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Page A-7

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NEWS

Job Training

Aspen Institute Says U.S. Companies Will Provide More Training in 21st Century

To expand their workforces as baby boomers retire, U.S. companies will likely create new job training methods and hire more foreign-born workers, or they will face lost productivity and growth, according to a study released Feb. 28 by the Aspen Institute.

It also said a trend toward "industry-specific" job training programs will likely become common in the next two decades, as companies, groups of companies, and industry organizations create in-house or industry-specific training programs, to get and keep skilled workers.

The study, "Grow Faster Together or Grow Slowly Apart: How Will America Work in the 21st Century," said that the swelled ranks of the baby boom generation caused the pool of U.S.-born workers to expand by 44 percent, or 27 million new workers, in the past 20 years--more than enough to meet the needs of the growing U.S. economy.

But with the retirement of baby boomers looming, and with succeeding generations much smaller, net growth in the number of U.S.-born workers over the next 20 years will likely stay at zero, while the number of foreign-born and elderly workers will grow, the study said.

In the 21st century, most workers, both U.S.- and foreign-born, will also be less educated than the baby boom generation, exacerbating a wage gap between lowest-paid workers and highest-paid workers, as employers compete for workers with the most skills, according to the report.

The number of workers with post-high school education increased 19 percent over the past two decades, but children of baby boomers are less educated than their parents, so the number of workers with post-high school education is expected to grow only by 4 percent over the next two decades, the study said.

Companies will have to devise new strategies to combat those changing demographics, the study said. It focused on "industry-specific training" as among the most promising ways for companies to maintain a skilled labor force in coming decades.

Industry-Specific Training Said Successful

It also said that a survey found that industry-specific training is most successful when connected to local markets and specific employers. Often developed with little or no government support, such programs provide employers with training "carefully geared" to their specific needs, it said.

The types of training cited by the study include in-house company training; training provided by a consortia of employers with similar skill needs; training which helps workers become part of a new enterprise, such as home health or child care cooperatives; and "job ladder initiatives," which help workers climb the career ladder within an industry, the report said.

It compared employment and earnings of 332 low-income people before and after training from 1998 to 2001. It found that trainees reported earnings hikes averaging \$7,000 one year after their training, and \$10,000 two years after their training. Hourly wages rose 31 percent for recipients of industry-specific training, versus 7.3 percent for all workers nationwide, it said.

The report also found that based on their personal earnings alone, almost 40 percent of trainees moved out of poverty two years after training, and that the quality of jobs held by trainees improved significantly.

Case Studies Cited

The report cited four case studies, including TechReach, sponsored by staffing and employment agency Manpower, Inc., which trains welfare recipients to be computer technicians in 12 weeks. Former Manpower CEO Mitchell Fromstein, now retired, created the program to meet growing demand for computer technicians.

"We saw that we could give ourselves something to use in the marketplace and at the same time take people off welfare into something other than low-paying jobs," Fromstein said in the study.

He started the program in several cities across the country, in collaboration with different partner organizations in each city. Because Manpower specializes in job placement and has 2,000 offices nationwide, the program's graduates had built-in job-hunting assistance through Manpower, the study said.

Manpower deliberately started the program on a small scale to avoid "massive mistakes," the study said. The original class of computer tech trainees was nine students in Miami, all young mothers on welfare. It conducted the program in conjunction with the nonprofit Welfare-to-Work partnership, which encourages American businesses to hire former welfare recipients, the report said.

Training cost \$5,000 per student and was paid for by the program. Each student continued on welfare for the course of the 12-week class. They each received \$30 per week to cover transportation costs. The program provided support to help students avoid the hassles that might normally prevent them from getting to class, such as working with social service agencies to provide child care credits, food stamps, and Medicaid, the report said.

"They did everything necessary to take care of us so we would finish," said student Kemba Weeks, in the report.

Manpower, meanwhile, worked closely with employers to place the students after they graduated. Today six of the nine workers have jobs as computer technicians, and earn well above minimum wage, the report said.

TechReach plans to expand to 35 programs nationwide. The Miami program will soon host a class of 200 students, and recently received a grant from the Department of Labor to train 600 people in Washington, DC.

The report, [Grow Faster Together or Grow Slowly Apart: How Will America Work in the 21st Century](http://www.aspeninstitute.org/eop), may be accessed on the Aspen Institute's Web site at: <http://www.aspeninstitute.org/eop>.