional economies and the systems that support those economies in order to enable regions to compete in the new global economy.

31. While many regions in the United States have thrived as a result of globalization and made considerable progress in integrating talent and skills development into their larger economic strategies, there are regions that are struggling to compete. These regions are being forced to revitalize and reinvent themselves. ETA recognizes the importance of supporting regions that need additional technical and financial assistance to achieve these goals. Since economic regions no longer correspond to state, county, local or municipal boundaries, the WIRED initiative seeks to encourage the transformation of the workforce investment system and build skills in a way which recognizes the importance of a regional approach to economic and skills development.
32. WIRED combines all the assets of local and state partners in a region to develop an integrated economic development strategy so regions can compete and succeed in the global economy. ETA launched WIRED in February 2006, thereby emphasizing to the workforce system and others the importance of focusing on the role of talent development in driving regional economic competitiveness, increased job growth and new opportunities for workers.
33. Through a competitive process, 13 economic regions from across the country were selected to participate in the WIRED initiative. The regions represent the diversity of America – from metropolitan areas like Denver and Kansas City to rural areas like Eastern Montana and the Mississippi-Alabama border; from the transformation of traditional industries in Michigan and North Carolina, to the creation of entirely new industries in Maine and California; and from a competition in Florida in search of the best ideas to a university in Indiana leading the way in a region. Each region brings a unique set of characteristics, and each offers the promise of unique solutions to the challenges posed by the global economy.
34. ETA is investing \$195 million in these regions to assist in their transformation and is also providing on-going expertise from several of the leading organizations in the field of innovation and competitiveness (the U.S. Council on Competitiveness, New Economy Strategies and the Council for Adult and Experiential Learning). The goal in each of these regions is to expand employment and advancement opportunities for American workers and catalyze the creation of high-skill and high-wage jobs in regional economies.
35. The WIRED initiative is focusing on labor market areas that are comprised of multiple jurisdictions within a state or across state borders. It supports innovative approaches to education, economic development, and workforce development that go beyond traditional strategies preparing workers to compete and succeed both within the United States and around the world. Through the WIRED Initiative, the regions have a unique opportunity to design and implement strategic approaches to regional economic development and job growth.¹

¹ Additional information on the WIRED Initiative and the thirteen regions can be found on ETA's Web site at www.doleta.gov.

36. The WIRED initiative is based on the principles of integration of systems and strong partnerships, which are the guiding force for the work of ETA. During the past 75 years the United States has developed systems and structures that feed and support the economy, including education, economic development, and workforce development systems. As a general rule, these systems have operated independently from one another. In a world where goods and services moved slowly and information even slower, the independence and isolation of these systems were economically irrelevant. Globalization, innovation, technological advances, and increased competition reveal the flaws in continuing to operate the systems independent of each other. The United States realizes it must now integrate and leverage all available resources in these systems to address the workforce skill needs of industries to compete effectively in the global economy.
37. Strong partnerships at the regional level play a central role in integrating the disparate systems of education, economic development and workforce development. Each of the 13 WIRED regions formed a partnership representative of the entire economic region. The partnership is comprised of civic, business, investor, academic, entrepreneurial and/or philanthropic leaders. The quality and strength of the regional partnerships are paramount to the success of the WIRED Initiative. Partnership among such diverse and disparate systems can in fact come together and leverage each others' strengths for the common good of the regional economies' competitiveness.

Transforming the Workforce Investment System

38. To catalyze the transformation of the workforce investment system occurring in the regions impacted by the High-Growth, Community College and WIRED Initiatives to the workforce investment system at large, ETA has developed the following principles to guide the systemic transformation to a demand-driven system.
- The workforce investment system operates as a talent development system; it is no longer defined as a job training system. Its goal is an educated and prepared workforce—on a U.S. or global standard.
 - Workforce investment system formula funds provide tuition assistance for post-secondary education for lifelong learning opportunities aligned with a region's talent development strategy.
 - The workforce investment system no longer operates as an array of "siloes" programs and services.
 - Workforce investment boards are structured and operate on a regional basis and are composed of regional strategic partners who drive investments, aligning spending with a regional economic vision for talent development.
 - Economic and workforce development regions are aligned and adopt common and innovative policies that support talent development and the region's economy.
 - The workforce investment system is agile enough to serve the innovation economy, recognizing the reality that 66 percent of all new jobs are created by small businesses.
 - The workforce investment system actively collaborates with economic development, business, and education partners to gather, analyze and utilize a wide array of current and real time workforce and economic data inform strategic planning, routinely track

economic conditions, measure outcomes, and benchmark economic competitiveness in the global marketplace.

ETA is in the process of developing and implementing products and processes that will best achieve the workforce system transformation described above.

Technology-Based Learning

39. There is a growing interest in using technology as a tool to help train the American workforce for the jobs of the 21st century. Employers are relying more and more on the use of technology to deliver learning and training services including distance learning, e-learning, on-demand, just-in-time learning and simulated learning. In addition, these strategies are potentially powerful tools for individuals who need additional training in order to enter or re-enter the workforce, such as stay-at-home moms and individuals with disabilities. E-learning can also play a critical role in moving away from the traditional “seat time” approach to learning to competency-based credentialing.
40. ETA has initiated a Technology-Based Learning Initiative that is designed to advance the use of technology for training within the workforce investment system, thereby broadening the opportunities for skill and competency development to qualify for high growth jobs.

Commission on the Future of Higher Education

41. ETA participated in the Commission on the Future of Higher Education formed by the Secretary of Education. ETA identified recommendations that focus on the need for higher education to fulfill one of its key missions – educating, preparing, and adding value to the workforce which is increasingly made up of adult workers in need of either new skills in their current jobs or new skills as they transition to new jobs or careers, due to changes resulting from technology and innovation. The recommendations include:
 - Support the development of cross-discipline curriculum which matches the expanding and diverse number of competencies and skill sets that are needed on the job.
 - Expand clear pathways from both high school to two and four-year institutions and from two-year to four-year institutions, addressing such issues as transfer of credits.
 - Strengthen model partnerships between community colleges and public schools to increase preparation of high school students and to accelerate preparation and time to degree for those who are college-ready before high school graduation.
 - Promote and support strategic partnerships that include business and industry in high growth, high demand industries and representatives of the continuum of postsecondary education to work collaboratively to develop new education and skill development strategies aligned with evolving structural changes in how work is accomplished and to create programs and/or expand enrollments in high demands fields of labor market need.
 - Promote the issuance of interim credentials that build to a degree and examine innovative strategies for achieving these outcomes such as designing modular curriculum.

- Improve data quality and collection to track education and labor market outcomes (employment, retention and earnings) for students.
- Develop Career Advancement Accounts and/or lifelong learning accounts to provide flexible financial support for the adult learner.
- Amend the tax policy to lessen the financial burden of higher education on low income individuals including the use of tax credits.

ETA is currently in the process of working with other federal, state and local policy makers and stakeholders to stress the importance of the recommendations and their implementation.

Youth Vision

42. Currently, there are nearly four million youth who are not in school, do not have a diploma, and are not working. In an attempt to address this problem, ETA developed a new Youth Vision which proposes that the public workforce investment system serve the neediest youth, especially out-of-school youth. Transforming the system to meet this objective requires that the current capacity, knowledge, and models in the workforce system be strengthened, if the system is to meet the new performance expectations relating to out-of-school youth literacy and numeracy gains, diploma attainment, and transitioning to post-secondary education.
43. The most successful programs serving the neediest youth typically have high academic standards with engaging and creative instruction; small classes that encourage caring relationships between youth and adults; linkages to community organizations and the business community to provide assistance and opportunities for participants; and a culture of high expectations for all students and clear rules of behavior.
44. A White House Task Force Report on Disadvantaged Youth stresses the need to develop highly collaborative and integrated systems at the federal, state and local levels for transitioning America's neediest youth into adulthood. Out-of-school youth must have access to high quality alternative education, training opportunities (including apprenticeships), and entrance to postsecondary institutions that prepare them to succeed in today's economy. These youth need multiple on and off ramps to learn and earn. Given that out-of-school youth require multiple supports that no single funding stream can provide, coordinated funding and innovative program strategies across federal and state systems are critical. Only a coordinated strategy at all levels of government will produce positive education and workforce outcomes.
45. To address the need for a coordinated strategy, the Department of Labor (DOL) has been working with federal agency partners, such as the Department of Education, in its Shared Youth Vision Collaborative, which was established to improve the workforce system's ability to serve out-of-school youth. In addition to the Department of Education, the partnership includes the Departments of Health and Human Services, Justice, and Housing and Urban Development, the Social Security Administration, and the Corporation for National and Community Services.

46. For the Youth Vision to be realized, states must continue to provide strong leadership in advancing the vision for serving the youth most in need. States will need to expand upon existing efforts by aligning resources to address barriers and challenges and increase opportunities to access postsecondary education. States must also engage employers and civic leaders to identify demand-driven workforce solutions that address the unique challenges that out-of-school youth present.

Returning Veterans

47. We place a high priority on integrating our returning veterans into our economy. Our goal is to help them prepare for and obtain high growth, high demand jobs. Part of the challenge is the articulation of credentials in the military to civilian industry-driven occupations. Apprenticeship training programs are one means of accomplishing this. In addition, ETA is developing and implementing innovative and enhanced strategies for connecting veterans to good jobs and career opportunities.
48. On November 10, 2005, ETA launched the Key to Career Success Campaign to further heighten the awareness of veterans' issues and priority of service by One-Stop Career Center staff. This campaign employs a VIP card that highlights a veteran's "special" status upon arrival at their local One-Stop Career Center, and contains important information about DOL services and electronic tools. Since the announcement of the Key to Career Success campaign, 271,000 Key to Success cards and brochures have been distributed to over 300 Department of Defense and Veterans Employment and Training Service locations in the U.S and abroad. Key to Career Success brochures and cards are now also distributed at Transition Assistance Program workshops worldwide.

Integrating Immigrants

49. The Immigration and Nationality Act (INA) sets forth the conditions for the temporary and permanent employment of aliens in the United States and includes provisions that address employment eligibility and employment verification. These provisions apply to all employers. ETA administers the Foreign Labor Certification Program and provides national leadership and policy guidance to carry out the responsibilities concerning foreign workers seeking admission to the United States for employment.
49. ETA provides labor certifications to employers seeking to bring foreign workers into the United States. Certification may be obtained in cases where it can be demonstrated that there are insufficient qualified U.S. workers available and willing to perform the work at wages that meet or exceed the prevailing wage paid for the occupation in the area of intended employment. The program ensures that the employment of the foreign worker will not adversely affect the wages and working conditions of U.S. workers that are similarly employed. The INA bars the admission of foreign workers to the United States on employment-based visas in the absence of a certification from ETA that the employer has met those conditions.
50. ETA issues labor certifications for permanent and temporary employment under various programs including the Permanent Labor Certification program, the H-1B Specialty

(Professional) Workers, and the H-2A Temporary Labor Certification for agricultural workers, among others.²

51. Unlike countries like Canada and Australia, the U.S. has no explicit immigrant integration policies or government-supported programs, with the exception of a number of refugee-related programs. Almost all of U.S. immigrants are sponsored by family members or employers who ensure their adjustment in the country. Their work is facilitated by a flexible labor market that makes it relatively easy for immigrants to find employment.
52. In addition to the challenges of globalization and technology advancement, the United States faces the need to obtain enough workers with the skills demanded by employers. The United States therefore must address increased participation by foreign-born workers in the U.S. workforce.
53. By ensuring effective integration of immigrants into communities, a critical labor pool can be accessed by the Nation's employers. In 2004, the Census Bureau estimated that 34 million of the total U.S. population is foreign-born, which represents 12 percent of the total population and is the highest percentage in 70 years. In the past three years, the U.S. Department of Homeland Security's Citizenship and Immigration Services has admitted approximately one million lawful immigrants into the United States and naturalized approximately 500,000.
54. Immigrants are a substantial and growing segment of the U.S. labor force. In 2004, more than 21 million workers—one in seven workers—were foreign born, and half had arrived since 1990. Almost 40 percent of foreign-born workers were from Mexico and Central America, and 25 percent were from Asia, including the Philippines, India, China, Vietnam, and Korea.
55. ETA supports the lawful integration of immigrants into the U.S. workforce through the New American Center project. Many immigrants move to "new settlement" destinations such as suburbs, rural towns, and small metropolitan areas. Among the key challenges these immigrants face upon their arrival to the U.S. are rooted in barriers to employment such as limited English language proficiency. No single federal, state, or local agency can meet the diverse needs of immigrants, which can range from skills training to supportive services. Therefore, a concerted effort is needed across agencies at all levels to help immigrants fully integrate into their communities and become productive and self-sufficient individuals.
56. Accordingly, ETA has partnered with the States of Arkansas and Iowa, which are experiencing large waves of immigrants, to establish New American Centers as part of the public workforce investment system to promote civic integration and workforce development. Under this multi-year project, New American Centers are assisting recent arrivals to Iowa and Arkansas in becoming a stronger part of the local community through workforce services paired with civic engagement services, specifically job finding and placement services, translation, English-As-Second Language classes, financial literacy classes, and citizenship classes.

² Additional information on permanent and temporary certification programs is available at ETA's Web site at www.doleta.gov.

57. With an aging workforce and impending worker shortages, both Arkansas and Iowa, as well as all other immigrant-receiving states, are well positioned to integrate alternative labor pools such as immigrants to ensure the continued growth of their high-growth and emerging industries. Through partnerships that engage industry leaders, community colleges, the public workforce investment system and faith-based and community-based organizations, states will be able to ensure a readily-available pipeline of qualified and skilled workers to fill workforce gaps in rapidly evolving industries.
58. Recognizing that Hispanic Americans are a significant and growing segment of the U.S. population – representing 13.3 percent of the total population – ETA launched the Hispanic Worker Initiative. This initiative seeks to develop strategies that ensure Hispanic Americans are prepared for career opportunities in the 21st century economy. To achieve this, ETA identified challenges to workforce participation, retention and advancement and has developed a series of strategies to better serve Hispanics through the workforce investment system. The initiative stresses collaborative efforts between employers, community colleges and the public workforce investment system to address the workforce challenges faced by Hispanic Americans and to test new models for ensuring Hispanic workers develop the language and occupational skills employers need and help Hispanic youth stay on an educational path that leads to rewarding careers. To date the Department has invested approximately \$12 million in a series of unique and innovative projects that implement strategies to provide solutions to the workforce challenges of Hispanic Americans.
59. Faith and community-based organizations play an important role in serving immigrants. Faith and community-based organizations, which include minority-led and immigrant-led non-profit community development organizations, are trusted institutions within our neediest neighborhoods, that strive to achieve common purposes shared with government—reduction of welfare dependency, attainment of occupational skills, settlement and servicing of new immigrant communities, and entry and retention of citizens, including new Americans, in good-paying jobs. Recognizing the important roles played by such organizations, ETA recently awarded a grant to the Multi-Ethnic Community Center in Houston, TX, to serve local low-income Congolese, Somali, Sudanese, and Kosovar refugees and immigrants; offering training, education and capacity building services.

Aging and the Workforce

60. As the American workforce ages, workers are making decisions about how they would like to spend their retirement years. When asked, most Americans say they wish to continue working for a variety of reasons, including the need to build and maintain financial security and desires to stay productive and socially engaged. Some plan to continue working full time, but most say they wish to work fewer hours through more flexible working arrangements, while taking on new challenges.
61. The attitudes and expectations of older workers are encouraging for several reasons. By responding to older workers and encouraging their desires for continued participation in the workforce, employers will help minimize job vacancies, retain important knowledge, and remain competitive and productive. At the same time, older workers will be in a position to increase their personal retirement savings and realize the tangible and

intangible benefits that result from their continued participation in the workforce. The United States economy will benefit and financial pressures will be eased on important programs like Social Security and Medicare.

62. Even though demographic changes have slowed the growth of the workforce and many employers are facing labor and skill shortages as a result, older workers continue to face challenges to full participation in the labor market. Many older workers will want or need to continue working, and it is desirable that they do so in order for U.S. employers to remain competitive in the global economy. In addition, greater workforce participation by the baby boom generation after they become eligible for retirement will help ease financial strain on the retirement systems. But barriers, be they perceived or real, obstruct the normal dynamic of supply and demand for older workers and their potential employers, and affect the continuing participation of older workers in the workforce.
63. The barriers experienced by older workers range from difficulty in keeping pace with changing skill requirements and technology, to a lack of opportunities for training and physical limitations for certain kinds of work, to actual or perceived age discrimination in the workplace by employers and co-workers. These and other barriers may discourage older workers from remaining in the workforce or reentering the workforce after a period of unemployment, even though studies suggest that they would like to or need to continue working. Addressing these barriers will benefit older workers, employers, and the economy as a whole.
64. ETA has taken comprehensive executive action to address the issues and opportunities presented by the aging workforce. ETA is working to enhance public awareness of demographic trends, their likely consequences, and possible solutions that could help promote both economic growth and retirement security for individuals; help mitigate the potentially serious implications of the aging of the U.S. labor force; avoid possible knowledge and skill gaps in the future; and help ensure the financial security of older Americans.
65. To explore and address these challenges, the Assistant Secretary of Labor for ETA has convened the Interagency Taskforce on the Aging of the American Workforce. The Taskforce is made up of several U.S. government agencies, including the Departments of Treasury, Health and Human Services, Commerce, Education and Transportation, as well as the Social Security Administration, Small Business Administration and the Equal Employment Opportunity Commission. The Taskforce was formed to develop recommendations to prepare for and address the impact of the aging of the American workforce and the retirement of the baby boom generation. The first meeting of the Taskforce was held in May 2006.
66. The Taskforce is working to identify strategies to enhance the ability of older Americans to remain in or re-enter the labor market and pursue self-employment opportunities and enable businesses to take full advantage of this skilled labor pool. The Taskforce will primarily focus on issues in the following three areas:
 - Individual Opportunities for Employment. Many older Americans want to continue working, or need to for financial reasons, and this population is important for meeting the workforce and skill needs of employers. However, older individuals often face challenges to full participation in the labor market, including outdated skills, particularly

technological skills; health problems, disabilities, or physical limitations for certain types of work; and the lack of flexible work schedules to enable greater work-life balance.

- Legal and Regulatory Issues Regarding Work and Retirement. In some ways, the legislation and Federal regulations governing retirement, pensions and age discrimination have created impediments and disincentives to work for older Americans and obstacles for employers who want to hire and retain older employees. Misconceptions regarding these issues have created further challenges in this area.
- Employer Response to the Aging Workforce. The aging and retirement of the baby boom generation means that businesses risk losing many experienced workers and will likely face worker and skill shortages. Some employers do recognize the value of older employees and are implementing efforts to hire and retain these skilled workers. However, many employers still have misperceptions about the benefits and costs of older employees and are not taking steps to hire and retain older workers.

67. The Taskforce will:

- Help to address the workforce-related resolutions from the White House Conference on Aging.
- Engage in strategies to address the barriers preventing the full participation of older Americans in the labor market.
- Gather information on best practices in the public and private sector for hiring and retaining older workers.
- Develop a report of findings and recommendations to address the issues identified to be provided to the Secretaries of the participating Federal agencies, and that may also be subsequently submitted to the President and Members of Congress.
- Hold a “Conference on the Aging Workforce” to highlight the Taskforce’s findings and recommendations.

The Taskforce will submit its recommendations to the Secretaries of these federal agencies in the coming year.

68. On October 17, 2006, President Bush signed into law the Older Americans Act Amendments of 2006. Title V of this Act is the Senior Community Service Employment Program, which is administered by the Department of Labor and provides part-time community service work experience and job training for the private sector for individuals aged 55 and above. The reauthorization of Title V provides more focus on employment outcomes and the use of community service as a means of helping seniors reach self sufficiency rather than as the final step. The new law also will help move these older workers into high-demand occupations.

Data-driven Decision-Making for the Workforce

Workforce Information

69. To assist regional leaders in developing integrated economic growth strategies, they must have relevant and timely workforce and labor market information. Workforce and labor market information is a critical tool that can help regions understand industry clusters, identify and assess their regional economic strengths and gaps, identify current and changing skill needs, assess their labor pool, and drive strategic economic, workforce and education transformation.
70. Regions need the ability to blend a wide array of data sources, to view and integrate the data in different ways, to translate the data and analysis into economic and workforce intelligence, and to create tools and products for end users. Relevant data can come from a variety of sources, including: traditional workforce information; data collected by economic development agencies, trade and industry associations, and chambers of commerce, as well as through other government sources such as Education, Commerce, Census, the Federal Reserve; and the private sector. ETA continues to fund workforce information core products and services grants, and has invested in the Projections and National Workforce Information Database, Census Local Employment Dynamics, and the national electronic tools.

Workforce & Innovation Technical Solution (WITS) Overview

71. WITS is being developed at the direction of ETA to provide a sophisticated data tool for use by the WIRED regions to support and augment their plans for regional transformation. WITS is a web-based software solution that combines core and enhanced datasets with Geographic Information Systems mapping and labor intelligence. It also and provides advanced technical capabilities in a powerful tool to aid in economic development and workforce-related decisions. ETA has licensed WITS and is providing WIRED regions with access to underlying data, necessary training and relevant case study examples and practices.
72. The breadth and depth of data combined in WITS enables regional analysis and decision making on a new scale. With the regional rollout of the first version of WITS in September, 2006, WIRED regions are able to familiarize themselves with the functionality, core data, reporting and technical capabilities included in this initial release of the software.
73. A National Advisory Data Team and Regional Data Teams are being created to optimize WITS data for WIRED. Regional Data Team members will maximize the value of WITS data to support ongoing economic analysis, measure the impact of the regional WIRED initiative and benchmark the region's economic competitiveness. They will drive and impact how WITS is utilized in their regions and will help to extract value from WITS through their local knowledge, data expertise and experience. Members will act as liaisons between the WITS users, regional decision makers and WIRED leadership to refine data requests, generate queries and effectively use the WITS toolkit in support of the WIRED implementation plans.

Workforce Investment Performance Report (WISPR)

77. To ensure that ETA's program data can support local, regional and statewide economic growth strategies, as well as to streamline performance reporting and eliminate unnecessary data collection burden, ETA is creating a revised reporting system, the Workforce Investment Streamlined Performance Reporting (WISPR) System. Through WISPR, 11 different ETA programs will report results using 4 standardized quarterly report formats that will allow for comparable, consistent analysis across ETA programs, including: the Wagner-Peyser Act; Veterans Employment and Training Service; WIA Adults, Dislocated Workers, and Youth; Trade Adjustment Assistance; and National Emergency Grants.
78. The WISPR System complements other transformative approaches implemented under WIRED by providing a more flexible and integrated reporting solution that can produce performance information by regional economic or labor market areas and across ETA programs. Through the WISPR System, ETA can look at performance results based on customizable geographic areas down to the One-Stop Career Center level. This enhanced flexibility will allow ETA to "break out" of the traditional and rigid geo-political constructs that currently organize the program performance data. Additionally, WISPR would provide a more complete picture of the total impact of the One-Stop Career Center System by capturing services to employer customers. The quarterly employer services report will be the first comprehensive report on services to employers by the workforce investment system.

Conclusion

79. The continued growth of the U.S. economy in large measure can be attributed to the introduction of new technology, free trade, and the ability of America's industries and workforce to quickly adapt and capitalize on the opportunities these changes create. However, as these forces accelerate and compound, it is critical that policies are in place to ensure the economic flexibility necessary to accommodate further growth. Such flexibility in the way work is performed, the relationship between worker and employer, and an understanding of how these trends will affect America's workforce, workplaces and markets are essential to the Nation's economic success. The United States' ability to compete in this new, rapidly changing global marketplace is dependent on a highly skilled, adaptive workforce and on workplaces that provide for needed flexibility. As described herein, the DOL ETA is helping workers adapt through strong workforce investment programs. Through these programs, workers are provided with the resources and means to adapt and prepare for the dramatic changes in the 21st century global economy.