

**GORDON REPORT, February 2016**  
**The Undereducated Workforce:**  
**Plenty of Jobs – Too Few Workers**

Does the 4.9 percent U.S. unemployment rate of January 2016 show a continuing jobs recovery? Many Americans don't think so. They feel themselves victims of mass unemployment in the midst of a continuing recession.

Currently 95 million American adults are not in the workforce. Of these, 45 million are capable of being employed, including 6 million retirees who still want to work. Also there are 20 million people working part-time who are seeking full-time employment.

Americans are confused, worried, and angry about this. They know that the U.S. economy is not working for them as it once was, and they don't understand why.

Finding Answers

Since 1969 the National Assessment of Educational Progress (NAEP), the so-called nation's report card, has measured student achievement in the 4th, 8th, and 12th grades. These scores have basically remained the same for the past 30 years. At the same time, college entrance ACT and SAT exam scores peaked in the 1970s and have been in decline ever since.

Between 1900 and the 1970s U.S. literacy and educational levels rose across America as all the states mandated K-12 tax-supported public education. This education-to-employment system successfully produced the levels of talent required for well-paying employment across all sectors of the 20th-century U.S. economy.

About 33 percent of American adults attained proficient or advanced skill levels. However, since the 1970s this proportion of skilled adults has not grown. Unfortunately in the 21st century technology and global competition continues to raise talent requirements in the U.S. and world labor markets. By 2020 about 66 percent of jobs will require people who have proficient or advanced skills.

The Cost of Vacant Jobs

A widening jobs-skills gap now exists across the United States and in many other nations. Survey after survey of large and small businesses and their human resource personnel indicate that the shortage of skilled workers is an increasing concern. International surveys of CEOs rank talent shortages as a major problem. As one chief executive recently explained, "We're spending more money on finding good people than we ever have. What we used to do to find customers, we're now doing to find workers."

With estimates ranging from 5 to 8 million vacant U.S. jobs, employers are paying an increasing price through declining productivity and increased expenses. Career Builder (2015) found that the cost of vacant jobs in lost revenue and profits can be as high as \$23,000 for each unfilled position.

### Systemic Change

The message for businesses is that to achieve more growth over the next decade, they must increase investments both in technology and in improving the education and skills of America's current and future workforce. That means that both Wall Street and Main Street have to change their thinking. This is already happening. The 2015 *Training* Annual Industry Report indicated that U.S. business training investment rose by 14.2 percent from 2014 to a total of \$70.6 billion.

For over 40 years, I have helped to organize multiple efforts that assisted businesses, educational institutions, government agencies, and regional organizations in improving training, development, and educational programs. They provided opportunities for people to master more skills and use advanced technologies in a wide spectrum of industrial, professional, and service sectors. Over these decades I have come to believe that the United States needs to increase its economic growth by accelerating the structural and systemic actions that will bridge the jobs-skills gap of this new demanding labor-market era. Regional public-private partnership networks which include businesses, educators, government agencies, non-profits and other community groups have begun this process. To describe these many systemic solutions to the skills-job disconnect, I have coined the acronym RETAINs (Regional Talent Innovation Networks). We need to support and speed up these efforts to reinvent local education-to-employment systems.

RETAINs build upon four basic principles: GROWTH, FREEDOM, OPPORTUNITY, and HOPE. They offer the promise of increasing economic GROWTH for more people and communities. RETAINs promote FREEDOM of choice by developing multiple pathways connecting people to jobs and careers. They offer the OPPORTUNITY for more individuals to attain the advanced skills sought by today's businesses and organizations. RETAINs offer realist HOPE for a better tomorrow—an outlook that is an important part of America's heritage that we need now and for the future.

**Edward E. Gordon is the president of Imperial Consulting Corporation ([www.imperialcorp.com](http://www.imperialcorp.com)). His latest book is *Future Jobs: Solving the Employment and Skills Crisis* (Praeger, 2013) which is a 2015 Independent Publishers Book Award winner.**