

To compete in the global economy, America needs to ensure that our workforce has skills and training for high demand jobs. Today, our country's workforce development system is failing. Americans, especially those from underserved communities, are struggling to find the training they need, and employers are unable to fill the nearly 10 million open jobs across the U.S. economy. Failure to reform the system will put our country's economic future at risk and further limit economic opportunity and mobility for America's workers. Business Roundtable urges policymakers to fix the nation's workforce development system to better prepare workers for in-demand careers and strengthen our economy and competitiveness.

America faces significant workforce challenges:

- ▶ **The labor force participation rate is alarmingly low.** Today, just over 62% of working-age Americans participate in the workforce, down from over 67% in 2000.
- ▶ **The labor shortage problem isn't going away.** From 2011 to 2021, the over-65 population grew by 16.1 million people while the under-25 population declined by 2 million people.
- ▶ A growing number of **Americans do not have the skills employers need** — both "hard" or technical skills as well as "employability" skills like critical thinking, communication and collaboration.
- ▶ **More jobs now require some level of post-high school education or training, yet college enrollment has declined.** Between 2010-2022, enrollment in two- and four-year undergraduate programs dropped by 12.3%. Further, a significant number of Americans — over 40 million — have attended some college but did not earn a degree.
- ▶ **Limited access to training programs** prevents a significant percentage of workers — especially from underserved communities — from entering and advancing in the workforce. For example, two-thirds of hourly workers struggle to access reskilling programs, which can stifle career advancement opportunities.
- ▶ **Unemployed workers are increasingly skeptical that training pays.** Recent surveys show that workers who would benefit most from post-high school education and training are the least likely to believe that the financial payoff is worth the time and monetary investment.
- ▶ **The Workforce Innovation and Opportunity Act (WIOA), the cornerstone of the public workforce development system, is inefficient and burdensome.** Annually, less than one-quarter of WIOA funds are used for training services.
- ▶ **Our country's workforce programs are not preparing workers for in-demand careers.** Only 54% of individuals who participated in a federally funded program found employment upon completion.
- ▶ **Local employers are not utilizing the public workforce development system.** Only 8% of local employers participated in the system as of 2020. Of the employers that did participate in the system, only 35% were repeat customers.

To help address the challenges facing workers, employers and the economy, Business Roundtable urges policymakers to enact comprehensive reforms to America's workforce development system that:

- 1. Empower states to structure workforce systems that meet economic needs and deliver for workers.** The federal government funds employment and training services, but state and local leaders oversee those programs. Too often, unnecessary federal mandates keep states and local communities from effectively partnering with employers to employ and upskill workers.
 - ▶ Provide governors with greater flexibility to restructure their state workforce development systems and direct resources to training programs that meet their regional workforce needs.
 - ▶ Instill strong accountability and performance measures, in return for greater state flexibility, to maximize the return on investment and implement programs that result in more employment at better wages.
- 2. Promote high-quality, relevant employer-driven training programs.** Training programs led by or in partnership with businesses are shown to be the most effective models for skills development and should be supported.
 - ▶ Integrate granular, real-time labor market information that accurately reflects local employer hiring and skills needs to inform the employment and training services provided to workers.
 - ▶ Incentivize community colleges and other high-quality providers to work with local businesses to offer broader skills-based program options, including work-based learning and employer-designed training programs.
 - ▶ Modernize the Department of Labor's Registered Apprenticeship program to align with evolving workplaces, occupations and career pathways.
 - ▶ Expand tax incentives for employer-sponsored education and training programs and employees' education and training expenses.
- 3. Give workers more freedom and flexibility to get the training they need for fulfilling careers.** Workers need access to a broader range of education and training programs — including more short-term and mid-career training directly tied to their employment — and resources to support their success in these programs.
 - ▶ Expand Pell Grant eligibility for students pursuing high-quality short-term education and training programs.
 - ▶ Give workers more options to enroll in employer-driven training programs, including by expanding eligible uses of individual training accounts under WIOA and removing unnecessary limitations on the use of funds for on-the-job training.