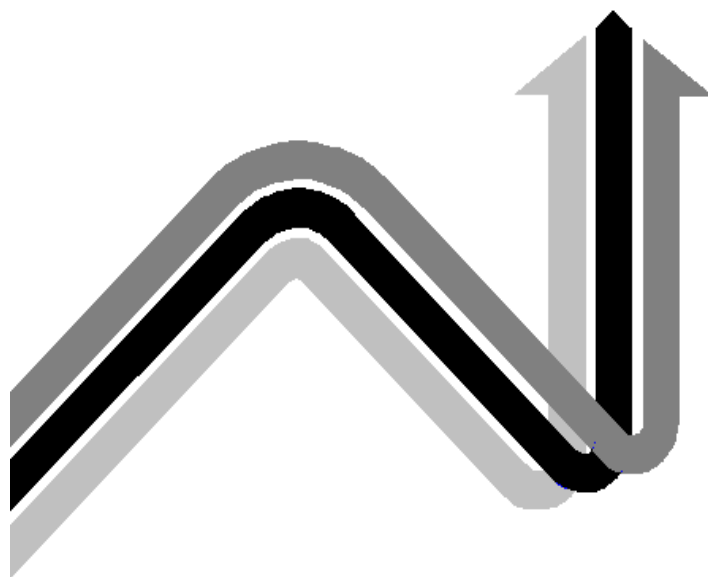


THEMATIC REVIEW OF THE TRANSITION FROM INITIAL EDUCATION TO WORKING LIFE



UNITED STATES OF AMERICA

COUNTRY NOTE

JUNE 1999

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EXECUTIVE SUMMARY

This review took place in the context of a booming US economy which, over the last few years, has created a very large number of jobs, many of them skilled, technical and professional. It is equally noteworthy that high school graduation rates have increased markedly over the last decade; and that college participation rates have also risen substantially for all income groups, with a direct high-school to college transition becoming the clear statistical norm. Educational standards were not a major focus of this study: but are being addressed widely, especially through State assessment programmes and graduation requirements.

These trends both reflect and reinforce core American attitudes and values: the worth of a general education, the importance of providing access to college for all citizens, and the undesirability of any tracking system. It is important that education and labour market policies at all levels of society respect and work with these values. Attempts to alter them are unlikely to succeed: conversely, many existing programmes and institutions can be successfully upgraded in the context of a “college for all” philosophy.

School-to-work transitions operate well for many young Americans. The common pattern is for young people to hold a variety of short-term jobs early in their careers: but there is no clear evidence to suggest that, on balance, this “churning” process has undesirable results for either employees or employers. There is a surprising lack of in-depth research on the huge four-year institutions which award most bachelors’ degrees and from which an increasing proportion of young people move into full-time employment: but, again, no clear evidence to suggest that they are not sensitive to labour market or student demands.

Nonetheless, as many American commentators have argued, many individual Americans do face serious problems in making the transition to adult working life. The most important issues raised by national statistics and in national policy debates are as follows:

- Employment and income prospects for those without a high school diploma are worse than at any time in the post-war period.
- Completion rates for many degrees (two and four year) are very low. This implies that major costs, for low returns, are being incurred by both individuals and the taxpaying public.
- The real costs of college for individuals are increasing. At the same time the real median earnings of those with some college or a bachelor’s degree have declined. In other words, individuals face higher real costs but not higher real returns. (College remains an extremely sensible investment, however, since the *relative* position of college attenders vis-à-vis those with no college has improved).
- Obtaining and using appropriate information is a problem for both the young and employers. The size and complexity of the post-secondary sector, and a rapidly changing economy and labour market make it difficult for young Americans to decide what and where to study, and how this will best serve their future careers. Employers, in their turn, have no

straightforward way of evaluating and comparing information on education outcomes from different institutions, This imposes real costs (direct and in lost efficiency) on individuals, companies, and the overall economy.

Widespread debate in the late 1980s and 1990s led to a group of policies intended to improve youth transitions, and commonly grouped together as “school to work.” Key Federal legislation included Goals 2000 and the School-to-Work Opportunities Act, and there have also been a large number of State initiatives. Major concerns included a supposed mismatch between labour market requirements and educational patterns, the absence of clear and trusted ways of informing gatekeepers about the skills students have acquired, and misplaced decisions by young people as a result of these factors. The policies were inspired in many respects by reformers’ perceptions of transition pathways in other OECD countries: some have become highly controversial politically.

At local level, one extremely popular result of such policies is an increased emphasis on career exploration. Internships, business-school partnerships and other comparable activities (whether funded federally or with state and local monies) respond to the strong concerns over career choice felt by young Americans and their families, and to businesses’ own concerns about their future workforce, and traditional willingness to engage with their local schools.

Initiatives which try to go further in integrating the school and workplace are on far less secure ground. We saw very little evidence that occupational standards were or were likely to become an important part of vocational courses or hiring decisions. Youth apprenticeships are proving very expensive to establish and maintain and suffer from endemic weaknesses of organisation and content: meanwhile, the large amount of co-op education which is still offered has been unduly neglected as a source of effective learning. More positively, some career academies (which exist within mainstream high schools) are successful both in recruitment of students and in provision of innovative curricula and learning. However, they too are constrained by the rigidity of the school timetable. The main report identifies key requirements for successful workplace learning and notes the need to make major changes in timetabling if these are to be possible within a high school framework.

In general, the experience of school-to-work initiatives underlines the importance of combining any developments with a commitment to progression and the opportunity for all students to go to college. Tech-Prep courses which align the last two years of high school with two-year college programmes have grown rapidly during the 1990s and exemplify the importance of this principle. We do not believe there is any long-term future for high-school programmes, however labelled, which do not expressly provide for progression to college.

The problems of out-of-school youth do not appear to be a burning concern to most policy “players” at Federal, State or local level. This may reflect policy fatigue, since it has proven very difficult to develop successful programmes for this population. However, while the proportion of drop-outs in the population may have fallen, their absolute numbers remain large and their prospects, as noted earlier, are worse than ever. Research evidence supports the value of “saturation” policies (and documents the ineffectiveness of cheaper programmes, which are inevitably short-term and/or part-time and cannot offset community and peer group influences). The review team was impressed, in this context, by the quality of the Job Corps programmes it observed.

Current policies on upgrading the content of high school courses and increasing access to college (e.g. through Tech-Prep or phasing out “general” tracks which do not provide college preparation) are in keeping with citizens’ aspirations and the functioning of the US labour market. Federal policy on student aid has also been very helpful in improving access for all citizens. Recent developments in career

guidance and exploration and the growth of school-business partnerships are welcome. Nonetheless, there remain important policy and research gaps relating to each of the major issues identified.

It is far more effective to prevent drop-out than to try and remedy the effects later. At present, aid for high-risk, high-need populations does not attract the same levels of political support as, for example, student loans and grants. The deteriorating prospects for these groups, and the knock-on effects for society at large, make action here a priority. While all OECD countries struggle with this area of policy, the experience of some in developing effective programmes for high-risk students -- many of which have a high vocational or workplace loading -- may be helpful.

The rising costs of college, the declining real returns to degrees and the very high non-completion rates affect a large proportion of young Americans. Costs also fuel the increasing tendency to combine work and study. This may in turn be affecting the quality of educational outcomes: although, as with many other aspects of higher education, there is a serious absence of good quality data. Given the enormous and growing role of higher education in both the transition process, and in the economy as a whole, it is important to give more attention to research on quality and efficiency. We also note that in the United States, as in many other OECD countries, large gaps in attendance and graduation rates endure between different income groups, even though absolute levels have risen for everybody. There is some indication of a worsening situation here, with lower-income groups increasingly over-represented in two-year colleges, and some regressive changes in patterns of Federal assistance to students; and these need to be monitored and addressed.

The problems for transition raised by inadequate credentialling and “signalling” systems do not appear to be as acute as some commentators have argued; and there are, in fact, quite extensive and essentially national credentialling systems already in existence for large numbers of occupations. The growth of career exploration and guidance associated with “school-to-work” developments will help young people to cope with complex information and should be further encouraged. Employers’ tendency to screen by education in only the most broad-brush way (drop-out/high school graduate/college graduate) and their reluctance to use transcripts are probably related to lack of confidence that standards are consistent. Here, States’ school reform programmes may lead to change. While there are clear inefficiencies in the present system, the size and regulatory complexity of the United States militate against a system of tightly defined national credentials.

Recent experiences in the area of education to work transitions confirm that effective Federal programmes need either to be concerned with objectives that are tightly defined and can be realised quickly; or to enjoy such levels of bipartisan support that they can expect multiple reauthorisations. Policy in this area must, as was emphasised earlier, work with and not against the grain of national values and recognise that labour market practices develop slowly and are not easily changed by political initiatives. Recent successes (and recent disappointments) are best understood in this context.

1. INTRODUCTION

1. This Country Note, which forms part of the OECD's Thematic Review of the Transition from Initial Education to Working Life, discusses and evaluates the ways in which young people in the United States currently make the transition from education to working life: from a situation in which they are primarily identified and identify themselves as students not workers to one in which they are primarily workers, but not students. It is based on a two week visit to the United States by a four person OECD review team in October 1998, though it also draws on a wide range of background material.¹ In addition to opening and closing meetings in Washington, D.C. the visit included the States of Massachusetts, Wisconsin, North Carolina and Florida. These States were selected both to encompass a wide regional spread and to reflect a diversity of approaches being taken by States to the implementation of reformed school to work arrangements. We would like to acknowledge the time and assistance given to us by our hosts in each of these locations, and our appreciation of the welcome they extended as well as the information and insights they offered. At the same time, we are very conscious that our direct experiences were, inevitably, skewed. We did not, for example, have the opportunity to examine Tech Prep, new high school reform or post-secondary Coop programmes in detail. And we are, notably, far better equipped to discuss initiatives funded under the Federal School-to-Work Opportunities Act than we are the role of the large four-year universities in youth transitions.

2. It is similarly impossible, in an intentionally short report, to cover all the relevant features of an education system and an economy as huge and varied as the American. Instead, we have focused on the issues and problems which Americans themselves associate with the transition from education to work. Many of these are also found in other OECD countries, but responses must take account of a country's own particular institutions and values. While much of what we have to say will not be new or unknown to a US audience, some points -- and especially the influence of a country's bedrock values and assumptions -- can be particularly clear to outsiders who look at issues from a comparative perspective. In this report we aim to throw into relief such key aspects of the American policy environment, and what they mean for both existing and future programmes.

3. The report is part of an OECD thematic review, and so intended for diverse audiences, both within the United States and abroad. It therefore starts with a summary of education and training arrangements (Section 2) which American readers may wish to omit. Section 3 identifies those features of current arrangements which are most relevant to young people moving from education to work, and notes in which respects the US is similar to other OECD countries, and in which it is fairly or highly distinct.

1 We would like to express our appreciation of the excellent background report prepared by the National Center for Postsecondary Improvement, under contract to OERI, U.S. Department of Education (referred to hereafter simply as "the background report"); and also to note, in particular, our use of work by M.S. McPherson and M.O. Schapiro on participation and finance statistics in higher education, including draft material prepared for the OECD; and of the recent review of training programme evaluations by Friedlander et. al. (D. Friedlander, D.H. Greenberg and P.K. Robins: *Journal of Economic Literature* XXXV(4), 1997). Finally, our task has been made much easier by the extensive and excellent statistics published by the National Center for Education Statistics, U.S. Department of Education.

Section 4 then elaborates on the major consequent issues, as identified by American commentators and policy-makers, and offers some conclusions of our own. Section 5 summarises the degree to which current policy analyses and responses appear appropriate; and Section 6 provides some concrete recommendations for action.

2. AN OVERVIEW OF EDUCATION AND TRAINING IN THE UNITED STATES OF AMERICA

4. This section provides a descriptive summary of the United States' education and training institutions, and, as noted above, is intended primarily for the non-American reader. In fact, there can hardly be a single OECD citizen over the age of five who does not have some conception of what it is like to be educated in the United States (and especially at Hollywood's favourite, the suburban high school). At the same time, the size and complexity of the sector mean that it is impossible for anyone to have a complete grasp of either its current state or of future trends. This section therefore highlights those statistics and developments of particular relevance to policies that affect the transition from initial education to work.

5. American education is characterised by enormous administrative complexity. In 1995-96 almost 15 000 public agencies provided elementary and secondary education services to over 51 million US students. Of these, 14 367 were individual school districts. They, in turn, ranged from tiny rural districts to districts with the huge populations of New York City or Dade County, Florida. Higher education statistics for the same year show 14.4 million students in 3 706 institutions. Of these, 2 244 were four-year and 1 462 were two-year institutions: 1 655 were public and 2 051 private. Just over a third of higher education students are in private institutions. To these figures must be added the private elementary and secondary schools which educate about 11% of all elementary and secondary students (a figure which has been stable for the past decade); and a highly diverse proprietary (for profit) vocational and technical sector offering non-degree programmes, and with enrolments equivalent to less than 10% of undergraduate numbers.²

6. However, in spite of this diversity, there are important respects in which American education is highly homogenous, especially at pre-college level. While standards and curricula are a state and local responsibility, a few textbook publishers nonetheless dominate the market and the classroom. Standardised tests, again from a very few publishers, can be and are used in vast numbers, nation-wide, and focus schools' attention on the same interpretation and presentation of basic content and skills. (This is, of course, hardly surprising given a population as geographically mobile as the American). Unlike, say, the UK or France, there is no complex set of externally examined diplomas and qualifications among which high school pupils must choose. While there exist a limited number of specialised vocational high schools, American secondary pupils are not faced with separate parallel curricula, leading to separate leaving certificates, and offered in separate schools, as they would be in Germany, the Netherlands, or Italy.

7. Instead, the whole country works with a common system whereby courses bear credits which are accumulated towards qualifications. [Carnegie units: in secondary education, a single unit is awarded for completion of a course that meets one period per day for a (school) year]. High school students select the courses they wish to take (with guidance): and aim to collect a high school diploma. (A transcript will

2 National Center for Education Statistics Digest of Education Statistics 1997 (Washington: U.S. Department of Education 1998), especially tables 45, 64, 170, 242; and the background report.

record actual courses taken, grades and Grade Point Average). A student's programme is made up of core subjects and "electives". The latter provide for a wide range of choices, some academic, some vocational. Nonetheless, the degree of common content is such that it is actually easier for an American agency to summarise the academic achievements of a whole cohort (e.g. numbers achieving a full college preparatory programme, defined in terms of English, Maths, Social Science and Science credits) than it would be for the majority of OECD members.

8. Since the focus of this report is on the transition from education to employment, it has rather little to say about compulsory education and the school curriculum. However, readers should be conscious that much energy and reform effort in the United States is directed to exactly these latter two areas. American policy-makers are deeply concerned about the perceived low achievement of American students, and there are major and high-profile reform movements associated with, for example, the desirability of increased school choice for parents and competition among schools, the "New American High School" movement, competency testing for teachers, and the development of curriculum standards and State-wide assessments. Most of the reforms focus on the way schools and curriculum are organised. However, some commentators, while sharing the diagnosis of a system in crisis, instead argue for the effects of declining teacher quality (because labour market changes make teaching less attractive than in the past) or the culture and attitudes of students themselves.

Secondary level vocational and technical education

9. These are organised in a less uniform fashion than other aspects of pre-baccalaureate education. States differ in the degree to which they support specialised vocational high schools; in whether these schools are organised at regional or State level, serving consortia of districts, or by individual (larger) districts; in whether they are part-time (alongside comprehensive high schools) or full-time: and also in whether or not the State college system includes specialised technical colleges, separate from community or junior colleges offering more general education programmes. However, in every State and district, the large majority of high school students who take a vocational course (or several vocational courses) are not following a specialised occupational course, or in a specialised school, but rather choose it within the "electives" part of their overall high school programme. Thus, in the early 90s, vocational schools enrolled about 10% of secondary students and accounted for about 12% of vocational course taking. In 1992, 97% of high school graduates completed at least one vocational education course (the most popular being business), and 87% at least one occupationally specific course.

10. The U.S. National Center for Education Statistics defines high school students as "vocational concentrators" if they earn three or more credits in a single occupational programme; and as vocational "specialists" if they earn four or more credits in such a programme with at least two of these at beyond the introductory level. On these definitions, in 1992, 24% of high school graduates were "concentrators" and about 8% were "specialists." There has been a steady decline since the early 1980s in the importance of vocational enrolments and courses, in terms of the average number of credits earned by graduating students. There has also been a steady decline in the proportions of students who identify themselves as following a vocational *track* in high school.³ For much of this century, American high schools have been divided more or less formally between those students whose academic programme placed them in a college-bound track, following courses designed to prepare them for college; those who specialised vocationally and were in a vocational track; and the remainder of the student body, who were in a "general

3 National Center for Education Statistics Vocational Education in the United States: the early 1990s (Washington DC: U.S. Department of Education 1995) p. 9; also the background report passim.

track”. As discussed further below, this division is breaking down and disappearing: the decline in numbers identifying themselves as vocational track students is one indication of the change.

11. Especially since 1990 there has been great emphasis placed, in vocational education, on encouraging greater coherence in the sequence of vocational courses students take, and in integrating vocational and academic education to develop competencies in both areas. The most concrete and visible aspect of this policy has been the development of Tech-Prep programmes, whereby a student’s final two years in high school prepare them directly for, and lead into, a two year tertiary programme (probably in a community college) leading to an Associate degree or Certificate. By 1995, 1 029 consortia existed to administer these programmes, covering every State of the nation and enrolling more than 737 000 students.⁴ We return to these policies in some detail in the main report.

High school graduation

12. The absence of any nationally recognised diplomas awarded before the end of secondary school means that the high school diploma is the key “transition” qualification for all young people leaving secondary schooling. Drop-out rates are discussed in relation to numbers leaving without such a diploma which itself normally involves a full 12 years’ full-time education (13 including Kindergarten).

13. In the last decades, graduation rates, already high, have risen further. Many of those who leave high school without a diploma later complete the GED (General Educational Development⁵) programme and obtain a certificate by this route: in a given year about one-sixth of those achieving high school graduation levels are GED recipients. By 1996 only 11% of the population aged 16 to 24 were “dropouts” in the sense of being outside high school without any form of diploma.⁶ However, these averages conceal major variations between districts and among different groups in the population.

14. There has also been a move in many States to increase the academic requirements for graduation, in response to criticisms that the diploma attested to little more than the willingness to attend class. The extremely influential 1984 report, *A Nation at Risk*, published by the National Commission on Excellence in Education, argued that the low standard of American education threatened the nation’s future. It recommended both a “New Basics” and a college preparatory academic curriculum (built around Mathematics, English, Science and Social Studies). The proportion of graduates who had completed these programmes rose from 14% in 1982 to 50% in 1994 for the “New Basics” and from a mere 3% to 32% for the recommended college preparatory programme.⁷

15. Repetition of classes is very rare in American education though there is increasing support for the idea that promotion, at various junctures, should depend on attainment of minimum standards. Some States are introducing assessment programmes with provisions of this nature, and at Federal level the current (Democratic) administration has declared its opposition to “social promotion”. The valuable longitudinal studies carried out by the U.S. Department of Education, covering young people who were in

4 Figures taken from the background report. Enrolment figures are equivalent to about 9% of the public high school population in their junior and senior years (years 11 & 12.)

5 In effect a test which those who have not completed high school can prepare for and sit.

6 NCES Digest of Education Statistics 1997 table 102; National Center for Education Statistics The Condition of Education 1997 (Washington DC: U.S. Department of Education 1997).

7 NCES Condition of Education 1997 p.30.

their senior⁸ (final) year of high school in 1982 and 1992, show that 2% of the 1982 cohort, but 6% of the 1992 cohort, report themselves to be attending high school two years later than their “expected” graduation date. However, only 2% of this late attending group in the 1992 cohort, and 1% in the 1982 cohort (i.e. a tiny fraction of the whole) had actually also been in school for their (presumed) senior year. The others were all drop-outs who had re-entered high school.⁹

16. Alongside the general increase in academic course-taking, there has been a dramatic increase in numbers taking Advanced Placement examinations in their final two years of high school. These examinations are administered nationally by one of the large independent testing agencies. They are in academic subjects, cover a more advanced curriculum than for normal high school academic courses, and can give students exemption from courses in college: that is, enable them to get credits towards a college degree while still in high school. They also play an increasingly important role in applications for the most prestigious higher education institutions. Advanced Placement examinations are still very much a minority concern: in 1995 the numbers of individuals entering for these exams was equivalent to 66 per 1 000 11th and 12th graders. However, this amounts to almost a threefold increase in a decade, up from 24 per 1 000 in 1984.¹⁰

Higher education

17. North America experienced mass participation in higher education earlier than any other parts of the OECD. Its arrival, over the last two decades, in most other OECD countries means that American higher education appears less unfamiliar to the overseas visitor than in, say, the 1950s or even the 1970s. However, it enjoys a number of characteristics which, if not unique, are at least highly distinctive.

18. The higher education sector is very large (14.4 million students). It is also very diverse, and recognised by all Americans as such: unlike many other OECD countries, no-one considers that degrees from all universities can or should be equivalent in any substantive sense. The sector includes the great research universities (some private, some State institutions) which dominate world scholarship to an enormous and increasing degree. It also encompasses élite and highly selective liberal arts colleges which grant four-year baccalaureate degrees; huge 4-year State campuses with what is effectively open enrolment for high school graduates; small religious foundations; and a large number of two-year colleges offering Associate degrees and certificates and a wide range of adult education and training courses. (Their closest, though imperfect, equivalents among other OECD countries are the UK’s further education colleges, Canada’s community colleges, or Australia’s TAFE colleges).

19. Participation rates continue to increase. Between 1940 and 1996, the percentage of 25 to 34 year olds with some college and the percentage with a four-year degree both more than quadrupled (to 55% and 26% respectively). Between 1982 and 1996, the percentage of high school graduates proceeding directly to college rose from 51% to 65%. Aspirations to acquire not only a bachelor’s but also a postgraduate degree also rose sharply during this period. Among the high school class of 1982, 23% had completed a bachelor’s degree 10 years later, and a further 8% had completed an Associate degree. 30% of this 1982

8 The senior year, in American high schools as in American colleges, is the final year of a four year programme of study. The sequence is freshman, sophomore, junior and senior.

9 Calculated from analyses presented in the background report.

10 NCES Condition of Education 1997 Indicator 25: see especially pp. 100-101.

cohort had reported being in college two years after their (notional) senior year: of the 1992 cohort 46% -- half as many again -- were in college at an equivalent point.¹¹

20. Many students do not complete a four-year programme, or do so only after a very long period of time. (Completion rates are much higher in the elite institutions than in the large non-selective four-year ones). Large numbers work while in college, and this proportion has been growing (from rather under half of the 1982 cohort to rather over half of the 1992 one).

21. Taking the late twentieth century as a whole, two-year degrees have been the great success story. Between 1965 and 1995 the number awarded grew almost fivefold (482%) compared to 223% for four year degrees. Numbers peaked in 1995: projected figures show a 4% decline between 1995 and 1998 (compared to a 2% decline for bachelors' degrees). However, this still means that Associate degrees¹² make up 31% of first degrees as compared to 18% in 1965 or 28% in 1975. First professional degrees (basically medical and law degrees, taken after obtaining a bachelor's) have been the other sector showing extremely rapid growth, more than doubling in numbers over this period.¹³

22. A little under a third of Associate degrees awarded in 1995 were in liberal arts: the rest can be categorised as more or less specifically occupational or vocational, with only a very few classified by a specific non-applied academic discipline. (This is a slightly higher proportion than in the late 1980s: the balance is the same for men and women). Bachelor's degrees are far more likely to be classified as belonging to an academic discipline such as mathematics, foreign languages and the like. Since the 1970s there has been an absolute and a proportional fall in the numbers awarded in mathematics and the physical sciences; business majors have almost doubled, and made up 20% of all degrees awarded in 1995 as compared to 14% in 1975; and education degrees (for aspiring teachers) make up a further 9%.

23. Apprenticeship does not play a large role in the US training system, with 1.5% of the adult workforce, but rather less than 1% of 19 year olds, in apprenticeship programmes. These are concentrated among a number of long-established and unionised occupations, notably in the construction industry, and many apprentices are young adults rather than direct entries from school. However, occupationally specific qualifications are far more important than this might seem to imply. States have widespread requirements involving licences to practice (especially but by no means only in health, education and legal professions). Although these are State-administered, the requirements are not generally very different from State to State, and in some cases may be linked to nationally available tests. A more recent development involves qualifications offered by private companies with national name-recognition, notably in computing-related areas.

24. One development which has attracted considerable comment is the change in the composition of mathematics, engineering and science doctoral students. Overall, in 1994-95, 66% of those receiving doctor's (PhD) degrees were US citizens: but in the physical sciences, and engineering these figures were 57% and 40% respectively. In 1979-80, in the same disciplinary areas, the percentages holding US citizenship had been 76% and 51%. Overall numbers of doctoral degrees awarded have increased, so the actual number of US citizens receiving them has also increased somewhat. However, the shift reflects both the global intellectual dominance of the US higher education system (and its ability to offer

11 All figures from Digest of Education Statistics or the background report.

12 An Associate degree is defined as "A degree granted for the successful completion of a sub-baccalaureate program of studies, usually requiring at least 2 years (or equivalent) of full-time college-level study. This includes degrees granted in a co-operative or work-study program." NCES op cit

13 NCES Digest of Education Statistics table 244.

scholarships to able students) and a real change in the relative attraction of different paths of study and occupational choices to US students.

Funding

25. Education is a local responsibility, and it is the school districts which remain sovereign with respect to educational programmes. However, State governments have always been important, in both financial and policy terms. For the elementary and secondary school sector, State and local funding are roughly equal in volume, though the ratio varies from State to State. In the twentieth century, and especially the post-war period, Federal money has been both important (especially because it is quite highly targeted) and often controversial. The US background report sums up this situation by noting that, while from the late 60s, “educational reformers succeeded in enlisting the Federal government and its revenues....recently, the pendulum appears to have swung again, reinforcing the idea that education is a local matter that the Federal government can best assist through the awarding of block grants that local agencies can best decide how to spend” (p.39). The continuing tension over the Federal government’s role is encapsulated in, on the one hand, the activist agenda of the first Clinton administration, re-avowed in the President’s 1999 State of the Union address: and, on the other, the 1998 open letter to Congress from five big city mayors calling for “more flexibility to spend fewer Federal dollars.”

26. US government statistics show a drop in the Federal share of total educational expenditures from 11.4% in 1980 to 8.7% in 1995. This fall largely reflects changes in the policies surrounding elementary and secondary education. Federal aid for higher education is far less controversial, as well as far less politically visible. Direct payments to higher education institutions show a real increase (and a large nominal increase) since 1980: but, in an expanding sector, the percentage of higher education expenditure represented by direct Federal payments has fallen from 15.2% (1980) to 12.3% (1995). However, these figures do not include the enormous sums spent on student aid (as grants or loans): inclusion of these would add several percentage points to the Federal share.

27. Unlike in some other OECD countries, US students have traditionally paid tuition fees at public as well as private institutions, but at public institutions these are heavily subsidised by State and local governments. At private institutions, gifts and earnings from endowments play a very important role (and provide for a wide range of scholarships). The Federal government has also played an important role throughout the last half century, most especially through research funding which makes up a very high percentage of income in the top research universities. In 1994-95, average shares in public institutions were 24% gross tuition, 58% State and local, 14% Federal and 4% other: and in private institutions, 55% gross tuition, 19% Federal, 17% gifts and endowments, and 9% State, local and other.¹⁴

28. The major change in funding patterns since 1975 is that direct funding from the States and the Federal government has declined significantly in proportional terms and the percentage of revenue from tuition has increased. However, at the same time there has been a huge increase in the volume of aid going to students rather than to institutions. Federal loans to students, which did not exist until the 1970s, are the largest single category of student aid, but there has also been a major increase in State programmes and in aid from higher education institutions themselves.

29. Because so many Americans study part-time for their degrees over a long period, or enter/return to college after periods in the workforce, almost half the students enrolled in post secondary institutions are 25 or over. (Among students for bachelor’s degrees in four year institutions this figure falls to 29%).

14 Figures from McPherson and Schapiro op cit and Digest of Education Statistics table 353.

Huge numbers of adults enrol in non-credentialed education as well (i.e. courses not providing credit towards formal qualifications): and many businesses pay for, as well as provide, work-related training. In 1995, 40% of the total adult population aged 17 and over (and 48% of those aged 30 to 54) reported participation in some form of adult education or training, defined as anything other than full-time higher education for formal qualifications. While 6% were in part-time higher education, the other 34% were involved in a huge variety of activities. This compared with 33% (and 29%) in 1991.

The experience of minority groups

30. Some sub-groups of the US population, notably the black and Hispanic populations, have significantly lower participation and achievement levels than the national norm. For example, in 1995 the drop-out rate for Hispanics was 12%, compared to 6% for blacks and 5% for whites: in the same year 64% of white high school graduates proceeded directly to college compared to 51% of blacks.¹⁵ These populations are also more concentrated in the large urban areas where both schools and employment opportunities are of lower quality. Much of the difference in educational achievement levels is associated with (and statistically “accounted for”) by greater poverty: while among Hispanics, there are major differences between first generation immigrants, for whom drop-out rates are very high, and the native born, whose educational performance is relatively much better. The differences in achievement levels between certain minority groups and the population as a whole are major and stable enough to be a continuing cause of concern.

31. Participation and completion rates increased greatly for both these populations during the 80s and 90s but without closing the gap between them and the white average. For example, blacks make up 10% of the higher education student population but 12% of the population as a whole: and nonwhites form 31% of the student body at the two year colleges but only 24% at the public four-year universities.

32. Unemployment rates are also higher than for whites among Hispanics and far higher among blacks. The U.S. Secretary of Labor noted in her 1998 Labor Day message that “twenty years ago when I headed the Women’s Bureau at the Labor Department the annual unemployment rate for black teens was over thirty percent. Twenty years later, I returned to the Department but that statistic hasn’t gone anywhere.” Blacks are also highly over-represented in the (very large) US prison population. In 1993, for example, 46% of juveniles admitted to state custody were black, 36% white, 14% Hispanic. These young people -overwhelmingly male -- also come, for the most part, from the least advantaged sections of society. 65% of prison inmates are high school dropouts; a third were unemployed prior to entering jail.¹⁶

The American labour market

33. The American economy is characterised at present by high growth and low unemployment. Young people in high school and college are able, in most parts of the country, to find part time work easily and to combine the two is actually the norm. More generally, a succession of short term jobs is the common experience of young people when they enter the labour market full-time.

34. The terms “churning” or “swirling” are often applied to the process whereby young people work in a range of short-term low-paid jobs and, often, follow a variety of post-secondary courses before

15 NCES The Condition of Education 1997: indicators 7 & 8

16 1991 figures. All data from the Sentencing Project and Juvenile Justice Clearinghouse web sites.

settling into longer-term employment. This may be linked to changes in the labour market and there seems to be some evidence that churning has increased recently for the least qualified/lowest paid. However, there is no such evidence for the rest of the young American population.¹⁷ Nor is the evidence conclusive either way about whether this pattern has (net) positive results for either individuals themselves or the economy (because it helps develop varied skills and allows individuals to clarify their preferences) or whether it is a sign of ill-prepared young people who are “scarred” by this pattern because it reduces their eventual chances of stable long-term employment.

17 See e.g. the summary of research evidence in Research and Policy Committee, Committee for Economic Development *The Employer's Role in Linking School and Work* (Washington DC 1998).

3. TRANSITIONS IN THE USA: THE HOME CONTEXT AND THE WORLD

35. A developed country where young people's transition to work is generally successful is one where they can readily find stable employment, where they acquire skills which are relevant to the workplace and give them the possibility of career progression and satisfactory earnings, and where there are ample opportunities for those who wish to undertake extended study, training and qualification. This section provides an overview of the United States from this perspective. *Are there major policy issues associated with the transition from education to work in late twentieth century America? Or has the booming economy on which everyone remarks also made this yesterday's problem, but not tomorrow's or today's? And to the extent that major issues do exist, how far are they a function of general economic forces and change? How far are they related to specific features of American education, training and hiring practices? And what features of the American policy environment -- legal, institutional and cultural -- must be factored in to any design for change?*

Are transitions to work an issue? And if so, where and for whom?

36. It is important, first, to recognise that the United States' record is in many ways excellent and sustained. We note, in particular, the following:

- The country's very successful record in job creation is well recognised, with, in 1998, the lowest peacetime unemployment rate in four decades. At the same time there has been a continued increase in the relative share of professional, managerial and administrative jobs: thus a large number of the new jobs created during the current boom have been "good" jobs.
- The United States continues to possess a strong network of local, voluntary associations. These help involve businesses in their communities (including the schools) in a stable and self-perpetuating fashion, and provide a basis for successful local partnerships relating to particular concerns or initiatives.
- Drop-out rates have continued downwards, even though high school graduation requirements have risen in many States; and more students are graduating with recommended combinations of academic credits.
- Americans are highly aware of the importance of "human capital" and of developing and upgrading their skills over a lifetime. At every age, a very high proportion of Americans is involved in formal education or training, much of it provided or paid for by employers, but much of it not. Multiple routes back into education exist as part of a diverse and highly flexible tertiary sector. At whatever stage an individual leaves education, there are numerous possibilities for return, and large numbers of Americans avail themselves of these.
- The proportions of a cohort entering tertiary/post-secondary education, and gaining a two or four year qualification, have continued to increase.

- New types of diploma have developed over the last few decades, many of which are concerned with occupationally relevant skills. These include Associate and notably AS (Associate of Science) degrees, which have been the fastest-growing segment of higher education, while nationally recognised certificates from private sector firms are changing the image of the proprietary (for profit) segment of post-secondary education.
- These developments have occurred at a time of very high immigration and when the bulk of immigrants have lower educational qualifications than in the past. Moreover, the USA has a good record with respect to the education of immigrant groups compared to a number of other OECD countries. While many young first-generation immigrants experience serious difficulties in completing high school or entering college, second generation patterns (notably for Hispanics) show very large improvements.

37. Together, these features mean that the American economy is provided with a workforce which takes for granted the importance of lifelong learning and accumulating “portfolios” of skills, both staples of the contemporary education and training policy consensus. From an individual standpoint, more and more people are able to avail themselves of higher education, and thus can aspire to and secure better paid and more stable employment. Inevitably, these increased participation and graduation rates are to some degree being translated into inflated requirements for job entry and cumulative over-qualification (though they may nonetheless contribute to productivity in these jobs). However, the continuing changes in the economy, and in the composition of the labour force, mean that they are also the major transition route into the ever-expanding numbers of technical, managerial and professional positions.

38. Nonetheless, as many American commentators have argued, the current situation also generates major problems for many individuals making the transition to adult working life, and for American society as a whole. The following are of particular importance.

⇒ **The employment and income prospects for those without a high school diploma** are worse than at any time in the post-war period. Median salaries in constant dollars have fallen for young adults in all education categories since 1970: but it is for high school dropouts, and more specifically male dropouts, that the fall has been most marked. Between 1970 and 1993 the median earnings for this group, in constant dollars, almost halved. The ratio of their earnings to those of high school graduates fell from 0.84 to 0.67: vis-à-vis college graduates, it fell from 0.67 to 0.43.

Female drop-outs have not seen as much of a drop in median earnings as have males, but they are much more likely to be outside the labour market altogether. In 1995, those without a high school diploma were generally almost four times as likely to be unemployed as those with a degree: but while 72% of the male group were in the labour force only 47% of women were. In the two year period after the high school class of 1992 graduated, 19% of drop-outs from that cohort had not held a single job: again, the figure is much higher for women than for men, in part because of child-bearing. In 1996, women who were a year out of college (with or without graduating) were twice as likely to be employed as younger women who had dropped out of high school during the preceding year.¹⁸

Unemployment has long-term effects on young people’s life chances. Young Americans who are employed in their first year after leaving initial education also have a far higher average total period

18 NCES The Condition of Education 1997 indicators 31 and 32: pp 118-126.

in employment across the first five years.¹⁹ Irrespective of education level, getting employment in your first year outside education is the best predictor (and guarantor) of remaining employed. Moreover, since currently available data relate to a period when the current economic boom was already underway, we can expect the prospects for young drop-outs to worsen further in the event of recession.

The worsening position of drop-outs is particularly relevant to those populations, notably minorities in large cities, which have a very high tendency to fail academically, drop out of high school, and (especially in the case of blacks) fail to gain employment. As noted earlier, this group also is highly and non-coincidentally over-represented in the US prison population (which, especially for young males, is extremely high by international standards).

- ⇒ **Completion rates for many degrees** (two and four-year) are low. Since the financial returns to a full degree are much higher than those to “some college”, and since the vast majority of non-completers had intended to complete their awards, this is clearly undesirable. It seems likely that many individuals, along with the taxpaying public, are incurring substantial costs for fairly low returns in these cases; and that they reflect serious inefficiencies in the way higher education is organised.
- ⇒ **Young adults with some college, or a bachelor’s degree**, have, respectively, maintained or increased their average earnings vis-à-vis those with only a high school diploma: but they too have experienced declines in real median earnings. The ever-growing number of workers with college education increases the pressure on others to go to college in their turn; but students and their families also have to face lower returns on their college expenditures. At the same time, the real costs of college for individuals are increasing, in absolute terms as well as in relation to household income.

In the previous section, we noted the importance of tuition income for American higher education and its increasing share in revenues. Increases in student aid have made participation in higher education both feasible and increasingly common for all income levels. Nonetheless, there has been a widening gap between more and less affluent students in both enrolment rates and enrolment patterns. Because of the highly differentiated nature of American higher education, any such changes in enrolment patterns may be highly significant in terms of future access to income and opportunities.

While participation rates for all groups have grown, the gap in enrolment rates between students in the lowest income quartile and those from the other three quartiles grew between 1980 and 1993 by 12 percentage points. Moreover, low-income students are concentrated in the two-year/community colleges and low selectivity public universities, and have become rather more so in the last fifteen years. Conversely, a smaller proportion of students from upper income families attend two-year colleges than two years ago, and a higher proportion attend medium and high selectivity universities than in the early 1980s. Current changes in the nature of Federal student aid are likely to reinforce rather than counteract these trends, since they involve a shift to tax credits which are relatively more favourable to middle and upper income families.²⁰

19 OECD Employment Outlook July 1998 (Paris: OECD).

20 Figures taken from McPherson and Schapiro op cit.

These changes raise a number of issues relating to the transition process. First, there is a major issue relating to cost. *Individuals are facing higher real costs, but not higher real returns.* Although States have cut back their share in funding quite markedly, they continue to appropriate increasing absolute amounts in nominal (and, in most years, real) dollars: while at Federal level, there has been a spectacular increase in the real volume of lending. One may reasonably wonder whether the country, or the taxpayer, is getting value for money here. Second, Federal grants for higher education have been very effectively targeted to low income students and have played a major role in improving college access. However, in recent years there has been a shift to reduce these in favour of loans, which effectively means a redistribution to middle-income students instead. This in turn appears to be diverting low-income students towards the cheaper two-year colleges as a way of avoiding large debt accumulation. Such a result may be quite acceptable to policy-makers, especially those who emphasise the value of more directly work-related qualifications (such as the two year Associate of Science (AS) degree): but does not appear to have been thoroughly debated.

Third, the increase in real costs, and the higher proportion borne directly by students and families, have almost certainly contributed to the marked increase, since the mid-1980s, in the proportion of American college students combining study with work. The combination is not by definition undesirable. As already noted, in simple probability terms, the best way to get a job is apparently to have one already: employment predicts employment. Sure enough, having a job in the period immediately before leaving education appears to increase the chances of employment later. While research has failed to find any simple relationship between high school performance and part-time employment, it strongly suggests that at some level, paid employment does undermine the quantity and/or quality of study: and we note the major differences between the élite institutions and the non-selective both in the numbers of students working and in levels of degree completion.

⇒ **The increasing size and complexity** of the post-secondary/tertiary sector, and the (perceived and probably real) increase in the fluidity and insecurity of the job market, mean that young Americans face a major challenge in making sensible choices. Public, private/not-for-profit and proprietary institutions compete for their custom on a range of features: price and availability of financial aid; work-relevance (including e.g. the provision of degree-related internships); academic reputation. While a large and growing number of guides provide information on “best buys”, and on the relative qualities of different courses and institutions, there are no simple ways for prospective students to gauge how well different options will help them in making the transition to adult employment.

The same applies to employers themselves, who also have no straightforward way of evaluating high school diplomas and transcripts (which are based on teacher-awarded grades). It is therefore not very surprising that American employers report making little use of grades and school recommendations, tending instead to make simple distinctions between broad levels of attainment (drop-out/high school diploma/some college and so on) and to rely on the evidence provided by young people’s succession of early jobs, and their consequent references.²¹ The huge variability in content and outcomes which marks American education means that information about what courses were followed where, and with what results, has the potential to be very useful to employers. For it to play virtually no role in labour market decisions is not efficient.

21 Research evidence from the UK, France & Germany (among others) indicates that employers in a good number of other OECD countries make more direct use of information relating to educational achievements than do Americans.

How distinctive are America's problems? And how susceptible to change?

39. This section identifies aspects of the policy environment which we considered to be particular important and which underlie our conclusions and recommendations. The sheer scale (and importance) of the United States tend to mean that its people are often relatively uninformed about or uninterested in overseas systems. Conversely, in recent years, one or two foreign systems have been seen as “beacons”, with wholesale copying advocated in ways which often display misunderstanding both of the copied systems and of their relevance to the US context. It is therefore worth identifying which key aspects of American “transitions” are the same as or highly similar to current experience in other OECD countries; and also summarising the extent to which they can actually be influenced by deliberate intervention within the education and training system.

Common concerns, common challenges

40. In many respects, the U.S. scene, as summarised in the preceding pages, is familiar to any OECD visitor. We can identify five major features which it shares with other late twentieth century developed economies, which structure the choices of their young people, and which also must be taken as givens when formulating social policies. They are:

- i. Major changes in the balance of job opportunities: notably a general decline in unskilled jobs, declining proportions employed in manufacturing (with the decline concentrated among the semi- and unskilled), growth in services, increase in the share of technical and professional level occupations.
- ii. The increasingly disadvantaged labour market position of those without formal educational credentials and the “unskilled”.
- iii. An increasingly prolonged transition from full-time education to full-time employment and an increased tendency for young people to combine education and paid employment.
- iv. Steadily rising educational aspirations, especially for higher education. (This follows the transition to more or less universal completion of upper secondary schooling, which occurred in the US fairly early and is now characteristic of the vast majority of OECD countries).
- v. Fiscal pressures on governments which preclude any major increases in the share of GDP, or of government spending, devoted to education and training activities.

41. In addition, the importance of raising skill levels is central to policy debate (and a source of anxiety) in a very large number of OECD countries, reflecting consensus about the importance of education for an emerging “knowledge-based” society. However, specific concerns vary. In the United States and in some European countries, basic skills (literacy, numeracy) and academic mathematics and science achievements are a major concern: elsewhere (notably the Pacific Rim countries) originality and the development of analytical and critical thinking are the subject of calls for reform. There are also differences between countries in the extent to which the business community takes an active role. American businessmen and organisations are far from unique in their vocal criticism of education standards and involvement in policy-making: but nor is this level of engagement the rule.

42. Such common developments provide the rationale for a large thematic review such as this one. However, there are also, in every OECD country, specific features which must be taken into account in formulating effective policies. Some of these may be particularly apparent to the overseas visitor, for whom they are not a taken-for-granted part of everyday life: and we argue, later in this report, that disappointments in recent policy result partly from the “invisibility of the obvious” to US policy-makers and advocates.

The American way?

43. In understanding and formulating U.S. policy on education to work transitions, we consider that the following seven characteristics are especially important.

- i. The extreme complexity of educational governance and regulation. Americans often refer to the complexity of their system, but in fact the way education and training are organised and delivered is quite easy to understand and quite uniform (by international standards) across the country. What is complex is the number of different jurisdictions and the resulting legal, administrative and decision-making framework. This has major implications, not just in a bureaucratic sense, but in terms of the costs involved in any deliberate, policy-led change, and for the sort of qualitative outcomes that can be achieved.
- ii. Size -- geographical and population. This may seem so obvious as to be hardly worth mentioning; except that it is apparently very tempting, at both State and Federal level, to suggest that Americans should borrow policies which might be workable for small countries, but which are actually quite unworkable for large entities. A very large country is not the same as a small one expanded. In the case of the US, the sheer size, diversity and rapid movement of populations, dynamic economic growth and complexity of governance mean that centrally-conceived plans for “systematising” matters on a large scale are particularly problematic. [In the context of education-to-work policies, it is also worth flagging two aspects of the country’s size which have particular and direct implications for policy and to which we return below in sections 4 (The Transition Process (1)) and 6: namely the wide distances between homes and workplaces, and the absence of public transport systems in most communities].
- iii. A complex and well-established system of certification and licensing requirements for many occupations, organised at State level. The American labour market is generally recognised as flexible and open, and most commentators agree that this has contributed to its massive generation of new jobs in recent years. However, it appears to us that there is far more credentialling (and, in comparative perspective, far more regulation of workplace training activities) than many Americans recognise. Higher education institutions, professional and occupational associations and testing organisations, as well as State licensing authorities, are central to this. Their activities have an impact on a high proportion of the workforce, if not its most visible high-tech or low paid and insecure elements
- iv. The absence of formal and legal procedures for consulting, and delegating powers to, the organised “social partners” (business and labour) such as exist in some other OECD countries. The USA is characterised both by low union membership, and by employer organisations which stand outside the formal regulatory structures; though it also has an unusually strong tradition of volunteer involvement by business and others.

(These last two points are very important because labour market practices are deeply embedded in countries and are everywhere very resistant to rapid, government-inspired change. Policies which are intended to improve young people's transition to employment, for example by improving the way their programmes and school diplomas "signal" possession of labour market competencies, need to recognise and work with the grain of established and familiar processes).

- v. Very strong institutionalised opposition to tracking, and corresponding commitment, among education professionals and administrators, to the concept of the comprehensive high school. These attitudes are long-standing. Vocational education was criticised for its "tracking" implications -- notably by Dewey -- from the very time when it was introduced into high schools, and Federal grants began. The Smith-Hughes Act of 1917 established Federal funding for vocational education and represents the beginning of Federal involvement at secondary/high school level. To Charles Benson, one of the most eminent post-war scholars of vocational education, the "Act effectively killed the ideal of a common curriculum for all students"; and he quotes the Advisory Committee on Education established by President Roosevelt which in 1938 voiced similar concerns:

The program in vocational education has to some extent disregarded (the) American ideal of a single system of schools, and has encouraged the creation of a dual or separate school system for the education of workers.....the requirements of the scheduling of classes in vocational education enforce this distinction even where the program of vocational education is given in a cosmopolitan type of school.²²

Regardless of whether they were justified, it is hard to imagine any equivalent committee of the time, anywhere in Western Europe, expressing comparable concerns in this way. The beliefs and attitudes which underlie them remain extremely important in understanding contemporary America and the relative success or failure of recent education initiatives.

- vi. Societal commitment to liberal education ('liberal arts') for all and a broad education for citizenship; and a strong belief that college can and should be attainable and open to all citizens. This too is long-standing and is evident to some degree in the electives of the high school curriculum, and even more, as viewed from other OECD countries, in the nature of the US college curriculum. American students in four-year colleges do not, for the most part, commit themselves to a particular field of study on entry, and even when they do, devote much of their time to other areas. While at its worst this system can lead to a "pick n'mix" programme of study with little coherence or depth, at its best it may provide a genuinely broad and demanding education.

While all OECD countries are experiencing rapid increases in the demand for higher education, the attitudes and values summarised here are especially strong, and very long-standing, among Americans. They are associated with a low status for vocational programmes which, while also far from unique, is at the extreme end of the OECD spectrum.

- vii. The extent and degree to which severe education and employment problems are concentrated among particular, identifiable populations. While many of the characteristics of US inner

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Charles Benson and Harold Silver *Vocationalism in the United Kingdom and the United States* (London: Institute of Education, University of London 1991).

city populations are found elsewhere on a smaller scale, in the American case they are different enough in scale and degree to be, in effect, also different in kind.

44. Of course, there are many other ways in which the policy environment of the USA is distinctive: for example, in the degree to which it funds formal and methodologically sophisticated evaluations of government programmes; in the direct involvement of organised citizen and interest groups in the legislative process; and also in the relative *absence* of a major OECD transition mechanism, namely government-funded “special employment programmes” which provide direct subsidies or otherwise lower the costs associated with temporary special-status jobs. (In part the United States has avoided these by also avoiding the high structural unemployment rates which affect so many young Europeans). However, in terms of the transition issues identified above, we think that the seven features listed are of particular importance; and they play a major role in our evaluation of recent US policies and future possibilities.

4. ISSUES AND RESPONSES: AN EVALUATION OF RECENT AMERICAN POLICIES

45. In this section we describe and evaluate some of the major policies and recommendations with which the United States of America has approached youth transitions. Inevitably, our first hand experience, and, indeed, our access to good background literature was uneven: and in some cases -- notably outcomes from the four year university sector -- we have more questions than answers. However, some clear themes and conclusions emerge.

The transition process (1): “School to Work”

46. The years immediately before and during the first Clinton administration were notable for their concern with education-work transitions, and especially with policies commonly grouped together as “school to work”. Prior to Clinton’s presidency there had been a vigorous debate about reforming national school to work arrangements, fuelled especially by the publication in 1990 of the report *America’s Choice: High Skills or Low Wages*. The report, produced by the National Center on Education and the Economy, argued for clearer pathways from school to career, more employer involvement, work based learning, and youth apprenticeships, and was supported by a number of subsequent reports. Many strands of this debate are apparent in key legislation of the first Clinton administration, notably Goals 2000 and the School-to-Work Opportunities Act, both of which made new Federal monies available to States and localities.

47. Among the arguments advanced in favour of major reforms were:

- The supposed mismatch between labour force requirements and college graduation rates. Some of the most enthusiastic proponents of the “school to work” philosophy argue that far too many people take (or enter) four-year degrees, given the demands of the economy; and that far fewer should do so.
- Neglect of the “Forgotten Half” of high school students because the curriculum was geared to academic requirements and future four-year university entrants.
- Possible inefficiencies for both the economy as a whole, and for individuals, because of a lack of clear “signalling” of occupational and vocational skills gained in vocational courses. Basing courses and training on commonly recognised national occupational standards would, it was argued, improve this situation and therefore the attraction of vocational options.
- A perceived lack of workplace skills, including interpersonal skills and personal qualities, among young people, deriving from a lack of communication between schools and business, and ignorance, on schools’ part, of workplace requirements. The most influential list of skills which schools were encouraged to develop was the 1992 SCANS competencies (see Box 3 below), produced by the Secretary’s Commission on Achieving Necessary Skills, established by the U.S. Department of Labor.

- Misplaced decisions by students about what to study (thus increasing the likelihood of drop-out) along with wasteful “swirling” or “churning” during early working life, both ascribable to ignorance about the job market.

48. This analysis was heavily influenced by reform advocates’ perceptions of European training systems, and the contrast they drew between

the high unemployment, low status, lack of access to jobs in the primary labour market, and isolation from adult mentoring and responsibility of most American 16 to 19 year-olds with the high status, earning power, and significant amount of adult attention and responsibility received by young people in many European nations.²³

49. Consequently, there has sometimes been a presumption that it is both possible and desirable to build, within the United States, a high quality pathway that leads directly from school to employment, a pathway having value and standing equal to that which currently leads from high school to college, and to similar pathways in a few other OECD countries (notably Denmark and Germany). Indeed, the development of pathways directly from high school has been a major element in both the discussion and (to a lesser extent) the implementation of recent Federally-supported reforms. Developing youth apprenticeships, for example (see Box 1), has absorbed a considerable part of the energies of Federally-funded “school-to-work” teams in some States.

50. The idea that reforms should try to counter a general preference for college entry is a major over-simplification of the views of many “school-to-work” reformers, who have emphasised the importance of increasing and diversifying pathways *to college* and the value of entering college with a clear career focus. However, the message that all young Americans should have the opportunity to enter work via post-secondary programmes, rather than directly from high school, has not been well understood by many in the States and communities that we visited, whether advocates of change or its opponents.

51. One result has been that many opponents of the reforms (both those initiated by States and those initiated by the Federal government) have spent considerable time tilting at windmills, but in doing so have given many politicians a misleading impression of what “school to work” is mostly about. Clearer communication of the goals of school-to-work reform, and perhaps a rebranding as has occurred in some of the States visited, is needed.

52. Our visits suggest that local partnerships with the business community, and a variety of initiatives in career education, career planning and career information are among the most impressive developments to have flowed from the 1994 School-to-Work Opportunities Act and related programmes. We were informed that, at the national level, school-to-work activities do not receive vocal support from business. Given the variety of ways in which Federal legislation affects businesses, it is hardly surprising that “school-to-work” is not a priority: but at local level, where businesses are directly involved in recruiting high school and college students, we were impressed by the enthusiasm and commitment they bring to partnerships. We have also been impressed by the fact that a number of State governments are putting considerable amounts of money into this type of activity, and, in many cases, encouraging school activity strongly through regulations, mandates, and recommendations. For example, in Massachusetts, the legislature has given strong support to short internships and job shadowing activities; while in Wisconsin, the impressive attention paid to career exploration throughout students’ high school career can be attributed to State requirements that predate School-to-Work legislation at Federal level.

23 Hilary Pennington The evolution of the School-to-Work Opportunities Act in John F. Jennings (Ed). (1995) National Issues in Education (Bloomington, Indiana: Phi Delta Kappa International) p. 168.

Box 1

Youth Apprenticeship

Although some parts of the United States (including Wisconsin) have a long tradition of developing apprenticeship, in general this is not seen as a desirable and attractive option for young people. The recent experience of States which are trying to build a youth apprenticeship system (encouraged by the School-to-Work Opportunities Act) underscores the difficulties, since in general they reach only a small percentage of youth in a limited range of occupations. It would take very strong efforts indeed to make apprenticeship a relevant option for greater numbers of students.

The apprenticeships we observed during our visit enjoyed enthusiastic support from company managers, and from the young people involved. Nonetheless they had endemic weaknesses: no effective matching of work-based and school-based learning, little structured provision of underpinning theoretical knowledge for the work-based programme, a shortage of qualified mentors and trainers in the workforce, no attractive structured career prospects which follow directly from apprenticeship, and, in many cases, lower credits for work-based learning (making it harder to progress to college than via a school-based route, especially in States which are increasing graduation requirements). They were also very expensive to establish and maintain.

OECD experience indicates that, if youth apprenticeship is to move beyond the occasional experimental programme, one needs a business community able and willing to offer large numbers of training places and to invest in effective workplace training; and to then establish a formal agreement to deliver a minimum number of training places a year. Only then can one systematically develop the theoretical courses and training materials, the training for workplace mentors, and the well-recognised career and access routes which underpin a mainstream apprenticeship programme. To achieve this would require a clear political decision based on a consensus with industry and involving employer, union and educational institutions at local, regional and national levels.

53. The enthusiasm with which career exploration activities have been embraced at local level derives, in our view, from two factors. The first is the extent to which many mainstream high school curricula have been almost totally “academic” in both content and pedagogy. American schools are in many ways a self-enclosed world. School-to-work programmes provide a mechanism for rethinking and opening up teaching content and methods. As the proportion of teachers increases who have direct experiences of internships, and of working with pupils involved in job shadowing etc, this is likely to have cumulative effects on classroom activities.

54. The second reason for the enthusiastic response to career exploration is that young Americans, and their families, are increasingly concerned with and for their future careers. Although the economy is currently delivering high growth, there is strong awareness of rapid and continuing change in the job market; and also of the likelihood of harder times again in the future. People also feel that the job market is increasingly competitive (and this has, indirectly, helped fuel the rise in Advanced Placement entries); and many are also aware, if not in precisely these terms, that the qualifications which brought secure financial rewards in the 1960s and 1970s will not deliver the same pay-offs today. All this makes career exploration, and anything that can help young people deal effectively with an overload of information, extremely welcome.

55. Programmes which go further in integrating the school and workplace are on far less secure ground. We saw very little evidence that occupational standards were or were likely to become an important part of vocational courses or hiring decisions. Youth apprenticeships, which attempt to create a high-quality pathway directly from high school, have not reached anything approaching critical mass, nor do we think this is likely. The attempt to establish such a pathway is, in important ways, at odds with a

deep-seated set of American aspirations and values. Moreover, as currently designed, too many schemes appear to undervalue the importance of broad skill development in a changing and unpredictable economy (see Box 1).

56. Experimental schemes such as youth apprenticeships which attempt to operate quite differently from mainstream high schools inevitably meet a large number of practical difficulties, because there is no facilitating infrastructure in place. Among these are features we have referred to before: geographical distances; lack of public transport; and the absence of organised “social partners”. As a result costs also tend to be high. It is difficult to imagine even the current level of activity surviving without Federal funding, let alone spreading to the thousands of administrative units responsible for American education.

Box 2

Career academies: improving the school to career transition

Two key aims of recent US school reforms have been: to better combine academic and vocational studies; and to better connect secondary and tertiary education. *Career academies* are an innovative approach to providing integrated pathways, and they are spreading rapidly. (Related initiatives include the High Schools That Work initiative of the Southern Regional Education Board.) Career academies are schools within a school: self contained clusters of students and teachers within a larger high school which focus upon a particular career theme: for example aeronautical careers, health occupations, financial careers or engineering. They combine college preparation with a career theme and generally incorporate block scheduling and project-based teaching. Partnerships with employers are also one of their defining features.

Mainland High School in Daytona Beach, Florida was visited by the review team. Students who enrol in it in the 9th-grade can select from three career academies: Design and Manufacturing Technology; Scientific Inquiry; and Communications and Multimedia. Roughly 370 of the school’s 2,000 students are enrolled in a career academy. In each academy they stay together as a group throughout high school, and they have the same group of teachers for much of their programme. Each career academy recruits students with a wide range of abilities, and provides a wide range of exit points: for example directly to the workforce with skills; to an AS or AA degree programme at a Community College; or to a 4-year University. Community Colleges become involved in the teaching programme in order to strengthen the tertiary education links.

At Mainland, students integrate career exploration with their academic and vocational studies. All 9th-grade students start a personal portfolio as part of the school’s career planning activities. In the career academies, the 9th-grade curriculum provides a very broad introduction to the chosen career field, and specialisation in particular occupations such as engineering, architecture or automotive technology is delayed until later years. Much of the teaching is project based; teaching often occurs in extended time blocks; and theoretical subjects such as maths are integrated into the students’ project work. Mainland High School has strong business partner involvement in its career academies. They act as curriculum advisers, as guest speakers in classrooms, they offer field study opportunities, act as mentors to students, and provide job shadowing and on the job training.

57. In contrast, a number of career academies and related approaches, recruiting large numbers of students within the high school, have registered impressive levels of take-up (see Box 2). We are aware that the relevant evaluation evidence is variable and difficult to interpret, as, indeed, one might expect from initiatives which take so many different forms. However, the very fact that they have been incorporated relatively easily into existing institutions is itself one important indicator of success. It suggests that the approach articulates well with young people’s aspirations and with established routes from education to work. In this context we felt it was unfortunate that there had not been more involvement of school-to-work teams with longer established, mainstream vocational education, and

especially the co-op programmes. In recruitment terms, these remain by far the largest source of direct workplace experience for high school students; but we were informed that there has been little development of structured workplace learning within them. Generally, there remain major issues to be tackled if any large scale integration of school and workplace is to take place: we return to these below in Section 6.

The transition process (2): College for all?

58. The Federal and State “transition” programmes which have attracted the most attention (and the greatest criticism) have been those advocating, or interpreted as advocating, major changes in the structure and values of American education. However, at the same time as the ideas of *The Forgotten Half* and *America’s Choice* were finding their way into policy, other government programmes and other commentators were advocating transition policies whose main objective was to increase college attendance.

59. At high school level, a major thrust towards higher college attendance rates has been delivered via Federal funds allocated under the Perkins Act (The Carl D. Perkins Vocational and Applied Technology Act). Perkins dollars constitute the largest, longest-standing and most important source of aid to vocational education; and in 1997-98 amounted to over \$1 billion (compared to \$400 million for the School-to-Work Opportunities Act, and \$476 million for Goals 2000). Over the last decade, a major thrust of the re-authorised legislation has been to promote Tech-Prep programmes. These involve school-college consortia, and the creation of four-year programmes whereby a student’s final two years in high school prepare them directly for, and lead into, a two year tertiary programme (probably in a Community College). As noted earlier, Tech-Prep consortia have grown rapidly, and now enrol a sizeable proportion of high school students: and we consider that this rapid growth should be recognised as a valid (if partial) measure of success in and of itself²⁴. More generally, as noted in Section 2, while Federal research spending (which largely benefits the elite universities) has been declining, Federal student aid has been growing extremely rapidly, and has helped to make possible the recent rapid increase in higher education entry rates.

60. Of course, the two sets of policies are not necessarily in direct conflict. Some highly vocal critics of “over valued” university education (such as Wisconsin’s Task Force on Implementing Occupational Options) have also been strong advocates of universal post-secondary participation, but with growth coming from the two-year colleges. Nonetheless, there are crucial differences in underlying attitudes and aims. In one case, the major aim is to enable vocational students to enter college: in the other, it is to persuade students who are thinking of college to select vocational options.²⁵

24 Formal evaluation evidence on Tech Prep and on career academies is summarised in David Stern Improving Pathways in the United States from High School to College and Career: paper presented to the OECD conference on “Preparing Youth for the 21st century” Washington DC February 1999

25 The second of these positions is articulated clearly by Kenneth Gray in a publication for the American Vocational Association. “Sadly, college graduates who lacked a career focus in school often find themselves working in low-skill, low-wage jobs while they search in vain for an opening...At the same time, graduates of two-year college programs in high demand occupations – such as certified welders, dental hygienists, chefs and machine technicians – usually find high-paying jobs quickly...Technician jobs are more plentiful than professional ones” Kenneth Gray “The Gatekeepers” *Techniques*, January 1997. Alexandria, Va: American Vocational Association 1997.

61. Federal policies have been pushing on an open door in trying to increase the numbers whose transition to work is via a college education. In the period since 1980, the “forgotten half” who do not proceed directly from high school to college has fallen to a (forgotten) third. The 1998 Perkins re-authorisation places particular emphasis on the need to upgrade the academic components of vocational programmes, to ensure that students can progress, and maintains its support for Tech-Prep consortia. At both State and local level, education officials expressed enthusiasm for the abolition of “general track” options which provide students with neither the structured transition of a Tech-Prep programme, nor the academic credits of a full college preparatory programme. Concrete steps to this end have been made in a number of States including Massachusetts and New York (which has abolished the non-Regents Diploma): and in every State which we visited we were told that it was a State goal that every student should be in a programme which provided for college entry. Certainly, our perception is that there is no future for vocational tracks -- or general ones -- which do not offer the possibility of such progression to college.

62. As described in Section 2, the fastest growing sector of higher education in the post-war period has been the two-year colleges, with Associate degree numbers showing an enormous absolute and proportional increase. Some of these will reflect Tech-Prep enrolments: more generally, many are vocationally-oriented qualifications which are self-contained and “terminal” in nature rather than designed as the first half of a four year degree. One might conclude from this that large numbers of students are, in fact, making a positive choice in favour of shorter occupationally-related rather than liberal arts and other non-vocational qualifications.

63. There is certainly some truth in this view, as evidenced by the emergence of the AS (Associate of Science) degree, and the success of the new very occupationally oriented private for-profit colleges and of industrial certificates in, for example, computer networking. But caution is in order. Some of the resistance to vocational programmes and school-to-work type initiatives (from students and from parents) reflects the tendency of these programmes to promote community college rather than four year-college based degrees. Data on the student bodies of two-year colleges show that middle and upper income students have been forsaking them over the last ten years, so that they are increasingly the preserve of students from lower-income families. The enormous increase in student grants and loans which has characterised the last thirty, and especially the last ten years, has helped to underwrite the continued surge in college participation; but lower income students are highly sensitive to tuition fee increases, and the real cost of college to students and families has been increasing.²⁶ These factors, rather than any positive decision not to attend four-year institutions, may account for a great deal of the two-year sector’s growth and give cause for concern on equity grounds.

64. Certainly, in spite of claims that the four-year colleges were failing to respond to job market demands, we found no concrete evidence that this was the case. (For example, we were frequently informed that the four-year colleges’ failures meant that many community college students were now baccalaureate holders returning to obtain required job-related skills. We found no data to support this conclusion and understand that none exist). However, we were also surprised, given the quality and quantity of American research, to discover how little material is available on the sector, and especially the large non-selective four year institutions. Given their increasingly important role as the institutions from which young people move into full-time employment, and the widespread concerns over general quality, and about American students’ under-representation in science, math and engineering programmes, we find this extraordinary. More and better information would be highly valuable.

26 McPherson and Schapiro op cit.

Academic standards of entry level workers

65. The third set of policies and recommendations which relate to education-work transitions are concerned directly with students' academic achievements and the curriculum. The reform movement that swept through American education in the 1980s, in the wake of the report *A Nation at Risk*, shows no sign of abating, and has recently been given renewed impetus by the Country's relatively poor showing on the international TIMMS surveys of mathematics and science achievement. The standards and assessment requirements which are being legislated into being by a large number of States represent the most activist phase yet of school reform. Their impact is likely to be visible and pervasive: and in some cases may actually alter the normal US pattern of virtually automatic age-related promotion between grades.

66. Since much of this activity relates to the K-12 curriculum as a whole, rather than to the end of high school, it might seem relatively removed from this study's concerns. However, not only is the underlying rationale for reform often couched in terms of future productivity and competitiveness: policies are also described as a direct response to business and employer complaints about the quality of current entry-level workers. As recently as 1990, the Commission on the Skills of the American Workforce was reporting that employers were not in practice experiencing a shortage of people with the requisite skills. Today, business organisations at national level, and business people involved in local partnerships, seem to be unanimous in emphasising the importance of increasing the basic skills of school leavers.

67. This may reflect the booming economy, and the labour shortages that result. It may reflect changes in the nature of the entry-level workforce. (This is less white, and more likely to come of recent immigrant stock than in previous decades). Immigration itself, which is at an extremely high level, has also changed, in that current immigrants are more polarised in their educational achievements -- either very high or very low -- than previous cohorts). Business opinion may also have changed under the influence of changing economic and competitive pressures -- or of these same influential reports.

68. Business responses often emphasise "soft" skills as well as (though never instead of) "academic" skills. The most influential formulation of business requirements are the SCANS competencies (see Box 3), and there have been widespread efforts to incorporate these into American education, and thereby promote applied and work-based learning, interdisciplinary studies and the like. Similar objectives underpin policies intended to help integrate vocational and academic education, the idea being to increase the relevant and motivating vocational content of academic courses as much as vice versa. (Similar ideals are important in a number of other OECD countries).

69. The SCANS competencies are well known, and many individual schools and districts are working to develop more integrated, competency-related learning. However, this is not the dominant theme of current policy. The standards reforms being implemented by States tend to focus on very traditional, basic academic outcomes: and this reflects the major concerns of school reform and of the most high-profile critics and advocates of change. Even prior to this, the impact of competency-related reforms was limited. Federal research found that, at school level, the most commonly reported way of increasing "integration" was to add SCANS skills to vocational courses, leaving the academic curriculum largely untouched. At post-secondary level, "integration" most commonly meant additional basic skills remediation for vocational students or increasing the academic content of vocational programmes.²⁷

27 NCES Vocational Education in the United States: the Early 1990s pp 16-17, tables 47 & 100. (Source of data: National Assessment of Vocational Education Omnibus Survey).

Box 3

The SCANS competencies

SCANS involves five competencies and a three-part foundation of skills and personal qualities that are needed for solid job performance. These are:

WORKPLACE COMPETENCIES: Effective workers can productively use:

- ◆ **Resources** — They know how to allocate time, money, materials, space, and staff.
- ◆ **Interpersonal skills** — They can work on teams, teach others, serve customers, lead, negotiate, and work well with people from culturally diverse backgrounds.
- ◆ **Information** — They can acquire and evaluate data, organise and maintain files, interpret and communicate, and use computers to process information.
- ◆ **Systems** — They understand social, organisational, and technological systems; they can monitor and correct performance; and they can design or improve systems.
- ◆ **Technology** — They can select equipment and tools, apply technology to specific tasks, and maintain and troubleshoot equipment.

FOUNDATION SKILLS: Competent workers in the high-performance workplace need:

- ◆ **Basic skills** — reading, writing, arithmetic and mathematics, speaking and listening.
- ◆ **Thinking skills** — the ability to learn, to reason, to think creatively, to make decisions, and to solve problems.
- ◆ **Personal qualities** — individual responsibility, self-esteem and self-management, sociability, and integrity.

70. In only one of the States we visited were we told that the standards and the accompanying assessments were overtly concerned with problem-solving and thinking skills. Current developments may thus place major pressure on other desired education reforms. Curriculum innovations may be crowded out if they appear to reduce the alignment between course content and test demands; as may any programmes which teachers perceive to be reducing time in class.

71. We note that the President's 1999 State of the Union message places great emphasis on results and accountability in basic skills and academic achievement; and says nothing about the themes associated with "school to work" ideas. We conclude from this that "standards" reforms are likely to dominate the national agenda in the immediate future. However, it also seems possible that this drive to clarify and monitor standards may increase the "signalling" role of school education by making employers more interested in and more willing to use detailed information about school achievements. If "school to work" and business ideas about curriculum and learning are to take general effect, it then becomes doubly important that they be integrated with State standards and assessment requirements.

The problem of out-of-school youth

72. In many OECD countries, discussions of the transition between education and employment are dominated by the problem of how to help a small minority of young people with severe and often multiple problems: who are doing badly at school; who experience prolonged and regular unemployment; and who

are extremely likely to experience a lifetime of low incomes, insecure employment, and relatively poor health. The USA has a very visible population of this type in its inner-cities; and while (some) ethnic minorities tend to be especially at risk in other countries too, the “minorities” dimension of the problem is especially strong in the United States.

73. Americans clearly recognise that the problems of inner-city youth are enormous (and impose major costs on the society as a whole as well as on the individuals concerned -- both financially and in terms of broader social costs). In the last few years, there has been a tendency to emphasise getting a job as the key element in turning people’s lives around; and as much more important than formal training or remedial education. This emphasis is clear in many States’ welfare-to-work programmes: and it is the welfare-to-work approach which has set the policy agenda in recent years.

74. It is certainly true that job histories are very powerful predictors of future employment. Early experience of unemployment is associated with continuing patterns of uneven employment years later, and to a greater degree, moreover, in the USA than in a number of other OECD countries.²⁸ Those with long periods of unemployment find it increasingly hard to re-enter the job market, and recent research demonstrates how such periods result in measurable loss of skills. However, it is also true that substantive levels of general education affect people’s success in the workplace and in life, and we wonder whether the current tendency to downplay training and education as policy instruments may reflect a feeling of defeatism as much as a considered position.

75. It did not seem to us that the problems of out-of-school youth were a burning or even major area of concern to most policy “players” at Federal, State or local level. The Federal government, for example, spends less than 0.2% of GDP on training expenditures (broadly defined) for young people and adults:²⁹ and while Congress has supported Job Corps funding and spending for displaced workers, funds to support year-round training programmes for disadvantaged youth (notably JTPA Title II-C) have fallen below levels of the early 1990s.

76. The lack of activism is, we suspect, largely a result of policy fatigue and resignation. American welfare and training programmes are evaluated with admirable expertise and regularity: they also indicate how hard it is for youth programmes to achieve “good” long-term effects with out-of-school youth. Whereas a good number of programmes targeted at adults (and especially at welfare mothers) have had well-substantiated and significant results in terms of impact on employment rates and incomes, the picture for youth programmes is far from encouraging.³⁰ Results of this type underpin the cut-backs in JTPA funding for youth; and also, we suspect, make legislators question the value of further activity and programmes.

77. Evaluations of programmes for out-of-school youth -- and adults -- certainly provide ample evidence of how difficult and time consuming it can be for people to achieve quite moderate levels of basic literacy and mathematics. This underlines the enormous task faced by schools in deprived areas; but also suggests that the most important thing that can be done for at-risk populations is to further reduce the drop-out rate.

28 See especially OECD Employment Outlook July 1998 (Paris: OECD).

29 In the mid-1990s, US government and OECD figures put expenditure on labour market policy at 0.55% of GDP and crime and law enforcement-related expenditures at 4% of GDP.

30 Friedlander et al op cit: also U.S. Department of Labor What's Working (and what's not): A Summary of Research on the Economic Impacts of Employment and Training Programs (Washington: Office of the Chief Economist, U.S. Department of Labor 1995).

Box 4 Job Corps

The most expensive, visible and politically popular programme for out-of-school youth is Job Corps with PY 1997 funding of \$1.15 billion. This is a largely residential programme for young people aged 16-24, typically on a specially built or converted site away from main centres of population, where residents follow combinations of basic education, vocational training and social skills training. Both dormitories and social facilities are on site: when students leave they have access to the Job Corps placement agency and help with job searches, college enrolment, and finding accommodation and child care.

Job Corps notes that its typical student is “an 18 year old high school dropout who reads at the eighth grade level, comes from an economically disadvantaged family, belongs to a minority group and has never held a full-time job.” He or she is also likely to be quite highly motivated given the commitment required for enrolment. Approximately 3 in 10 new students drop out in the first 90 days (perhaps because they cannot adjust, perhaps because they are terminated for drug use). The remainder will remain for up to 2 years. Overall outcome measures include the results for the drop-out population, who typically show no improvements in education or skill levels. This makes the 80% who enter jobs or higher education on leaving a very encouraging figure. Between 65 000 and 70,000 students enrol in a given year: and over 16 000 achieve a GED. Average improvements of between 2 and 3 grade levels in English and Maths are recorded; and about half of all enrollees complete a vocational training programme.

53. The “saturation” approach of residential Job Corps centres is consistent with both American and other countries’ research on effective programme for high-risk populations. It appears that only expensive and intensive approaches are likely to have any significant results with such groups. The residential philosophy is also helpful, since it removes motivated young people from pressures and tensions in their own communities, and places them with others who have similar aspirations and goals. In the Kittrell (North Carolina) Job Corps Center which we visited we were also impressed by the way in which Job Corps is evolving to incorporate changes in the education and training environment generally: for example, through provision of courses which link with local community colleges, and offer students the opportunity to obtain college credit and occupational licenses, and development of work placements and internships for which the Job Corps staff provide preparatory and follow-up classroom-based theory and preparation.

78. Research recently published on the GED (General Educational Development) supports this conclusion. The GED tests provide a well established and nationally recognised route back for those who have dropped out of school. Those who pass obtain a high school equivalency certificate: and in 1995 about one-sixth of the high school diplomas awarded were of this type. Nonetheless, while GED recipients fare much better than drop outs in terms of college attendance, full-time employment and income, they do less well than those who obtained high school diplomas. They work less, earn less, are less likely to enter, and, if they do, to complete college. This may be partly to do with the factors that triggered drop-out in the first place; but may also reflect the different opportunities actually opened up by a GED.³¹

79. Preventing drop-out may be the most effective approach; but it is not, on its own, a policy “solution”. As we have said earlier, other countries’ experiences confirm that it is very difficult to succeed with concentrated high-risk populations. The research findings suggest that one reason is the enduring effect of local community experiences, pressures and attitudes on young people who are in education or training programme. One response is the type of “saturation” project which is being attempted by the Department of Labor. Its “Youth Opportunities Grants” program has a \$250 million authorisation this year (PY99), although this figures must be placed in the context of the nearly 5 million young people (aged 16-

31 D. Boesel, N. Alsalam and T.M. Smith Educational and Labor Market Performance of GED Recipients (Washington D.C.: National Library of Education, Office of Educational Research and Improvement, U.S. Department of Education 1998).

24) who live in high poverty inner city or rural areas.³² Another is to take young people out of their home environment, a policy embodied in Job Corps, with whose approach we were extremely impressed. (See Box 4). All of this is extremely expensive, however: and we are not optimistic about the likelihood, in the current climate, of higher aid and intervention levels for these groups.

In conclusion: Working with the grain

80. The large majority of OECD countries have inherited and continue to practise a system of educational tracking, with clearly delineated technical and/or vocational tracks, even though allocation of students to different options takes place at a later and later age. In the United States, although different tracks have existed for many decades at high school level, tracking has always attracted criticism and dislike. It runs counter to a profound commitment, within American culture, to the idea of opportunities for all, and to the idea of high school as an inclusive institution rather than a mechanism for sorting students into a clear hierarchy.

81. In spite of the fact that there seem always to have been dissenting voices about the value of vocational education in high schools, and despite the generally low status of “shop” in many institutions, the post-war period nonetheless saw many high school students entering what were in effect if not in name vocational tracks. Commitment to, and quality of vocational education has always been variable. Some States have been far more committed than others; some cities, but not all, developed specialised career-oriented high schools with good reputations and strong competition for entry. These latter, it should be noted, generally combined vocational education (generally in a single broad occupational area) with a full college-preparatory programme for most or even all pupils.

82. In the last ten to fifteen years, however, there has been a shift away from “traditional” vocational education at high school level and a renewed upward surge in college entry. This has occurred alongside and in spite of policies advocating more applied learning. It has been accompanied by an increased concern with academic achievement and with high school graduation requirements, also fuelled by policy activists. However, the major cause of these educational shifts, in our view, is not the actions of Federal, State or local policy-makers. It is that the vast majority of the American population not only desire college education for themselves or their children, but also see it as feasible and even, increasingly, as a necessity. Deep-rooted aspirations and values, which have been part of American culture for most of its history, have taken on added force in recent years; and programmes and reforms which do not take account of a near-universal desire for college education, and work to assist this, are unlikely to find popular favour.

83. The forces which have fuelled a growing rejection of any programme which is not college-preparatory -- and which have made “general track” options in high school equally undesired -- are to some degree found in all contemporary OECD countries. As college enrolments rise, individuals without any college education find themselves strongly disadvantaged in the eyes of employers. The assumption made, subconsciously if not consciously, is that the more able go to college, and the less able do not. People may know and make much of individual exceptions; but the general perception is there, and is felt strongly by young people. The more of a cohort goes to college the greater the pressure becomes. If only 5% of an age group obtain degrees, then it is obvious that the non-graduate population contains very many able people -- and employers will behave accordingly. But when figures for college attendance cover a

32 Defined as those with poverty rates of 30% or above. The \$250 million can also be viewed as equivalent to about 15% of what Alabama alone spent on primary and secondary education in 1992-3; or less than 1% of Federal student aid in 1996-7;

large part of the cohort, it becomes rational and common for employers to simply disregard the non-college population when making their choices. The pressure to attend is thus ratcheted further upwards.

84. This does not mean that issues relating to the nature of the curriculum -- including those which have dominated recent American debates -- become irrelevant. On the contrary. The more time people are spending in education, and the greater their and the society's expenditures, the more important it becomes that this time and money be spent well. Questions about possible mismatches between curriculum content and workplace requirements are as pressing as ever: so, we would argue, are those relating to personal development over a lifetime. But these must be addressed within the framework set by the pressures on individuals created by a modern, education-based economy, and the more specific, but highly durable values and aspirations of the community.

5. IS AMERICAN POLICY ON THE RIGHT TRACK?

85. This Section summarises the degree to which current policies offer adequate responses to problems in the transition to working life. As noted above, in many ways, and for large numbers of young people, this process is not a serious problem at all. Moreover, especially in the short term, the state of the economy, and general levels of unemployment and job creation, will continue to be more important than any specific training or education policy can be. Nonetheless, in previous Sections we identified a number of factors which impose costs and pressures on the young and, at worst, create major barriers to achievement of a successful and stable transition to adult employment: and also a number of trends which threaten to create more serious problems in the future. The final Section, Section 6, discusses some concrete recommendations which arise from our review. First, however, we look back at the major issues identified earlier: namely the extremely poor and declining opportunities which face drop-outs, and which are particularly evident among minority groups with high drop-out rates; second, the high levels of non-completion in higher education; third, the trend towards lower absolute returns to education of various sorts; fourth, inequalities of access; and fifth, the complexity of the choices facing young Americans, and the chances that this may lead to costly “mismatching” of people with courses and occupations.

86. **First, are the right policies operating with respect to actual and potential drop-outs?**

Yes insofar as school districts have been experiencing continuing rises in graduation rates, and in many cases, outside the inner cities, are achieving rates close to 100%. This is not, obviously, because of some single policy (and labour market signals probably play a greater role than any activity by the education sector): but the outcome, and the parallel rise in academic credits, are unambiguously positive.

Yes in the emphasis on “saturation funding” for high-risk groups in recent Department of Labor initiatives: consistent with research evidence and experience not only in the US but also in other countries.

Yes in the continued provision of “second chance” routes such as the GED and Job Corps.

No in that important funding streams appear to be quite regressive. Student aid, for example, attracts the political support that aid for high-risk, high-need populations does not. While politically this is easy to account for, current policies and funding levels are likely to leave important “hard-core” populations at risk of lifetimes of low employment and low incomes.

87. **Second, are the right policies operating with respect to high non-completion rates at college level?**

This is an area where very little information was available to us. We do not offer any concrete recommendations for action: but we do emphasise the real costs to both the taxpayer and the individual, especially in light of the rising real costs of tuition and the (associated?) marked increase in the numbers of students who also work. We also

note that, insofar as non-completion is related to students' lack of preparedness for college, current policies designed to raise academic standards should have a knock-on effect on college success. The surprising dearth of research on all aspects of the four-year college sector was alluded to earlier: it is again relevant here.

88. **Third, are the right policies operating with respect to the declining absolute returns to different qualification levels?**

The determinants of income distribution, and recent growths in inequality, in the United States are the subject of huge amounts of scholarly and popular discussion. We do not intend to offer any additional theories; but some aspects of income trends can be linked directly to the "transition process" and to policies in this area. To the degree that increased qualification rates merely create "diploma inflation", and do not signal any real increase in the skill base and productivity of the population, one will obviously (other things being equal) simply reduce the returns to a certain level of qualification. However, a major reason why modern societies are so concerned with education and training is the genuine (if complex and unquantifiable) link between productivity, innovation, and a highly educated population.

Changes in the job market suggest that there has been some diploma inflation in the US (and, of course, an increase in the college completion rate would, in the short term, add to this.) Nonetheless, at the same time there has also been a real increase in the numbers of "knowledge-based" jobs, and there is every sign that this trend will continue. There is also a policy consensus in the United States that the quality of education has been lower than it could or should be: and this may be one reason why qualifications do not bring the same, let alone higher, rewards than before. If we accept that higher levels of higher quality education are, indeed, a key route to increasing average incomes, and could contribute to reversing recent declines, then policy relevance can be judged as follows:

Yes insofar as all levels of government are encouraging and have encouraged increased provision (tending towards universal provision) for pathways from high school into college/tertiary programmes.

Yes insofar as serious reform efforts are being implemented designed to increase levels of academic achievement.

No insofar as these reforms risk being narrowly focused on a limited range of outcomes: and in the very limited use currently being made of opportunities to upgrade and use applied and work-related learning within mainstream courses (including mainstream vocational courses).

89. **Fourth, are the right policies operating with respect to ensuring equal access to educational opportunities?**

Yes insofar as non-college tracks are being phased out; and large volumes of aid (general and institutional) have been made available to low-income college students.

No insofar as increases in college attendance in all sections of society have not resulted in a decrease -- indeed on some measures have involved an increase -- in relative

gaps in rates of attendance, likelihood of graduation etc. There are indications of some increase in the degree to which disadvantaged groups are becoming concentrated in lower-prestige two-year institutions, and of regressive shifts in patterns of aid.

90. **Fifth, are the right policies operating with respect to complexity of choices and decisions facing young Americans, and the possibilities of resulting “mismatches”?**

In this area, we think that it remains unclear whether there is a serious problem. As noted earlier, American labour market patterns are quite distinctive in the way young people move through numbers of short term jobs early in their careers: but the evidence that this is adaptive and helpful to the economy and to young people seems quite as strong as the evidence indicating the opposite. With this proviso, policy relevance can be summarised as follows:

Yes with respect to encouraging better, more comprehensive career guidance and exploration. (Many such activities have developed within Federal programmes, many others through State and local initiatives. Penetration is presumably uneven, between and across States, but in all the States we visited there were high levels of activity).

Yes in encouraging the growth of local school-business partnerships

No to the extent that some programmes, developed to create very clear school-work transitions, have been very narrow, and so done little to increase progression opportunities for those involved, or to reflect the increasingly rapid change of the modern economy and job market.

Box 5

Making workplace learning work

Widening opportunities for students to learn in the workplace has been a goal of many American advocates of school to work reform during the 1990s. The 1994 School to Work Opportunities Act has led to many local school-industry partnerships being created. In practice much of the student contact with workplaces that has flowed from these partnerships has been brief and superficial. Much of it has occurred only out of normal school hours (on weekends, during vacation periods, in the evenings after school). It lets students observe and experience work for very short periods, often as little as one day or half a day. Extended and carefully structured contacts with work that allow experience to be translated into learning have been much rarer. The main reason for this is the rigidity of American high schools' timetables, and a fear that students will miss out on "real" (i.e. classroom) learning if they are not in school. These problems will need to be tackled head on if options such as internships are to expand.

Experience and research, both in the United States and in other OECD Member countries, point to a number of clear messages on how to make students' workplace learning effective. High quality programmes are characterised by:

- Work placements that are long enough for real learning to take place;
- Systematic analysis of the training capacity of the workplace, to see what it can realistically supply;
- A formal training plan, setting out what has to be taught and learned, and clarifying the work-based and school-based parts of a student's programme;
- Employer involvement in student selection for work placements;
- The presence of a trained programme co-ordinator, able to liaise between the school and the firm and troubleshoot when problems occur;
- The use of qualified, highly competent workers as workplace trainers/mentors;
- Regular face-to-face contact between the co-ordinator and employers and in-firm supervisors;
- Monitoring of students on the job by the programme co-ordinator;
- The evaluation of student performance against the training plan at the end of placements, with the evaluation carried out by the job supervisor and the co-ordinator jointly; and
- Deliberate efforts by schools to relate what has been learned at work to students' school-based learning.

6. CONCLUSIONS AND RECOMMENDATIONS

Number 1: some major successes

91. There are many respects in which American education is well adapted to the needs of its enormous and heterogeneous young adult population. Dropout rates have fallen in the last 20 years and the percentage of the cohort completing a full academic high school programme has increased dramatically. Moreover, this has occurred at a time of extremely high immigration. The American system offers a very large number of “second chances” to students who fail, or fail to excel, at any given stage; and its tertiary sector provides an unparalleled variety of options and ease of access.

Number 2: key problems for young Americans in the transition to working life.

92. At the same time, there are important respects in which the transition process for young people is difficult and could be improved. The fact that higher education costs are rising at the same time as average real wages are falling raises questions about the efficiency of the sector, and about the quality and workplace relevance of what students learn. States and localities have not, to date, developed the infrastructure and processes needed for widespread, high quality work based and work-related activities within high school. Although an ever-expanding percentage of the population now attends college, there is far from being equity of access, and signs are that income-related inequalities may be increasing. Certain areas and groups continue to experience extremely high rates of unemployment and educational failure.

Number 3: the need to integrate two separate policy agendas.

93. There is a general consensus in both the business and policy-making communities that academic standards in the American education system are too low: and a widespread, though somewhat less general view that its content is inadequately aligned with economic and workplace requirements. These concerns were articulated most strongly in the late 80s and early 90s, not only at national level but also in many State commissions and reports. Two consequent policy agendas, however, emerged as largely separate from each other. At present, major reforms intended to increase standards of basic and academic education are being introduced across the nation, but there is a strong possibility that they will not be integrated with initiatives designed to increase school-workplace links or developed applied competencies. Such integration has to be addressed at school and local level: we would strongly recommend that it should be.

Number 4 :prioritise “college for all”.

94. We conclude that policies designed to improve education-work transitions must encourage and promote college access for all. Americans have always aspired to college education for themselves and their families. This aspiration is not reversible; and has become standard for all ethnic and social groups. Youth apprenticeships have not and are extremely unlikely to develop and be sustained on anything but a

tiny scale. Instead of prioritising such small experimental and expensive programmes, development of a universal “college track” -- through e.g. Tech-Prep, or States’ changing graduation requirements and tracking policies -- should be encouraged.

Number 5: vocational pathways with a future

95. The need to expand college pathways even further does not mean that there is no place for vocational or workplace-related activities in American education. Widespread criticisms of schools’ ‘relevance’, and of the content and nature of high school and college-based education and training, reflect real concerns. In fact, although there has been some decline in the popularity of traditional vocational high school courses, the last decade can actually be seen as quite a “good” one for vocational education. Tech-Prep programmes have been mentioned above: what we remark upon here is the wide level of political support for such developments at Federal, State and local levels. Again, recent years have seen the widespread, if somewhat unremarked, development of AS (Associate of Science) degrees. In intention as well as actuality these are seen by students as terminal awards -- i.e. worth obtaining in their own right -- and not merely as stepping stones to a traditional liberal-arts based baccalaureate programme. Career academies have also had some genuine success. These developments suggest that, provided they take place within the context of a college pathway, there is genuine enthusiasm among some students for courses and options which have a substantial vocational and workplace loading. Current arrangements have encouraged and enabled their growth: Federal and State policies should maintain this.

Number 6: the importance of sustainable career exploration

96. We found enormous enthusiasm for expanded and more systematic career exploration, including short internships for students and teachers. Strong local partnerships with business can and do develop around career exploration programmes. Their popularity is evident in direct financial support for such activities in a number of States (sometimes predating Federal school-to-work initiatives). These are the most generally successful and self-sustaining developments relating to school-work transition which have emerged from formal Federal School-to-Work initiatives.

97. Their success can be understood in terms of the economic pressures, including rapid technical change, which have made young people and their parents increasingly concerned with career exploration and careful planning: plus the fact that the American high school has tended to remain extremely self-contained. This is reflected in teachers’ own careers and experiences as well as in a curriculum where the bulk of courses have remained (at least by European standards) very traditionally “academic” in content and approach. Partnerships of this type should be encouraged, especially since they require fairly little resourcing, have the stability of locally generated activities, and are, from a business’ point of view, relatively “low-stakes” and *therefore* far less vulnerable to economic downturns and retrenchment.

Number 7: using the workplace for structured learning

98. Many older-established vocational courses (including, notably, the still-large “co-op” category) do not really use the workplace as a source and location for structured learning. Quite modest changes here could have a greater impact than focusing resources intensively on highly experimental and ambitious school-to-work programmes which are especially difficult to operate in the US with its multiple layers of workplace-related legislation, and scattered work and residential patterns. Although recent Perkins reauthorisations have strongly endorsed coherent sequencing and integration of the

vocational/technical and the academic, this has not been realised widely. We have commented at some length above on the limited extent to which even experimental programmes appeared to exploit the possibilities for learning offered by the workplace. We would reiterate this point; and also note the positive experiences of schools (for example in Sweden and in some programmes in Norway and Australia) which have embraced the use of project-based work which involves both the classroom and the workplace. In Box 5 we have set out some of the key lessons that have emerged both from these countries and from US experience and research on the factors that are most likely to result in students' workplace experience being of high quality and translating into genuine learning and skills development.

Number 8: reconsidering the school timetable.

99. If schools and districts wish to expand work-based learning beyond experimental initiatives, they must start with a reappraisal of the timetable for the school as a whole. Approaches which involve detailed negotiation of individual students' timetables, expensive and complicated ferrying of students between classes and workplaces, or students undertaking their work placements in their own time rather than during normal school hours cannot be expanded easily or maintained indefinitely. Such changes can in principle be made, as they have been in other countries, allowing students to be outside school for complete days while still completing their academic programme. (The small amount of homework, and long hours of paid work, which many American students report suggest that academic requirements are not in themselves an insuperable barrier). However, without an approach which starts with the timetable and the organisation of the day, it is unlikely that schools will be able to bring workplace learning into the mainstream. School-to-work reform will need in future to be more closely linked to moves to improve the organisation of the school and the organisation of teachers' work: in short, to the mainstream of school reform.

Number 9: the need for research on four year colleges.

100. A large proportion of the American policy debate on transitions focuses on the transition from high school to the workplace. Yet the enormous incidence of college attendance among American young people means that, for the increasingly large majority, it is the transition from *college* to workplace which is critical. Given this, it is surprising how little is known about this process, and, more generally, how little research appears to be undertaken into the operation of the vast four-year universities which educate so many of America's students. We would strongly recommend that research attention (and Federal research funding) be turned to these institutions.

Number 10 : the expense and importance of helping high-risk groups.

101. Most American policy makers and educators would identify the low graduation and high unemployment rates of specific groups of young people (especially from some minority groups and large city school districts) as a major national challenge. Nonetheless, it did not seem to be a burning issue at Federal or State level; and we note that expenditures on these populations represent a very small percentage of GDP. We suspect that this is a result of policy fatigue and resignation, since successive initiatives appear to meet with successive failure.

102. Other OECD countries have also found that it is extremely difficult to devise successful policies to help high-risk groups. However, one important lesson to be drawn from economic and labour market evidence is that it is far more effective to prevent drop-out than to provide remediation and second-chance

programmes later. (Some countries have had considerable success in preventing drop-out by high-risk groups through programmes which include major components of practical and project work, and which provide the equivalent of State-level guidance, resources and back-up for schools delivering such programmes). Experience in the US and abroad suggests that “saturation” projects (a category in which we would include residential Job Corps) are far more effective than short-term, part-time projects which cannot counteract the effects of participants’ home and community environments.

103. This is one area where cheaper solutions are largely a waste of money. We note that, in a recession, the problems facing these groups are likely to increase and that their employment and income prospects are generally deteriorating. While recognising the difficulties, we would like to see more attention being devoted to this area.

Number 11: ambiguous evidence on the need for new credentials.

104. Some American commentators have argued vigorously that young people’s transition to work is impeded by the absence of adequate “signalling” and credentialling systems. This is presumed to distort students’ choice of study and training programmes (since they do not get adequate recognition for acquiring work-relevant skills), and to make employers’ hiring decisions inefficient. The pattern of early “churning” among jobs is, on this argument, a major and undesirable result.

105. While the evidence is inconclusive, we do not find the argument altogether convincing. To overseas eyes, there is already far more national credentialling in the country than Americans themselves seem to recognise, with State-based licensing and higher-education diplomas in occupational areas apparently quite standard and easily transferred. In new and rapidly changing industries, many jobs do not take a stable form for long enough for national credentials to be feasible: in others, private companies are responding quickly to demand for qualifications. The low interest in and low uptake of occupational standards do not suggest a major demand for change among employers.

106. We think it is important here to take account not simply of the regulatory complexity of the country, but also its sheer size. This makes it extremely difficult to develop a system of tightly defined and consensual credentials of the sort which is sometimes advocated at national policy level. However, we think it possible that the developing reform movements in the States will, in fact, change the way in which information about student school achievement is used, by providing summary judgements which have the credibility and consistency hitherto reserved for nationally administered tests such as the SAT, GRE or Advanced Placement examinations. If so, this will in time affect the use which employers make of high school diplomas (although not necessarily the extent to which hiring decisions are made on the basis of job-relevant information let alone the prospects of drop-outs and high risk groups).

Number 12: clarifying the Federal role, making Federal dollars effective.

107. It is very important to clarify the respective roles of different levels of government, and notably that of the Federal government. Direct Federal spending on education is bound to take the form of defined and regulated programmes if it is to have any discernible effects and not simply replace existing spending while also increasing administrative costs. (We do note that many US programmes compare well in this respect and achieve better targeting, with less substitution for other funds than, for example, many EU-funded initiatives).

108. Where Federal dollars are being used to support mainstream activities (as opposed to research and planned experimentation) they are therefore most likely to be effective when the objectives are quite tightly defined, and where results can be obtained and evaluated within a reasonably short time frame. At the same time, the Federal government also can have an important role to play in creating and maintaining a national debate, and in providing the funds and the mechanisms with which to develop and trial new ideas, and respond to national concerns. This can be particularly important in a system as administratively decentralised as the American because, however distrusted the “Feds” may be, they are unique in their ability to reach small and large districts and to spread ideas and findings nation-wide.

109. In the last decade both the school-to-work and the Goals 2000 legislation were passed in response to well-developed, nationally prominent concerns and arguments: and while some of the problems encountered by school-to-work initiatives could have been foreseen, the Federal government’s role in underwriting major, national policy experiments and research is almost certain to continue.

110. What should be borne in mind for the future are two well-worn but nonetheless fundamental principles. First, Federal programmes need *either* to be concerned with objectives that are tightly defined and can be realised quickly *or* to enjoy such levels of bipartisan support that (like Perkins) they can expect multiple reauthorisations. Second, labour market programmes will only succeed -- in the USA and everywhere else -- if they work with the grain of national values and practices, not against them, because their outcomes depend on the actions and decisions of huge numbers of individuals and firms which cannot be controlled or even influenced by any government policy maker. This is why, throughout this report, we have emphasised the core values and aspirations of American citizens, which we consider the best guide to effective future policy.

APPENDIX 1

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