

# TRANSFORMING U.S. WORKFORCE DEVELOPMENT POLICIES FOR THE 21ST CENTURY CONFERENCE

## Panel Summary Report #7

### European Workforce Development Policies: Lessons for the United States

by Scott Powell, Ph.D.

The Great Recession and subsequent economic crisis was a global phenomenon, and countries leveraged a wide variety of policy responses to bolster their workforce development systems in the wake of the crisis. This panel brought together a diverse mix of experts familiar with the policy responses across Europe, as well as other developed countries. Moderator and former U.S. Ambassador to Germany **Philip Murphy** engaged the panelists to find out the different types of workforce development policies being used in Europe and to what degree the United States might be able to learn and benefit from the policies of its European counterparts.

Murphy first turned to **Sebastian Patta** to discuss German apprenticeships. While these programs have been successful and played a major role in helping Germany weather the economic crisis, the ability of other countries to replicate the German model is frequently questioned. As the Executive Vice President of Human Resources for Volkswagen of Chattanooga, however, Patta oversees one of the few German apprenticeship programs that have been implemented in the United States. He shared details about the Chattanooga apprenticeship program, including how apprentices spend approximately 70% of their time gaining paid work experience and 30% of their time in the classroom. They also receive an internationally recognized credential when the program is completed, thereby providing job opportunities outside of the United States. Regarding what is critical for effective

implementation of the German apprenticeship model, Patta stated unequivocally that the Volkswagen program has been a great success in Chattanooga, but cautioned that the American workforce investment system needs to avoid the urge to look to short-term solutions. The Chattanooga program, and the German model more generally, are successful because employers such as Volkswagen are committed to quality training that takes place over years rather than days or months.

Murphy then turned to **Ellen Hansen**, formerly of the International Labour Organization, who motivated the need for the United States to look to other countries for policy ideas. Although the U.S. recovery performed better than that in most European countries in terms of unemployment, Hansen pointed out that the United States lags behind its peers in other areas that are critical to workforce development. Specifically, she highlighted recent survey results from the Organisation for Economic Co-operation and Development (OECD) demonstrating the lack of skills in the U.S. workforce. Despite having a high rate of workers with post-secondary education credentials, the United States placed in the bottom third of OECD countries when measuring skills such as literacy, numeracy, and problem solving. Moreover, the skill level of minorities and those with disadvantaged backgrounds was particularly low. In short, the United States is struggling to turn education into the skills that are critical for a globally competitive workforce.

**Regina Konle-Seidl** of the German Institute for Employment Research then addressed the role of the public employment service in assisting job seekers and how the services provided by American Job Centers compare to those in other countries. She pointed out that the United States has large capacity constraints due to investing, on average, only one-fifth as much as other developed countries in active labor market programs, and less than a tenth of what is spent in several European countries. Additionally, U.S. policies are quite passive in how they serve job seekers, particularly those receiving unemployment insurance benefits, and American Job Centers tend to focus only on providing services to the most disadvantaged. In contrast, many European countries such as Germany and the United Kingdom serve a much broader range of clients and require those on unemployment insurance to visit employment offices. Konle-Seidl emphasized these distinct policy characteristics for two reasons. First, it is cost-effective to bring a broader client base into American Job Centers, as there is considerable evidence demonstrating that in-person visits to employment offices reduces the length of time an individual is unemployed. Second, early intervention is critical in preventing long-term unemployment, since it is much easier to help individuals reintegrate into the labor market when they have only been unemployed for a short period.

**Kari Hadjivassiliou** continued the discussion by explaining the current state of European policies to target youth unemployment. As a youth policy expert from the Institute for Employment Studies in the United Kingdom, she expressed that many similarities in youth issues exist between Europe and the United States. For instance, large numbers of young workers are underemployed and many employers claim that young workers do not possess the necessary skills for in-demand positions. Hadjivassiliou also discussed the Youth Guarantee, the European Union's (EU) major initiative to address youth unemployment. This program mandates that all individuals under 25 who finish school or lose a job are guaranteed a placement in work, education, or training. She emphasized that the countries that have implemented the guarantee most successfully, such as Finland, provide youth clients with strong individualized support, complementing Konle-Seidl's point about the need for less passive

policies in the United States. Regarding funding, Hadjivassiliou admitted that six billion euros was a large cost for the Youth Guarantee program, and likely not enough for all EU countries to successfully implement the Finnish model. However, she also mentioned that five million unemployed young people are costing the EU 150 billion euros every year. Thus, the cost of the program is quite small when compared to doing nothing at all.

The audience then asked questions about several topics, including short time compensation, the critical role that employers and unions must play in the design of workforce development policies, and the difficulties of implementing policies in a federal government. In concluding the panel, Murphy asked each panelist to provide a single policy recommendation for the United States. Konle-Seidl suggested that the United States should provide more support for individuals out of work, particularly after they exhaust state unemployment insurance benefits. Patta emphasized the importance of providing programs, possibly through community colleges, that help young people make the transition from school to work. Hansen suggested that the United States needs to improve awareness of labor market realities, especially in a global economy, and assist individuals in making pragmatic education and career choices. Hadjivassiliou emphasized the importance of acting quickly to help young workers and not ignoring the high cost of inaction.

### About the Author

Scott Powell, Ph.D. was a researcher at the Helldrich Center for Workforce Development at Rutgers University. He is now director of research at the state of Michigan's Bureau of Labor Market Information and Strategic Initiatives.

## About this Series

In October 2014, the Federal Reserve Banks of Atlanta and Kansas City and the Heldrich Center for Workforce Development at Rutgers University hosted a national conference titled, *Transforming U.S. Workforce Development Policies for the 21st Century*. The goal of the conference was to provide a forum for policymakers, practitioners, and researchers to share perspectives on transformative education and workforce development policies.

Over 250 people, including business and labor leaders, scholars, educators, policy advocates, researchers, and workforce development professionals, attended the conference. More than 60 national and international experts shared recommendations for developing policies and programs that will meet the nation's needs for talented workers.

This publication, the seventh in a series of nine reports, highlights the discussions and recommendations that were offered during the panel, "European Workforce Development Policies: Lessons for the United States."

Previous reports in the series can be downloaded at the links below:

*Reforming Workforce Development Policies for American Workers*

*Strategies for Helping Long-term Unemployed Job Seekers Return to Work*

*Aligning Employers and Workforce Development Strategies*

*Emerging Trends in Education and Training Programs: Credentials, Competencies, and Curriculum*

*Workforce Policies for Disadvantaged Populations*

*Building a Foundation for Transformative Change through Data and Research*

## Conference Videos

View interviews with some of the members of this panel at the links below:

Kari Hadjivassiliou

Regina Konle-Seidl

Philip Murphy

## Photo Gallery



*Philip Murphy*



*Kari Hadjivassiliou*





*Sebastian Patta*



*Regina Konle-Seidl*



*Ellen Hansen*



*Audience members*