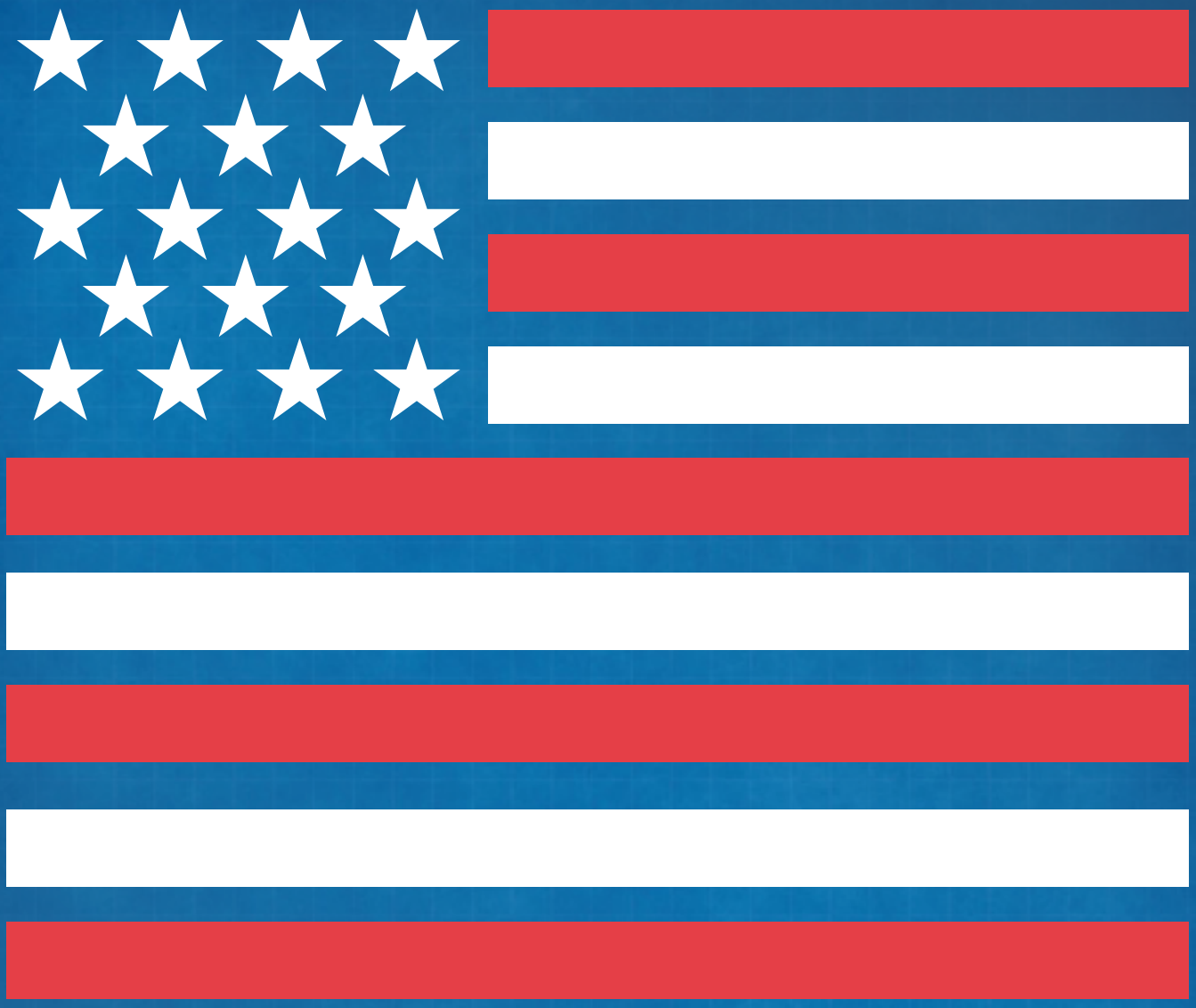

A Nation at Risk to a Nation at Work

THE CASE FOR A NATIONAL TALENT STRATEGY

Bipartisan Policy Center

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Letter from the Co-Chairs

As former governors, business leaders, and engaged citizens, we share a belief that our nation's most valuable asset is the talent and productivity of the American people. We also believe that the pace of change today, driven by technology and automation, demands an assessment and overhaul of many of the systems that people rely upon to prepare for the future ahead.

The evidence is undeniable: We see devastating trends in student achievement, including persistent declines in reading and math. We see employers who cannot find workers with the skills they need, and young adults with limited job prospects, including many with college degrees. We see families struggling to navigate systems that feel disconnected, confusing, and ill-suited to the realities of modern work and family life.

America's place in the global economy, and as the land of opportunity and economic mobility, depends on our people being prepared, skilled, and supported. We need action in a few key areas to ensure our future success.

In that spirit, the Bipartisan Policy Center created the Commission on the American Workforce in early 2025, bringing together experts from across the private and public sectors, as well as the political spectrum, to craft pragmatic and effective recommendations that reimagine the nation's education and workforce pipeline. Four working groups—comprising more than 50 additional experts—met throughout the year to examine the issues, engage in rigorous debate, and inform the Commission's final recommendations.

This was a serious, deliberative, and **bipartisan** process. It involved deep discussion, careful analysis, and intentional collaboration. As is true of any effort of this scope, commissioners may not agree on every detail of every recommendation. But we do stand together in endorsing the diagnosis of the problem, the urgent need for action, and the collaborative process for arriving at the recommendations reflected in this report. We are united in the belief that America needs a more coherent, connected, and forward-looking approach to education, workforce preparation, and support for workers—and are proud of the actionable, bipartisan solutions that we commend here to lawmakers, leaders, and the nation.

We also have confidence in the American people. When things get hard, we don't retreat. We come together. We roll up our sleeves. We focus less on what divides us and more on what must be done. As in times past when our country has faced threats and challenges, our shared identity as Americans rises above party and place. So should we today.

We refuse to accept a future in which opportunity is out of reach for so many. *Every* child deserves a strong educational foundation. *Every* worker deserves a fair chance to develop skills, adapt to change, and build a secure future. If we choose courage over complacency and cooperation over division, we can face and overcome our challenges. We are pleased to offer these recommendations on how to do so.

Respectfully,

Bill Haslam Deval Patrick

Bipartisan Policy Center

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The Vision for A Nation at Work

By integrating policies and data so that opportunity is visible and accessible to all, *A Nation at Work* offers a blueprint for a modern federal role in developing talent that connects the systems that power learning and work.

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More than four decades after *A Nation at Risk* warned of "a rising tide of mediocrity" in our education system, the United States faces a challenge even more complex and consequential.[1] We are living through an era defined by unprecedented technological acceleration that is reshaping how people learn and work. Yet our ability to prepare Americans for this future is faltering. Across the country, students' proficiency is shockingly low in math, reading and writing, science, and civics; achievement gaps are widening; the value of college is increasingly in question; and employers across many sectors are unable to fill American jobs with prepared American workers. In a reality check on our nation's psyche, a majority of U.S. adults no longer believe their children will have a better life than they do.[2]

THE SYSTEM IS NOT SERVING AMERICANS

Only 61% of students who entered an undergraduate postsecondary program in fall 2019 completed a degree or credential within six years.[3] As of 2023-24, **37.6 million American adults** under 65 have some college credits but **no postsecondary credential.**[4]

Half of college graduates earning a bachelor's degree **between 2012 and 2021 were underemployed** a year after graduation—and almost three-quarters of underemployed recent graduates with a terminal bachelor's degree remained underemployed ten years later.[7]

In 2020, China awarded nearly 2 million first university degrees in science and engineering, compared to **fewer than 900,000 in the United States.**[5]

Only 35% of U.S. adults believe a college education is very important, **down from 75%** in 2010.[8]

Significant portions of the U.S. labor force rely heavily on foreign-born workers, such as the IT and construction industries, at roughly 4.5 and 3.5 million, respectively, and nearly 2.8 million—or 18%—of health care workers. Foreign-born workers account for one in every four doctors, one in five registered nurses, and one in four health aides.[6]

All of the growth in the U.S. labor force between the fourth quarter of 2019 and the first half of 2024 **came from outside the country.** During this time, the U.S.-born labor force lost 73,000 people, while the foreign-born labor force grew by 3.77 million.[9]

Almost 90% of children born in the 1940s grew up to earn more than their parents, but **only 50% of children born in the 1980s** can say the same.[10]

During the same period of profound change, the systems responsible for educating and equipping people with skills have drifted further apart. The key law governing how students pay for college predates the launch of Uber (2009), Instagram (2010), and TikTok (2016). Since these laws were last updated, the United States has navigated the rise of the gig economy, a global pandemic, and the birth of generative artificial intelligence, yet federal policy remains anchored in a predigital era.

As the gap grows between what people learn and what the labor market and society demand, and as too many leaders have become distracted by partisan priorities that fail to broadly serve the American people, the nation lacks a coherent strategy that links individuals to opportunity and the nation to a secure future. The result is a landscape where learners, workers, and employers must navigate fragmentation at precisely the moment when clarity and agility matter most.

The accelerating impact of AI only heightens this urgency. The gap between "could happen eventually" and "is happening now" has collapsed. What makes this disruption fundamentally different from those that came before is not just its scale but its direction. Previous technologies automated narrow tasks or specific occupations, allowing workers to adapt through retraining or lateral movement. AI is advancing up the ability ladder, not across it. It substitutes for formal knowledge and codified skills—the very assets that young workers bring to entry-level roles—while leaving experienced workers' tacit knowledge, judgment, and relationships more intact. The economic stakes are enormous. Education providers and employers that fail

LEARNERS ARE FALLING BEHIND

Reading proficiency is now **on par with student outcomes** in the early 1990s.[11]

More than one in 10 students who enter ninth grade do not complete high school on time.[15]

More than one third of American 15-year-olds are unable to compare distances between two routes or convert prices into a different currency.[12] By contrast, more than 85% of students in Singapore and Japan have mastered these skills.[13]

In a cross-industry survey of more than 500 employers, **one in three indicated that their average employee lacks the necessary literacy skills** to perform their job effectively.[16] Estimates show that investing in adult literacy could generate $2.2 trillion in annual GDP.[17]

Only 15% of students who took the ACT assessment in 2024 **met the ACT STEM College Readiness Benchmark**, which indicates the level of readiness needed to have a 50% chance of earning at least a B in a typical first-year college STEM course.[14]

During the 2020 presidential election, a survey found that **two-thirds of teens** expressed interest in learning about the race, but **a third of them did not have access** to a course about U.S. government and institutions.[18]

In 2024, the average 12th grade math score on the National Assessment of Educational Progress (NAEP) fell to the **lowest ever recorded** for that grade since the testing framework was implemented in 2005.[19]

THE AUTOMATION SURGE

In 2023, McKinsey estimated that **automation could affect 30%** of U.S. work hours by 2030.[20] By late 2025, that estimate had nearly doubled: **57% of current U.S. work hours could now be automated** with technologies that already exist, not by 2030, but today.[21]

Organizations that successfully redesign work around human-AI collaboration could unlock nearly **$3 trillion in annual value** by 2030.[22]

to meet the moment will not only lose competitiveness; they will also strand workers in roles that no longer exist.

By integrating policies and data so that opportunity is visible and accessible to all, *A Nation at Work* offers a blueprint for a modern federal role in developing talent that connects the systems that power learning and work. This effort begins with an acknowledgment that education is foundational to a thriving populace and workforce and the federal role in this enterprise is worth preserving, but that today's systems and structures are not working for the people they are meant to serve. Now is the time to reconfigure the national engine and evidence base so that data can drive investments, empowerment, and results at all levels—from state capitols to companies and classrooms.

The core laws governing American education and workforce systems are long overdue for reauthorization:

Higher Education Act (HEA): last reauthorized on August 14, 2008.

Workforce Innovation and Opportunity Act (WIOA): signed into law on July 22, 2014.

Child Care and Development Block Grant (CCDBG): last reauthorized on November 19, 2014.

Trade Adjustment Assistance (TAA): last reauthorized on June 29, 2015; entered phased termination on July 1, 2022.

Elementary and Secondary Education Act (ESEA): last reauthorized on December 10, 2015.

Moving from "at risk" to "at work" will not only take bold leadership across party divides but also big ideas to chart an entirely new way forward. This report challenges policymakers to think beyond our antiquated and disjointed structures to design a better system that truly works for the American people. It outlines practical steps that federal, state, and local leaders can take to power the agile nation and global leader that America must be, describing three imperatives to align our approach to talent and 15 specific recommendations to advance the work:

1. Building a National Talent Strategy that Supports State and Local Leadership: Four recommendations aim to transform the federal role from a fragmented obstacle into a coherent strategic partnership with states that enables talent development in regions and communities.
2. Keeping Learners and Workers at the Center of Education Systems and Pathways: Six recommendations target the crisis of declining student achievement and postsecondary education value, putting people over process.
3. Upgrading Benefits and Supports for Employees and Employers: Five recommendations address a profound drag on the national economy by modernizing essential supports for American workers.

The CHIPS and Science Act of 2022 demonstrates how bipartisan leadership can deliver when a national problem is prioritized. In this case, leaders came together because they recognized that reliance on overseas chip production was a critical threat to national security and supply chain resilience. Their response was an ambitious legislative deal that prioritized technology and physical infrastructure, including:

$39 billion in funding for the expansion of semiconductor manufacturing facilities.[23]

$11 billion in funding for research and development on semiconductor manufacturing.[24]

$2 billion in funding for advancing microelectronics leadership.[25]

Creation of up to 54,000 jobs and increased wages in 149 counties with semiconductor manufacturing facilities.[26]

Since the CHIPS Act has been passed, the private sector has announced over 80 semiconductor projects across 25 states, totaling $450 billion.[27]

When the threat is clear, government leaders can act boldly and collaboratively. Why shouldn't we show the same decisive focus and scale of investment in our people as we have shown for technology? America's economic competitiveness is more dependent on the success, skills, and engagement of its workforce than on any single piece of hardware.

Skeptics will say that this Commission's vision for wholesale federal reform is not possible. It is much easier to reject a call for something bold and new and to blame inaction on political headwinds and America's civic divide. We say change is possible, and stress that our recommendations are clear and practical. The first step is coming together to understand the challenges, to put forth a set of solutions, and to then work on the broad-based leadership and trust and will-building that it will take to deliver. Some elements of our vision are already happening in states, regions, and the private sector; the federal government should stand on the shoulders of that work. Other elements require building something new, which will not happen overnight, but it will never happen unless we get started—and we don't have time to waste.

Today, the United States is rebuilding the industrial base it spent decades offshoring. The CHIPS and Science Act, the Inflation Reduction Act, and the Infrastructure Investment and Jobs Act have triggered the largest wave of domestic manufacturing investment in a generation. Since 2010, more than 2 million jobs have returned to U.S. soil through reshoring and foreign direct investment. In 2024 alone, 244,000 new manufacturing jobs were announced, nearly 90% of them in high-tech and medium-high-tech industries critical to economic and national security.[28] Semiconductor fabrication facilities are rising in Arizona, Ohio, and Texas. Battery gigafactories are reshaping the industrial Midwest. Clean-energy supply chains are being built from scratch. These are not short-term construction booms; they are long-term bets on American labor. The question is whether we can produce the human capital needed to fill these critical roles.

Our nation is at a crossroads. America's future depends on our ability to connect what people learn to how they work and help them adapt. **The risk remains, but the path to a nation at work is possible—if we have the courage to act.**

Commission Approach

The Bipartisan Policy Center and its President and CEO, Margaret Spellings, established the Commission on the American Workforce in February 2025 and designated former Govs. Bill Haslam of Tennessee (R) and Deval Patrick of Massachusetts (D) as co-chairs. The Commission was charged with tackling bold questions: What is the role of the federal government in helping America leapfrog from the predigital age to an AI-enabled world? How can education and workforce pathways serve Americans in fulfilling their dreams and igniting the economy of the future and communities of resilience and innovation? To take on these questions, BPC enlisted a formidable group of 24 commissioners, including senior federal and state officials and leaders of education, technology, and industry (see Appendix A).

During the course of a year, the Commission convened 18 working-group meetings with 52 expert thinkers and leaders from all sectors to explore the most relevant topics in four areas:

1. **Elementary & Secondary Education**
2. **Postsecondary Pathways**
3. **Workers & the Workforce**
4. **Worker Supports**

This report intentionally does not offer a catalog of recommendations from each working group in isolation. Instead, the Commission offers a coherent and comprehensive talent strategy resting on foundational changes to the federal role that will better connect education, workforce, postsecondary, and worker supports. The goal is not to reform every program or propose amendments to each reauthorization, but to identify the structural and policy changes needed to connect these systems in ways that make future reforms more effective. Accordingly, the working groups focused on elevating the most pressing cross-cutting needs that warrant federal attention across the entire talent pipeline and the attendant federal investments, rather than producing siloed policy recommendations within their respective domains.

To inform deliberations, more than 30 additional guest experts and speakers engaged with the working groups. No groups' suggestions reflected endorsements from any particular member or expert, but their collective ideas—and cautions—were presented to the Commission throughout the year. BPC also conducted seven webinars with more than 1500 virtual participants to further inform potential recommendations.[29] Commissioners then identified the most salient themes and areas for action, which have been woven together in this final report. In its totality, the Commission's work was a labor-intensive gift of time, talent, and collaboration across party lines, sectors, geography, and demography.

To provide a north star and guide the development of the strategy, the Commission agreed upon a set of Guiding Principles that are essential to the vision and recommendations herein:[30]

- **America needs a future-focused talent strategy.** To meet both the current moment and a future where the government can respond quickly and effectively to evolving needs, tinkering around the edges of existing systems is not enough. Talent systems must be adaptable to the evolving needs of individuals and the economy. Rigid, one-size-fits-all systems are ill-suited to a dynamic labor market and a diverse population. Policy should encourage flexible state and local approaches that reflect the varied life circumstances of students and workers—whether they are transitioning careers, upskilling while parenting, or reentering the workforce.
- **The federal government safeguards fairness and opportunity as a complement to state leadership.** The distribution of power is a hallmark of American democracy. States and localities rightly have autonomy to innovate and set their own education and workforce policies and must embrace this impetus to lead. At the same time, a strong and clear federal role ensures foundational conditions for state success and the advancement of national priorities. Chief among these priorities is upholding civil rights protections in the public education system—long considered the great equalizer—and developing a competitive workforce to expand economic opportunity.

- **The nation needs a clear and consistent federal policy and data framework.** A cohesive human capital framework should define the support students, families, and workers receive from early childhood education and care through K-12, postsecondary, and workplace opportunities. Any changes to federal structures must streamline and improve experiences for the intended beneficiaries, not stymie and complicate them, so that states can lead more successful local efforts.
- **Federal solutions must be fiscally responsible and backed by accountability structures.** Efficient allocation of taxpayer dollars is essential in a time of growing constraints, as expanding deficits strain federal, state, and local resources and the broader economy. Public expenditures in education and the workforce must come with accountability to demonstrate the return for taxpayers in the form of outcomes for students, workers, and the nation's economy. Federal investments must also be accompanied by comprehensive and coordinated data collection and a commitment to disaggregating data to identify disproportionate impacts on groups of Americans.
- **Research powers policy by revealing what works.** Policymakers need access to reliable and transparent evidence to guide decisions, so federal investments can address underperformance and support scaling successful initiatives for students, workers, and employers. Federally funded research is a critical component of the evidence base that policymakers at all levels rely upon for this decision-making.
- **Government can't, and shouldn't, do it all.** The private, non-profit, philanthropic, higher education, and advocacy sectors play critical roles in advancing and sustaining successful policy. It is incumbent upon every actor to do their part in supporting individual and collective opportunity at the federal, state, and local levels.

Building a National Talent Strategy that Supports State and Local Leadership

States are eager to invest in their people and align education and training with labor market needs, but they need a federal partner that provides coherent direction and flexible support—a partnership that unlocks local solutions.

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Our national talent challenge isn't a people problem—it's a systems problem. The American people have, time and again, demonstrated endless curiosity, ingenuity, resilience, and determination. The United States already has the talent it needs. We are simply failing to develop it. Research from Stanford economist Raj Chetty reveals that America is full of "lost Einsteins"—individuals with the demonstrated ability to become inventors and innovators who never get the chance.

The talent exists—in rural communities and urban neighborhoods, in community colleges and high schools, among veterans and caregivers returning to the workforce. What is missing are the pathways, the signals, and the supports that connect ability to opportunity.

States are eager to invest in their people and align education and training with labor market needs, but they need a federal partner that provides coherent direction and flexible support—a partnership that unlocks local solutions. More than a dozen federal agencies oversee separate education and workforce programs, each with its own rules, definitions, funding cycles, and goals. The federal government plays a necessary role in education and training, but the lack of a cohesive strategy has resulted in a system too complex for states, employers, and education providers to navigate effectively and produce needed effective outcomes.

The United States has a national interest in pursuing full employment: Everyone who can work is in a productive job, in-demand positions are filled with skilled workers, and individuals can build and sustain lifelong careers. For decades, the federal government has supported this goal by helping those most in need—people facing barriers to education, training, and stable employment—and that commitment must continue. **At the same time, states—as laboratories of innovation and as places that are closest to regional employers, education systems, and workers—are best positioned to lead implementation.** To keep pace with shifting economic and labor-market demands, education and workforce systems must place greater emphasis on skills development and stronger coordination among federal, state, local, and private-sector partners. Yet today, the federal role is siloed and outdated—often undermining the very outcomes it seeks to achieve.

Government cannot, and should not, do everything. But smart and effective government is foundational and entirely possible.

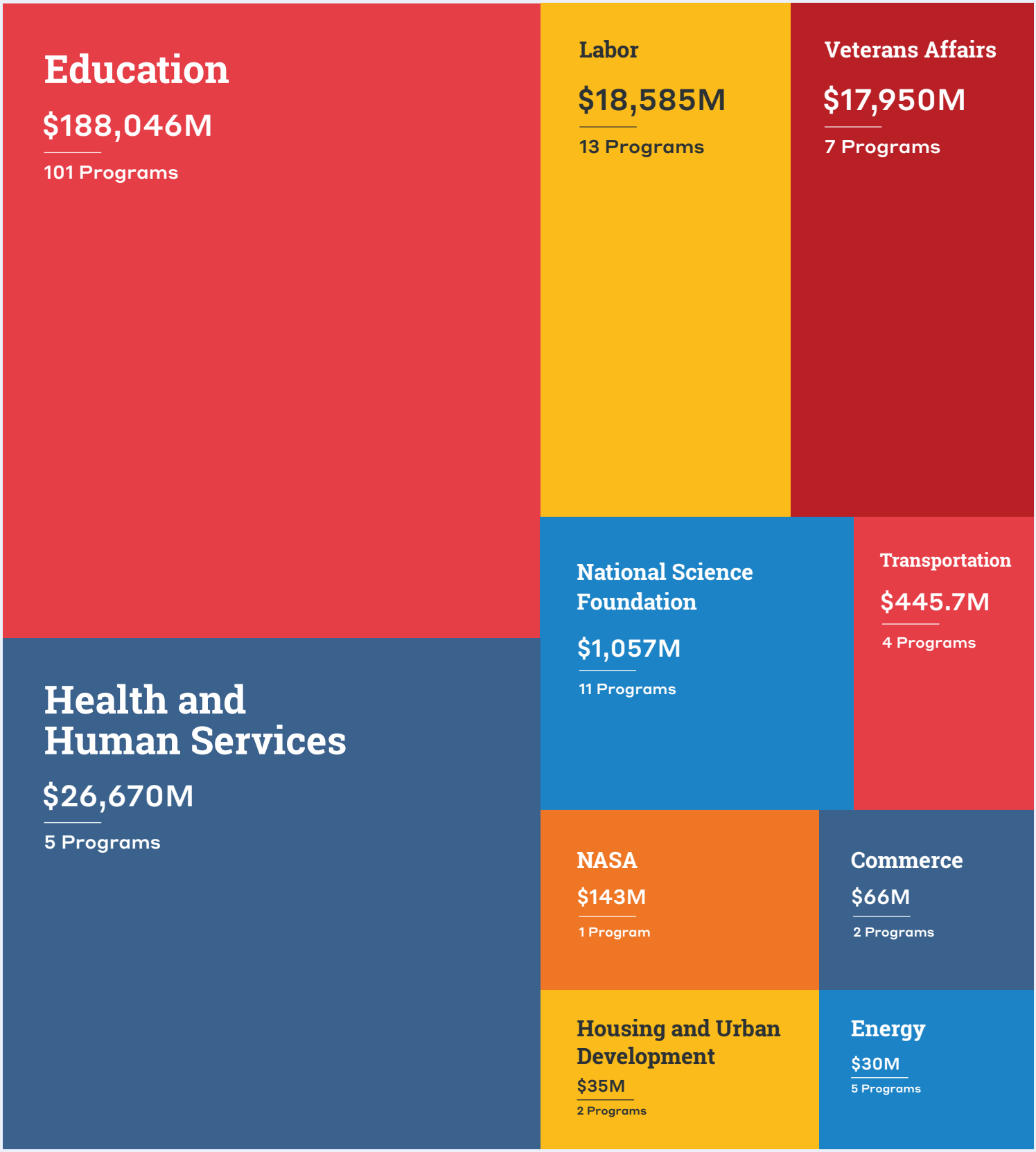
UNTAPPED POTENTIAL

Children from the top income quintile who excel at math are **more than 5x as likely to become inventors** as equally talented children from the bottom quintile.[31]

If women, people from underrepresented minority backgrounds, and low-income families invented at the same rate as high-income white men, **we would have 4x as many inventors in America as we do today.**[32]

$250 BILLION IN FEDERAL SPENDING ON EDUCATION, WORKFORCE, AND CHILD CARE PROGRAMS

Based on a BPC analysis of the federal budget, the federal government spends over $250 billion annually on over 150 education, workforce training, and child care programs across several different federal departments and agencies, including Education, Health and Human Services, Labor, and others.



The following four recommendations aim to transform the federal role from a fragmented obstacle into a coherent strategic partnership with states that enables the development of local talent and engagement with the private sector. Establishing a Talent Advisory Council (the Talent Council) within the Executive Office of the President would enable the federal government to oversee a national talent strategy; manage a cross-agency Talent Data System; develop an interoperable, skills-first talent ecosystem; and pursue a national research agenda. With all these pieces in place, individuals would be better equipped to develop and use their own knowledge and skills to access the jobs they want.

RECOMMENDATION 1

Establish a cross-agency Talent Advisory Council to coordinate federal support for the systems that fuel the American workforce.

Just as the federal government maintains a unified national security strategy and a national economic policy to ensure long-term stability and global competitiveness, it must now establish a coordinated and comprehensive national talent strategy. This is not about federal control; it is about reimagining the federal role to create the essential framework that allows states to maximize their potential and to strengthen their labor markets. By eliminating administrative confusion, a national talent strategy can unlock billions of dollars in existing resources and thousands of hours of staff time, allowing governors, legislatures, mayors, councils, and education and industry leaders to focus on implementation, innovation, and service delivery.

The time for tinkering around the edges is over. Instead, we must fundamentally rethink how the federal government sets states up for success. Rather than dismantling existing elements, we propose bringing them together around clear shared priorities: student and worker readiness; a strong and vibrant workforce; and an effective state-federal partnership. Just as the National Security Council (NSC) coordinates U.S. national security and foreign policy and the National Economic Council (NEC) aligns domestic and international economic policy, the proposed Talent Council would ensure the nation has a human capital strategy that is coherent, coordinated, and effective. Its purpose is to bring together the many federal agencies with responsibilities for education, workforce, and worker supports to align policies and investments that strengthen America's workforce.

Established in 1947, the NSC advises the president on military and foreign policy and coordinates policy across the departments of Defense, State, and other agencies. Chaired by the president, the NSC ensures that diplomatic, military, intelligence, and homeland security efforts operate under a unified national strategy to protect U.S. interests and global security.

An executive order created the NEC in 1993 to coordinate the economic policymaking process across federal agencies and advise the president on domestic and international economic issues. The NEC aligns fiscal, trade, labor, and regulatory policies to promote sustainable growth, job creation, and economic competitiveness, ensuring that all elements of economic policy move in a coherent direction.

The Talent Council's mandate would explicitly include coordination with governors, state workforce boards, and industry leaders—recognizing that talent development is largely executed at the state and local levels. By overseeing a unified national talent strategy and producing a regular public Talent Report on system performance and workforce readiness, the Talent Council would bring transparency, accountability, and direction to an area long fragmented across multiple

agencies. In short, the Talent Council would do for the American people what the NSC and NEC have done for national defense and economic growth—create a coherent strategy to secure the nation's long-term competitiveness.

The Commission recommends:

- Through congressional action, establish an authorizing structure for a Talent Council in the Executive Office of the President, led by a presidentially nominated, Senate-confirmed director. The Talent Council should include secretaries/heads of the departments of Commerce, Defense, Education, Health and Human Services, Homeland Security, and Labor, as well as the Council of Economic Advisers; the Domestic Policy Council; IRS; the Office of Management and Budget; the Office of Personnel Management; and the Office of Science and Technology Policy. The Talent Council should serve as a standing forum for aligning federal policy, funding, and data infrastructure related to education, workforce, and talent.
- The Talent Council should regularly engage with congressional leaders, state and local government officials, and business and industry leaders to inform its strategy.

Louisiana pioneered an approach to simplify local school districts' applications for state and federal funds using a "Super App."[33,34] This effort consolidated 30 different plans and budgets into just one for each district and improved alignment of local and state education priorities. The Talent Council should consider this type of approach for states seeking relevant federal funds.

The President's List of Critical and Emerging Technologies (CETs), developed by the NSC and the National Science and Technology Council's Fast Track Action Subcommittee on Critical and Emerging Technologies, serves as the executive branch's primary framework for identifying technology domains that are essential to U.S. national security, economic competitiveness, and technological leadership. The CET list guides policy decisions across research and development, industrial base support, export controls, and investment screening, and it is increasingly used as a reference point for aligning federal programs and resources with strategic technology priorities. Although the current CET framework appropriately emphasizes technological domains, it explicitly treats enabling capabilities—such as a modern, technically capable workforce—as outside the scope of the list, even though these capabilities are indispensable for realizing and sustaining U.S. advantages in each CET area.

- The Talent Council should ensure that updates to the President's List of Critical and Emerging Technologies (CET) incorporate an explicit workforce component aligning national technology priorities with workforce supply, skills needs, and talent development strategies.
- The Talent Council should oversee the development and regular updating of a publicly available talent strategy, focused on the implementation of a reimagined labor market information system, streamlining of state and local access to federal

funds, and alignment of federal support for education and training to workforce needs. As an initial step, the Talent Council should conduct a comprehensive audit of existing federal structures and programs to identify redundancies, gaps, and opportunities for streamlining and efficiency.

- ✓ The talent strategy should guide long-term planning across education and workforce systems, identify best practices, establish outcomes and performance metrics, and support evidence-based innovation. Data and research should inform this strategy, and it should be developed in collaboration with state, federal, industry, and educational stakeholders.

- Just as we expect regular labor and economic data, the Talent Council should publish a regular U.S. Talent Report, providing clear, consumer-friendly data on progress toward aligning education and workforce systems and information on how prepared citizens are to meet the nation's workforce needs. The report should include relevant forecasting, trends, and performance metrics.

The **Employment and Training Administration (ETA) Workforce Data Hub** captures job and employment data, along with performance metrics and outcomes of various ETA programs.[35] Envisioned is a more expansive analysis that looks beyond specific federal programs to include measurements of whether workers and employers are thriving. A regular U.S. Talent Report should enable comparisons and insights by readiness level, skill and credential attainment, region, industry, and sector. Private and public investors will reference the U.S. Talent Report to learn about not just short-term outcomes but also measures of sustainable economic prosperity and a larger, more productive, and economically resilient American middle class.

RECOMMENDATION 2

Create a Talent Data System to coordinate and safeguard federal education and workforce data, strengthen state longitudinal data systems, and provide reliable portals that help users access and navigate the information they need.

An education and training system designed for today's economy requires a modern infrastructure containing labor market data. Policymakers, educators, employers, researchers, and workers all rely on accurate labor market information to understand economic trends, identify knowledge and skill needs, and shape programs and investments. These stakeholders need comprehensive, actionable, real-time data to make informed decisions and to ensure a focus on in-demand jobs, job training that leads to employment, and accountability for the use of taxpayer dollars. They also need to trust that this data is being protected through modern privacy measures.

Our current data framework has several limitations. Federal and state statistics on education and training programs are often outdated, disconnected, duplicative, and incomplete. Federal data systems do not leverage modern tools enabled by AI, are siloed within and across agencies, and collect similar types of metrics on completion, employment, and earnings but at different intervals—usually too late for most effective usage—and with different specifications. State longitudinal data systems, meanwhile, vary in capacity, content, and function.[36] Data collection at both the federal and state levels also has significant gaps, specifically for the short-term credentials and noncredit programs that adult learners are most likely to pursue.[37] These gaps reinforce the divide between postsecondary education and workforce development and undermine the nation's ability to provide the upskilling required to build a more competitive workforce.

BPC recently launched **Data for the Future**, a complementary initiative that will recommend ways to modernize the federal statistical system, which underpins much of the nation's data infrastructure.[38] This effort, along with the work of this Commission, will yield timely recommendations on how best to strengthen the system, improve coordination across sectors, and enhance efficiency.

Current federal and state data systems were generally built to track metrics for compliance purposes and to measure educational access and attainment, rather than to enable policymakers and researchers to evaluate the value of programs and track learners and workers across the career cycle. Consequently, they do not uniformly give institutional leaders and policymakers the ability to measure the value of credentials being provided, or to better align skills, credentials, and training to labor market needs.

Finally, federal and state data systems do not equip stakeholders with the information they need to establish and navigate routes to in-demand jobs, skills, and credentials or to make decisions about which education and training opportunities will lead to economic mobility.[39] Data is often inaccessible, and learners are often unable to identify and compare different credentials and educational or training options, or to understand the outcomes those options are likely to provide.

The Commission recommends:

- Through congressional action, establish and fund the upkeep, security, and implementation of a Talent Data System with **states as the preferred reporting entities** and the Talent Council coordinating federal efforts. The system should leverage the existing authority of the Secretary of Commerce to collect data from other federal agencies to centralize, streamline, and harmonize federal postsecondary education and workforce data.[40] Relevant K-12 education metrics should also be connected, and the Talent Data System should produce regular reports for key audiences.

- The Talent Council should coordinate efforts with the Department of Commerce—and Congress as needed—to improve the quality and use of state education-to-workforce data systems, including by 1) allowing state agencies to access IRS-held federal tax information (to obtain wage and employment outcome data), 2) collaborating with states to enhance unemployment insurance (UI) wage records, and 3) creating a modernized state block grant program that builds on the state longitudinal data systems and workforce data quality initiative grant programs. This revamped program would support states' efforts to link education and workforce data and encourage states to prioritize data that is structured, open, linked, and interoperable.

- Create and support the operation of access portals tailored to learners, workers, employers, providers, and policymakers. These portals should use advanced technology to synthesize and clearly present relevant data from federal and state systems for individuals to use, and should include national-level portals for policymakers to identify trends and inform evaluation. The Arkansas LAUNCH initiative offers a leading example of such a portal: It allows students, job-seekers, and employers to access relevant information about state education and workforce opportunities aligned to labor market needs.[41]

- Ensure data privacy by updating integrated data systems and privacy provisions.

  - ✓ Use privacy-enhancing technologies to allow states to safely strengthen their education-to-workforce data systems. These tools would enable states to link their data with federal and cross-state systems and consortia to track individuals' education, employment, and earnings outcomes over time. The tools would also

allow states to submit deidentified, individual-level data to the Talent Data System, which could be securely linked with other federal data systems using unique, protected identifiers that do not reveal personal information.

- ✓ Congress should formally authorize the Department of Commerce to strengthen a Privacy Technical Assistance Center (PTAC) for states and providers that ensures sufficient autonomy, flexibility, and funding to address the most pressing privacy and cybersecurity needs of the field, and should ensure that part of PTAC's mission is to disseminate information highlighting best practices for protecting privacy while enabling data use.

- Update the system over time, including efforts to link similar metrics, standardize inputs, and streamline data collection and analysis to reevaluate program outcomes and standards. New technologies can play an important role in the functioning of the infrastructure, by analyzing data and trends, as well as matching or creating crosswalks between related skills, knowledge, jobs, workers, and training.

The **Kentucky Center for Statistics (KYSTATS)**, established in 2012 during the administration of Gov. Steve Beshear (D), is a leading state example of a unified system linking education and workforce data and providing related information to a variety of users.[42] KYSTATS produces reports on skills and job projections; early-childhood data by county; high school graduate data by school and district; and data on higher education graduates by public two- and four-year and independent institutions.[43]

RECOMMENDATION 3

Strengthen and align skills frameworks and records to connect education, training, and workforce needs.

One barrier to adapting education and workforce systems to a changing economy is the absence of a shared, up-to-date way of defining and communicating skills across employers, education and training providers, and workforce systems. Skills frameworks are structured ways of identifying and describing a common understanding of the skills associated with occupations, roles, or career trajectories. When designed well, they provide a common language that links jobs to the skills and knowledge required to perform them, connects those skills to education and training programs, and allows changes in employer demand to be reflected over time.

Today, however, multiple skills frameworks and taxonomies exist across the public and private sectors, and they are fragmented, inconsistent, and often slow to reflect changes in labor-market demand. This makes it difficult to align education and training programs with employer needs and to assess the value of credentials. It also makes it hard to help workers understand which skills and knowledge they need to develop, and how they can demonstrate them as the market and jobs evolve.

By 2031, 72% of all jobs in the United States will require some postsecondary education, up from 67% in 2021—while data show that the share of recent high school graduates enrolling in college fell from 69% in 2018 to 62% in 2021.[44,45] The next decade will add roughly 30 million more high school graduates to the workforce and more than 37.6 million prime-age adults with some college but no credential.[46,47] So much of our economic future depends on whether these learners and workers can access education and training that leads to in-demand jobs, and whether employers can reliably identify and hire workers with the skills they need.

This challenge is intensifying as AI reshapes how work is done. AI is not automating entire occupations all at once, but it is rapidly changing the tasks within jobs and the skills those roles require. As a result, employers, education and training providers, and workers themselves need more timely and precise information about which skills are in demand, how those skills are changing, and which opportunities effectively develop them.

O*NET currently serves as a federal skills framework, funded by the Department of Labor's Employment and Training Administration and managed through a grant to the North Carolina Department of Commerce.[48] It is underpinned by the O*NET Content Model, which outlines, for every occupation, the unique mix of knowledge, skills, abilities, activities, and tasks required.[49]

O*NET has historically been slow to update in a world with rapidly changing labor markets. Occupational titles are anchored to the Standard Occupational Classification (SOC), which undergoes major revisions roughly every 8–10 years.[50] Task and skill data within occupations update more frequently but have traditionally relied largely on surveys and can lag behind rapid changes in jobs—particularly in fast-moving industries. There have been recent efforts to improve O*NET, by leveraging generative AI to assist with aspects of O*NET, such as identifying work styles reflective of job success across a broad range of occupations.

Some states and industries view O*NET as a largely top-down framework that does not always reflect occupations and skills as they understand them.

While states, employers, private-sector leaders, and intermediaries are increasingly experimenting with skills-based approaches to hiring and training, these efforts are constrained by the absence of shared infrastructure to support alignment, interoperability, and updating at scale. A federal role is needed to enable, fund, and coordinate these efforts. It is also needed so that policymakers can learn from what is working on the ground and can help scale effective approaches, as well as to incorporate any lessons into national systems such as O*NET. Recent federal actions illustrate this approach, including the Department of Education's Connecting Talent to Opportunity Challenge, which provides funding and technical assistance to help states build or scale Talent Marketplaces that integrate credential registries, Learning and Employment Records (LERs), and skills-based hiring tools.[51]

If we get it right, workers will be able to identify, develop, and document the skills they need; education and training providers will align programs to those skills; and employers will be able to reliably understand and validate the skills workers have. Ultimately, states will be able to align high school and postsecondary credentials, courses, and sequences to the in-demand skills revealed by skills frameworks, while also delivering on durable and technology skills that are becoming more important as AI reshapes jobs.

The Commission recommends:

- The Talent Council should oversee an approach in which Congress appropriates funding and legislates incentives, while the federal government provides technical assistance to develop the infrastructure needed for effective skills-centered education and workforce systems at the state and industry-sector levels. This would include two distinct but complementary efforts:

The private sector is playing a leading role in clarifying and elevating the skills needed for in-demand jobs. LinkedIn's Economic Graph draws on skills data from hundreds of millions of member profiles and job postings to model how skills-first hiring expands talent pools (up to 20 times in some countries), improves diversity (e.g., increasing women's representation in male-dominated fields), and accelerates job matching.[52] Employers increasingly use LinkedIn skills data in hiring, while workers signal skills through profiles, certifications, and career transitions. The platform thus illustrates how data-driven insights at scale can inform policy, guide employer practices, and demonstrate the impact of skills-first adoption.

The U.S. Chamber of Commerce Foundation's JobSIDE platform helps employers directly author and validate skill profiles for in-demand roles.[53] AI tools assist in converting job descriptions into structured skills data, and employer input and validation remain central. These profiles can be mapped to curricula and credentials and are designed for integration into Human Resources systems, while also tracking which frameworks employers adopt in practice. Currently in pilot testing, JobSIDE offers a model for employer-driven, real-time skill validation that could be scaled nationally.

Burning Glass Institute's SkillsFirst initiative develops skills frameworks using real-time labor market signals, such as job postings, and then tests and refines them by convening groups of employers.[54] This approach combines data-driven insights with direct employer validation, ensuring that frameworks reflect both observed demand and workplace realities. SkillsFirst illustrates how national-level frameworks can remain grounded in actual employer requirements.

1. **The Talent Council should identify in-demand jobs and establish a shared language for the skills those jobs require.**

- The Talent Council should develop the infrastructure and processes whereby labor market information can drive real-time updates to the O*NET skills framework. Potential opportunities for these updates include:
  - ✓ using public job posting data;
  - ✓ enabling employers across the country to directly submit updates to O*NET with AI helping to aggregate inputs at the industry, regional, and national levels; and
  - ✓ convening cross-industry groups of employers to inform updates.
- The Talent Council should develop a strategy and coordinate among agencies to provide standards, incentives, and support to ensure that skills frameworks developed at the regional, state, or industry-sector levels are structured to enable AI-assisted crosswalks between them and to O*NET. These crosswalks would allow occupations and skills to be compared and aligned across different frameworks. The Talent Council should also ensure that all publicly funded frameworks are accessible through a central repository, with transparency about how frameworks and crosswalks are developed.

One third of the average job's skills changed between 2021 and 2024.[55]

The **Alabama Talent Triad** is a state-led approach to identifying in-demand jobs, clarifying the skills needed for those jobs and aligning education and training programs to deliver those skills.[56]

The Alabama Committee on Credentialing and Career Pathways established 16 industry-sector committees that engage employers, HR and talent leaders, and experts from education and training providers to:

1. identify Alabama's in-demand occupations;
2. define the skills and competencies required for those occupations; and
3. establish criteria for non-degree credentials that develop those skills.

A separate Alabama Committee on Credential Quality and Transparency sets statewide standards for nondegree credentials, evaluates their quality, and publishes an annual list of approved "credentials of value" to guide students, employers, and public funding.

2. **Support the creation of verifiable LERs—digital, portable records of individuals' skills and credentials that they own and can share with employers, educators, and training providers.**

- The Talent Council should coordinate among agencies to provide incentives and support for the standards necessary to enable individuals to securely share records across states. It should also encourage education and training providers to use LERs for admissions and to scale credit for prior learning practices.
- States would lead implementation by working with education and training providers, employers, and credentialing organizations to validate learning and employment outcomes from all forms of skills acquisition.

The Learning Economy Foundation, a nonprofit founded in 2018 to support global education infrastructure, recently launched the **Lifelong Learning Passport** in collaboration with more than 50 partners from the public, private, and nonprofit sectors.[57] This effort is one example of a portable Learning and Employment Record using AI technology to allow individuals to store their credentials, skills, experiences, and achievements in a digital format.

- LERs should ultimately incorporate relevant, skills-based K-12 data so that students and families can see a complete picture of their progress and make informed decisions about schools and future education or career options.
- States should also modernize high school diplomas and college transcripts as digital assets that can document skills and competencies; states should do so as well as for courses, grades, and other records that can seamlessly connect to postsecondary and workforce data.

RECOMMENDATION 4

Prioritize federally funded research to identify best practices in talent development that can be shared broadly.

Evidence is the engine that must power the nation's talent pipeline. Over decades, federal investments in research have rewritten our approach to education and workforce development, enabling stakeholders to move beyond assumptions to identify best practices. The Institute of Education Sciences (IES) funded evaluations that led to high-impact policy changes, such as the research on community college programs in New York City that doubled graduation rates and is now replicated nationwide.[58] Longitudinal studies like the National Postsecondary Student Aid Study (NPSAS) provided the evidence required to finally simplify the complicated FAFSA form, which now includes a streamlined measure to determine Pell eligibility and extend access to federal financial assistance to motivated lower-income Americans.[59,60] The federal government's core, non-negotiable obligation is to support the research and evaluation that sets the national standard and ensures that states and regions abandon guesswork and invest in proven, high-impact strategies.

The Commission recommends:

- The Talent Council should identify, support, and ensure coordination among existing federal research organizations and programs that possess the data needed for the talent strategy to identify best practices and effectiveness metrics. or a list of initial research priorities, see Appendix B.
- Uphold a commitment to strong and consistent federal research, driven by an updated Talent Data System and linked to improved education-to-workforce data systems, that identifies what's working and what's not, and that allows for a national snapshot and state comparisons. This effort should include collecting and maintaining coordinated datasets that empower research projects at scale to:
  - ✓ foster national research priorities and consistency across agencies and states;
  - ✓ generate a common evidence base on programs that promote the public good and allow for accountability for taxpayer dollars and effective reauthorization of major laws;
  - ✓ drive a research and development infrastructure to catalyze breakthroughs in education, technology, health, and other fields while reducing risk for the private sector in early-stage research investments; and
  - ✓ ensure stable funding streams for multiyear, longitudinal studies.

Achieving the vision of a streamlined role for the federal government to support American talent development hinges on other stakeholders committing to their critical roles. The importance of state and local leadership is highlighted as a Guiding Principle for the Commission.

Federal Role:

- Fund technical assistance and competitive grants to states to build connected, real-time data systems that align education, training, and labor-market outcomes, including information on unemployment and loans.
- Support the development of interoperability and data standards and systems that allow states, employers, and education providers to share and compare information seamlessly.
- Support open, transparent registries for skills, credentials, and training programs that enable learners and employers to see how learning translates into workforce advancement.
- Convene and coordinate across agencies, states, and industry to ensure that the system remains dynamic, inclusive, and secure.

State Role:

- Set the vision for the state-level talent strategy and fit state systems to the vision, including aligning federal dollars with state priorities.
- Manage and coordinate longitudinal data systems and analyze data related to job outcomes from education and training providers and employers. Use that information to build stronger feedback loops, to ensure that learning options are tied to in-demand occupations, and to improve hiring and retention outcomes.
- Lead implementation of skills frameworks by working with education and training providers, employers, and credentialing organizations to validate learning and employment outcomes.
- Align K-12, postsecondary, and workforce training to durable, in-demand skills, in part by defining what it means to be college and career ready according to the state's workforce needs; by aligning state metrics; and by innovating with ways to assess readiness.
- Support the development of verifiable LERs—digital, portable records that individuals own and control.
- Modernize high school diplomas and college transcripts as digital assets that capture both skills and coursework, linking seamlessly to postsecondary and workforce data.
- Integrate relevant K-12 skills data so that students and their families can see their progress and plan their futures, in part by defining high-quality, workforce-aligned, work-based learning experiences and programs; this effort should lead to cross-sector partnerships to expand those initiatives and should create measures to track their efficacy.

Private-Sector Role:

- Industry partners would define emerging skill needs, validate credentials, and co-design opportunities with education and training providers.
- Technology firms could support infrastructure development, security, and interoperability.

Keeping Learners and Workers at the Center of Education Systems and Pathways

Sharpening the focus on key indicators of student and school success, rebooting secondary and postsecondary structures to focus on knowledge and skill validation, and expanding the supply of workforce-aligned programs that lead to credentials of value will help ensure that every American can access quality, flexible education choices that prepare them for success.

Bipartisan Policy Center

No parent wants their child to struggle to read. No high school student wants to graduate without the skills and knowledge they need for college-level coursework, entry-level employment, or military service. No young adult wants to be shut out of opportunity with the onset of AI and a rapidly changing labor market. But all these things are happening in America, and we must get back on track—now.

After seeing the pace of progress accelerate by almost an entire grade level from 2000-2013, the nation is facing new headwinds, and gains in fourth-grade reading have been erased.[61] Unlike previous decades of narrowing achievement gaps, the most disadvantaged students are losing ground more rapidly. State scores that would have been "average" in 2013 would now reflect the top in a 50-state ranking.[62] Policies that were effective in the 20th century are not keeping up with the changing demographics and education marketplaces, evolving workforce needs, and technological advances of the 21st century.

Universities across the country are seeing a notable increase in the number of students unprepared for college-level math. In fall 2022, the University of California at San Diego amended its remedial math course focused on high school content to address severe gaps in elementary and middle school math concepts.[63] By fall 2025, almost 10% of the incoming first-year class was required to enroll. In 2024, Harvard University created an introductory, five-day-per week math course

MIDDLING U.S. PERFORMANCE ON GLOBAL STAGE

International statistics, while not a perfect comparative measure, show that the United States lacks a competitive edge in education:

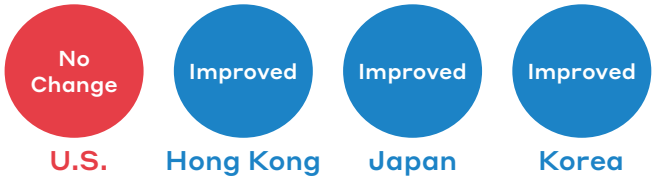
U.S. Ranking in Mathematics—PISA

26th

of 81 countries in 2022

The Programme for International Student Assessment (PISA) is a global study by the Organisation for Economic Co-operation and Development (OECD) that assesses 15-year-old students' reading, math, and science skills. **On the 2022 PISA, U.S. students ranked 26th of 81 in mathematics.**[64]

TIMSS Mathematics Trends, 1995-2023



The Trends in International Mathematics and Science Study (TIMSS) is a major international assessment measuring fourth- and eighth-graders' math and science achievement, conducted every four years since 1995.[65] According to the most recent administration in 2023, **U.S. scores for both grade levels are not measurably different from 1995**. In comparison, **countries like Hong Kong, Japan, and Korea have all outperformed the U.S. on TIMSS since 1995** and have experienced measurable improvements over time at both grade levels.[66]

that addresses "pandemic learning loss" by targeting foundational algebra skills.[67]

Problems worsen for too many Americans who fail to finish their higher education or secure effective career training. Those furthest from opportunity are the ones most likely to accrue debt after starting a postsecondary program but leaving without a credential of value.[68] Students struggle to identify viable postsecondary and career pathways, and adults seeking to reskill or upskill often face the same challenge: a confusing, disconnected landscape with limited navigational tools or guidance. Challenges with transportation, child care, housing, and nutritional supports also limit access and completion.[69] Existing funding structures prevent education providers from integrating wraparound supports into programs at scale.

The six following recommendations target the crisis of declining student achievement and postsecondary education value by putting people over process. Sharpening the focus on key indicators of student and school success, rebooting secondary and postsecondary structures to focus on knowledge and skill validation, and expanding the supply of workforce-aligned programs that lead to credentials of value will help ensure that every American can access quality, flexible education choices that prepare them for success.

RECOMMENDATION 5

Modernize K-12 reporting and incentive structures to deliver richer, more actionable information about school performance and quality for policymakers and families.

We are experiencing historic lows and gaps in K-12 student proficiency in essential literacy, numeracy, science, and civics, and states have been slow to respond and to improve outcomes. Too many have lowered their standards in recent years, meaning that proficiency reported from state assessments does not tell the whole story. Accountability can feel like all stick and no carrot; states that keep expectations high face a backlash for telling the truth instead of the positive reinforcement they deserve for aiming to prepare all students for a successful future. Just as the health care system is shifting from paying for the quantity of services to the quality of services, so too education should shift education to rewarding results instead of promises.

Public reporting on student achievement and growth should inform student and family choices as well as policymakers' investments and priorities, with the data used to reward states that are making the most progress. With the rise of grade inflation, it is even more important to provide families with an accurate picture of how well their students and schools are performing.[70]

The Commission recommends:

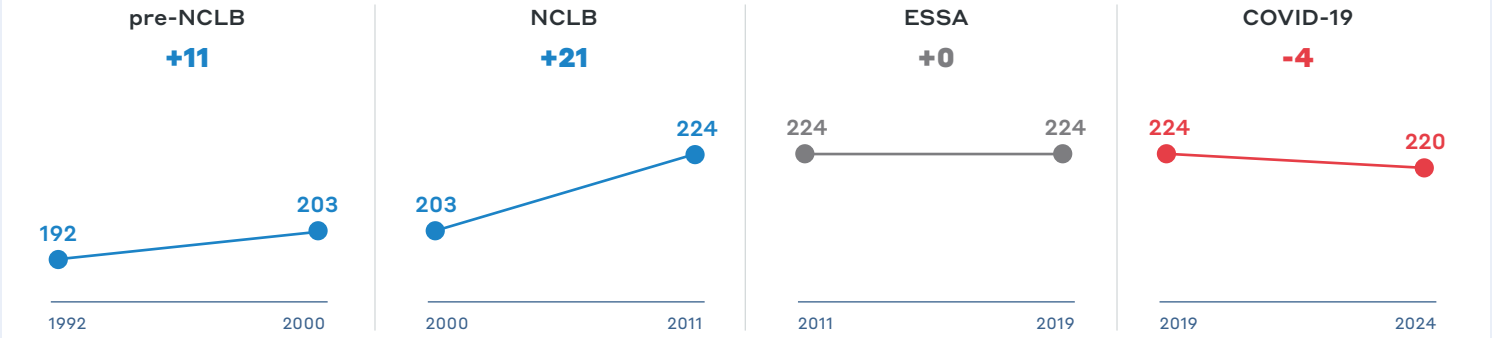
- The Department of Education should implement a K-12 Scorecard using NAEP data to compare student achievement across states. The Scorecard should compare a state's definition of student proficiency on the state assessment to proficiency on NAEP and map the difference. The Department should call on the advocacy community to play a strong and specific role in highlighting the findings of this Scorecard, and should seek state action where major gaps exist.

The National Assessment of Educational Progress (NAEP), often called the Nation's Report Card, is the only nationally comparable measure of student progress in reading, math, and other core subjects.[71] Although some stakeholders have argued that NAEP standards are too high, a recent analysis comparing NAEP proficiency rates to ACT benchmark results show that **NAEP proficiency levels are highly indicative of college and career readiness.**[72]

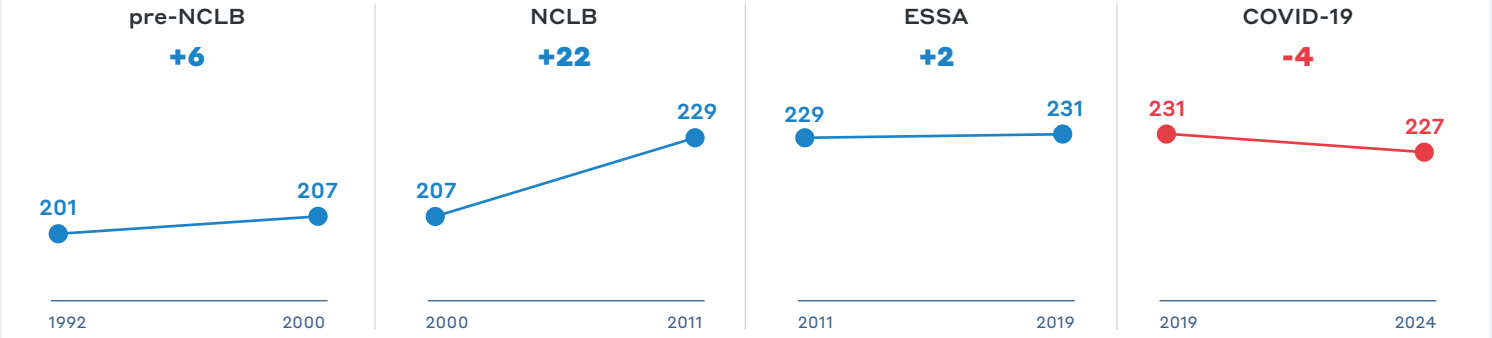
NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS (NAEP)

Based on analysis from ExcelinEd, from 2000 to 2011, fourth grade Black, Hispanic, and low-income student math scores improved by more than two grade levels.

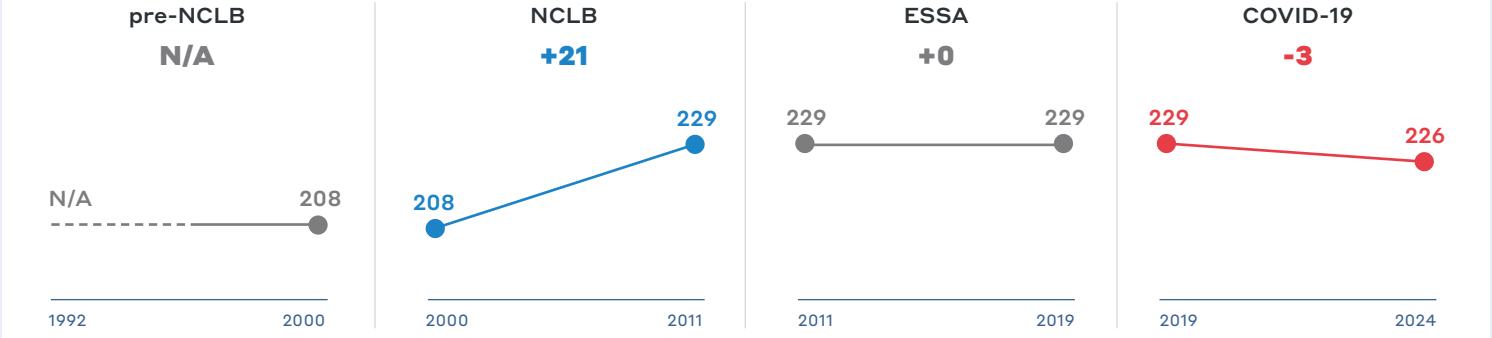
BLACK STUDENTS GRADE 4 MATH



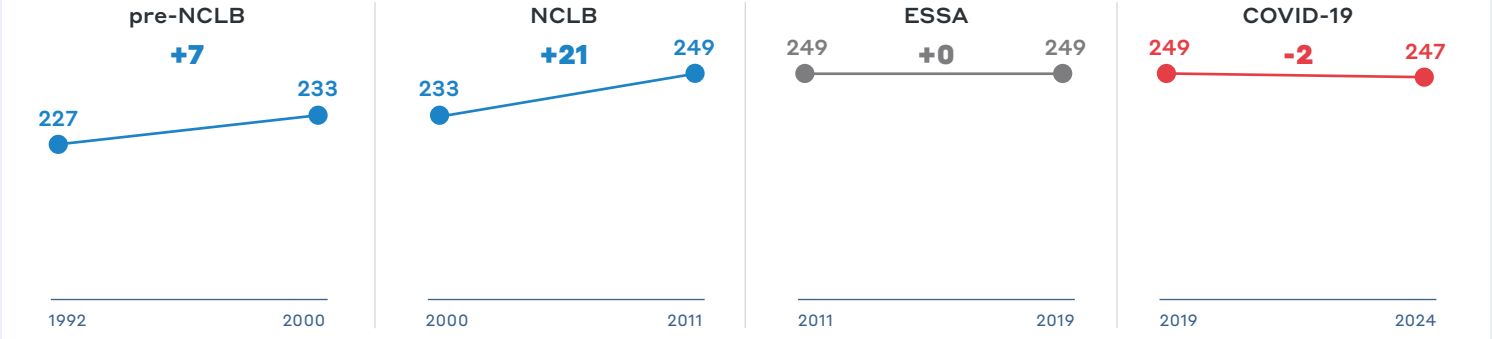
HISPANIC STUDENTS GRADE 4 MATH



LOW-INCOME STUDENTS GRADE 4 MATH



WHITE STUDENTS GRADE 4 MATH



- Congress should authorize the National Assessment Governing Board (NAGB) to improve the efficiency, relevancy, and state-level reporting of NAEP.
  - ✓ Accelerate national and state NAEP reporting timelines so that all results are released within six months of assessment.
  - ✓ Update the availability, accessibility, and usability of NAEP results using modern data tools to make the information more actionable for policymakers and families.
  - ✓ Encourage the participation of schools selected to be part of a national NAEP sample to improve representation across all types: public, public charter, private, and parochial.
  - ✓ Increase the regularity and timeliness of the National Center for Education Statistics (NCES) mapping of NAEP proficiency on state standards.
  - ✓ Expand the NAEP to report state results for 12th-grade assessments, civics, and science.
  - ✓ Continue administering the Trial Urban District Assessment (TUDA) as a means to provide important information about student achievement in cities, which often differs from state-level data.
- Congress should authorize a "Beating the Odds" incentive program for states that accelerate student growth, narrow achievement gaps, and improve outcomes for the lowest-performing students without lowering educational standards.
  - ✓ Progress should be measured by state-determined annual and biennial metrics set with the business and educational communities, including the following: reducing the percentage of students below basic proficiency on NAEP and increasing those at/above proficiency on that assessment; demonstrating accelerated growth rates for subgroups (such as low-performing and low-income students, English learners, students with disabilities, etc.) on state assessments; and improving college and career readiness (based on the state definition). Successful states would receive an increase based on their Title I allocation for use at the state level for agreed-upon priorities. States could also qualify for an additional competitive award if an increasing number of their students score above basic on state assessments relative to NAEP.
- Congress should update federal report card requirements to give states the autonomy to elevate critical indicators without confusing stakeholders with too much information, especially technical data (see Appendix C for information on current federal report card requirements under ESSA). Exemplar state, local education agency (LEA), and school report cards should be provided and should focus on priority indicators by audience, inclusive of state assessment and accountability. Additional nonacademic data, such as n-size, or various technical details, should be publicly accessible but not required for the report card.

State, LEA, and school report cards are important for helping parents and the public evaluate schools' performance. However, **despite federal mandates about what to report, about half of states do not fulfill all the requirements** on things like disaggregated achievement data, student growth data, or NAEP results.[73]

New Mexico's NM Vistas provides a strong example of how states can clearly present school-, district-, and state-level data to the public.[74] The platform allows users to easily find their school or district, uses simple gauges and icons to display data, and provides clear explanations of terms, such as proficiency and growth.

- ✓ Convene a bipartisan group of state and district leaders and data and policy experts to solidify the priority indicators by audience, and build on existing frameworks and recommendations from assessment and accountability leaders. One of the indicators must be a measure of future readiness that is agreed upon by higher education and workforce leaders in the state and supported by empirical evidence.

- ✓ Require states to conduct consumer testing on their reporting with parents and the public to ensure that information is accessible, actionable, and understandable.
- ✓ Require state assessment data to be made available to schools and families before the start of the following school year.

RECOMMENDATION 6

Center federal support for school choice on eliminating barriers and increasing access to high-quality schools.

Since the nation's founding, publicly provided universal education has become a cornerstone of society. Yet, as more parents see traditional public schools as unresponsive to their needs, they are making it clear that they want more options, and many are exercising school choice options across the country, both for school-day and after-school programs. As of July 2025, approximately 1.3 million K-12 students participated in private school choice programs nationwide, a 25% increase in one year.[75] Federal policy should enable states to innovate and build robust choice and out-of-school time systems that are responsive to parental demand. This responsibility should include transparency and accountability for options funded with public dollars.

The Commission recommends:

- Continue investing in and expanding access to high-quality public charter and magnet schools.
- Reimagine school improvement to include more high-quality options for students. States should have the flexibility to use federal school improvement funds not only to turn around low-performing schools but also to expand the capacity of high-performing public schools to enroll students from struggling schools—regardless of district lines. In addition, federal resources should encourage states to adopt policies that enable meaningful interdistrict public school choice, giving families more high-quality options.
- Permit states to use federal set-aside funds to support parent information about school options. In line with the Commission's Guiding Principles, provide transparent information to families about their publicly available school options and the quality of those schools.

The Flint Center for Educational Excellence catalyzes local, cross-sector collaboration to strengthen educational outcomes in Flint, MI, where persistent poverty and school performance challenges have created barriers to opportunity.[76] Established in 2023, the center focuses on Flint students, regardless of where they are enrolled, by partnering with six traditional and charter districts to align after-school and early childhood programs, parental engagement, K-12 supports, and community education with shared academic goals. Aligning schools across multiple education systems is accelerating measurable gains (including in third-grade proficiency from 7-16% in math and from 11-19% in English language arts between 2021-22 and 2023-24) and helping Flint youth better prepare for an evolving postsecondary and workforce landscape.

RECOMMENDATION 7

Reimagine the high school years to better prepare students for success in the future that they choose.

High school is the center point of students' readiness for the future—but today's secondary students are growing increasingly disengaged the longer they are in school. Only 50% of ninth-graders say they learn a lot in school in ninth grade; by 12th grade, this number drops to 44%.[77] Current efforts to measure readiness for enrollment, enlistment, and employment are often inadequate. Many states have stringent graduation requirements for core subjects, leaving little time for electives and work-based learning.

A large barrier to reforming state requirements is resistance from universities to change admissions policies. Postsecondary and workforce options must name and define academic and durable skills so that states can match high school accountability to desired outcomes, and so that students, families, and workers can access clear data about their education and career options and the skills and experiences they will need to advance.

Given the variety of organizations and collaboratives that are leading innovative approaches for reimagining high school, the Commission's recommendations center on the need to accelerate state-level progress and remove federal obstacles.

The Commission recommends:

- Congress should stimulate innovation and support flexibility by funding competitive grants and priorities that empower states and districts to pilot high school models. These models should enable students to graduate with durable and academic skills—not just a set amount of seat time. This effort should also encourage states to make regulatory changes that currently impede creating the most innovative models as public schools.
  - ✓ In order to complement state competency-based education policies, the federal definition of "high school" should defer to the state definition instead of mandating inclusion of a 12th grade.
- Align readiness and accountability by requiring states to define their standards for college and career readiness; states should also create aligned high school accountability indicator(s) and diploma designations to facilitate automatic admissions to state higher education institutions.
  - ✓ Include consistent reporting and accountability requirements to understand student success along their trajectories; this reporting should include disaggregated data to show the impact of each pathway on groups of students, which students are engaged in which pathways, and their eventual outcomes along those pathways. State definitions and accountability indicators should be publicly available; this information should be based on empirical evidence around the skills the state deems necessary for postsecondary readiness and around data showing students have equal access to opportunity in high school.

The Indiana Choice Scholarship Program requires all participating schools to use the statewide assessment and to report student results.[78] Private schools are not subject to the same interventions as public schools when it comes to assessment results, but data is available to parents to show student performance regardless of school type. Indiana shows that it is possible to provide families with a wide range of school options, including private schools, while still providing the families—and taxpayers—with comparable information on school outcomes and the value of their investment.

- ✓ Encourage states to innovate around high school assessments to ensure that they are aligned with these definitions.
- ✓ Maintain the federal adjusted cohort graduation rate in federal reporting requirements; require states to integrate it into accountability or into the college and career readiness indicator; and remove the automatic trigger that identifies a school as needing comprehensive support and improvement if it falls below the federal threshold.

- Invest in state and local strategies to expand high-quality work-based learning, civics education, and service experiences to all secondary students.
  - ✓ States and localities should design and approve qualifying programs—including before- and after-school and summer programs—and students should receive a benefit for participation, such as a designation on a high school diploma or tuition reduction for public universities.

In Georgia, high school graduates who meet a high school GPA requirement are eligible for automatic admission to state public colleges and universities through the GEORGIA MATCH program.[79] Rhode Island took a different approach: It partnered with the XQ Institute to conduct a statewide audit of the high school experience, which revealed that only 6 out of 10 students were enrolled in the courses they needed to be considered college-eligible. This led the state to propose new Readiness-Based Graduation Requirements, which were approved in November 2022.[80]

RECOMMENDATION 8

Support states, providers, and employers in designing and expanding effective postsecondary pathways.

Flexible, high-quality after-school programs have become essential to career readiness and workforce development. In 2025, Michigan lawmakers budgeted $75 million for K-12 out-out-school programming overseen by the Michigan Department of Lifelong Education, Advancement, and Potential (MiLEAP).[81] National organizations like the STEM Next Opportunity Fund are integrating these after-school programs into broad career-connected learning frameworks, demonstrating how after-school can be adopted into high school redesign and expanded summer learning initiatives.[82] At the local level, organizations like Boston Afterschool & Beyond are implementing summer learning programs that are improving students' success and career preparation.[83]

For more than 150 years, the federal government has played a catalytic role in improving postsecondary opportunity and attainment in this country, which in turn has fueled advances in American workforce competitiveness and average family income. Initially, the federal government invested in institutional growth. For the last 65 years, the primary objective of federal postsecondary policy has been to make college more accessible and affordable (thereby stimulating demand) to new populations of students through grants

and below-market rate student loans, and to guide quality standards through accreditation and time-based measures of student progress that tie academic credit to the amount of time students spend in the classroom. Federal higher education policy has been silent on the role of states, which are co-equal investors in postsecondary education and the rightful design architects and managers of statewide talent ecosystems.

The Virginia Department of Education offers seven different high school diploma endorsements. The Seal for Excellence in Civics Education is awarded to students who earn a B or higher in the Virginia and U.S. History and Government courses, have good attendance and no disciplinary infractions, and complete 50 hours of voluntary community service or extracurricular activities, such as participating in Boy Scouts, Girl Scouts, or the Junior Reserve Officer Training Corps or enlisting in the U.S. military before graduation. This diploma endorsement signals to postsecondary institutions and employers that the student is an engaged and informed Virginian.

Recent federal policy actions (e.g., expansions of Pell Grants) signal a new direction focused on appropriating resources to a broader range of postsecondary credentials, allowing innovation in accreditation, and more explicitly valuing state authority, program completion, postcompletion earnings, and stackability of skills-based credentials. This shift must continue. The current and projected American labor market requires more skilled workers who have earned postsecondary credentials of value faster, more affordably, and through a lifetime of adaptation.

Despite historic federal investments in higher education, the postsecondary education credentials produced are not well aligned with labor market needs, and particularly so at the middle-skill level (jobs that require some postsecondary education or training but not a bachelor's degree). According to the Georgetown University Center on Education and the Workforce, in half of the nation's labor markets, at least 50% of middle-skills credentials would need to be granted in different fields of study to match projected workforce needs through 2031.[87] It is disproportionately Black, Latino, and Native American adults, together with learners in rural communities, who earn credentials that are not directly connected to in-demand occupations.

POSTSECONDARY ATTAINMENT AND EARNINGS

Although college enrollment rates have edged up from pandemic-era lows, they remain lower than pre-COVID and gaps in postsecondary opportunity are sizable and persistent.[84]

From 1979 to 2019, median wages for workers **with a high school diploma** or less **fell by 11%**, while they **rose by 15% for workers with a bachelor's degree** or more.[85]

The Pell Institute reports that as of 2022, dependent learners from the highest income quartile were almost **four times more likely to obtain a bachelor's degree** by age 24 than dependent learners in the lowest income quartile.[86]

Boosting the supply of programs of value requires the improved labor market information and data envisioned in the Talent Data System. It also requires the federal government to invest directly in states—not just in special populations or for particular types of institutions—to harness state-level talent leadership, investments, and policies across the public and private sectors. Moreover, the federal government needs to "get out of the way" of states, and instead evolve its role as a partner in innovation to enhance access to programs of value and support the success of those programs. States have unique assets and a common burden to ensure that their economies are resilient and fair, their citizens have good jobs, and that routes to education and training expand and grow more affordable—all within the shared context of a balanced-budget environment. Governors and legislators share the authority and responsibility to guide their ecosystems in ways that manage costs, improve learner experiences and outcomes, and integrate regional economic strengths.

Federal funding for higher education, workforce development, and supportive services is spread across numerous programs, each with distinct eligibility rules, reporting requirements, and operating definitions—making it difficult for providers to scale workforce-aligned pathways that lead to in-demand jobs and provide the supports that many learners need to access and complete those pathways. Industry partners also face barriers to engagement with education and training, particularly around federal worker compensation, liability protections for minors, and administrative complexity.

Federal Title IV regulations that treat time as a proxy for quality can block competency-based models, credit for prior learning, and accelerated pathways, regardless of the outcomes they generate. Finally, a shifting federal role must fortify the Pell Grant program, which provides low-income students with foundational financial resources to pay for a postsecondary credential. The Pell Grant program faces a structural funding deficit that threatens the continued availability of this need-based aid for which a growing share of Americans are qualified to benefit.

The Commission recommends:

- To empower states as architects of a postsecondary and career-competitive learning ecosystem, the Talent Council should coordinate the replacement of fragmented federal programs for institutions of higher education and workforce training providers (located throughout the Higher Education Act, the Workforce Innovation and Opportunity Act, and Perkins) with flexible, outcomes-based talent grants that allow states to design and scale workforce-aligned education and training pathways. Funding should be structured as performance agreements informed by the strategic national direction offered by the Talent Council. In exchange for implementation flexibility provided by the federal agencies with jurisdiction, states must commit to increasing the number of working-age adults earning postsecondary credentials of value (a credential that leads to employment with an earnings premium and facilitates career advancement through further education). Lessons and evidence from existing state efforts, such as in Texas, can inform strategies and parameters for appropriating resources to workforce-oriented outcomes.

The nation's system of workforce development is governed by the **Workforce Innovation and Opportunity Act (WIOA),** which was enacted in 2014. WIOA intended to strategically align workforce development programs with the needs of workers and employers while ensuring accountability, flexibility, and collaboration. Unfortunately, due to underinvestment, patchwork legislative updates, complex reporting and eligibility requirements, and inconsistent review, the legislation fails to execute its intended mandate.

- Align the broader federal resources supporting lower-income worker-learners behind state-led, cross-sector partnerships for high-value programs. Build upon the existing Performance Partnership Pilots for Disconnected Youth program, which allows federal agencies to grant waivers to innovative local partnerships serving these youths. Establish a federal demonstration waiver program that enables states to braid and blend federal funds across education, workforce, and human services programs and align resources for low-income learners in attaining credentials of value.[88]

- Expand access to work-based learning. Simplify federal funding requirements for quality work-based learning programs aligned to workforce needs. Strengthen the evidence base for what works.

- Reduce barriers for employers. Streamline federal requirements across work-based learning and registered apprenticeship programs so that employers—particularly small and midsized businesses—can more easily offer high-quality work experiences for all learners.

- Modernize Title IV financial assistance programs to expand the supply of workforce-aligned pathways for modern learners. The federal Experimental Sites Initiative has yielded important lessons that a future federal role can embrace to reach and serve the millions of Americans who have started a postsecondary credential but not completed one.[92]

- With performance agreements that protect the amount of federal aid individual students are eligible for, allow state systems and accredited institutions to use aid to make transfers easier and to accelerate program completion. Skills gained through work, military service, and life experience should be recognized, and learners should be allowed to work while they are in school. This includes credit for prior learning, competency-based education, and high-value noncredit credential programs.

States are taking a variety of approaches to defining and identifying credentials of value.[89,90,91] In 2023, the Texas Legislature passed House Bill 8, establishing a performance-based financing model for the state's community colleges. Under this new system, **Texas' community colleges receive funding based on student outcomes, including completion of credentials of value**–defined as credentials that enable students to earn more than the average high school graduate and to recoup the net cost of attendance within 10 years of completion. HB8 also provides colleges with a funding boost for successful outcomes for adult learners, economically disadvantaged students, and students who were academically underprepared when entering college.

- Modernize and protect the 65-year-old Pell Grant as a cornerstone of investment in talent, ensuring the program's long-term sustainability.

  - ✓ Examine options for a new tight/loose approach: tighter expectations that students will be prepared for lifelong economic mobility by enrolling and completing high-value programs, and looser distribution requirements than current ones, where time is a proxy for quality instead of a recognized barrier to accelerated credential completion.

RECOMMENDATION 9

Provide tools for learners and workers to navigate their education and workforce options and interests.

During the past decade, research-based strategies and technologies have emerged that improve completion and success for postsecondary learners at all stages—by leveraging data to streamline registration, advising, and course scheduling; personalizing communications; and strengthening career guidance and supports. Nevertheless, adoption of these strategies has been uneven due to a lack of resources for startup costs and the need for technical capacity for implementation.

A federal investment in data and analytic infrastructure is needed to accelerate adoption of proven, data-informed strategies that improve students' and workers' success, enable continuous skill development, and provide all learners with clear, navigable paths from education to employment and beyond. See Appendix D for a look at this work in action at Georgia State University and other institutions.

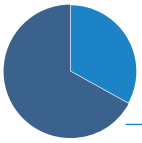
The Commission recommends:

- The Talent Council should support efforts to create navigational tools that support all learners and workers by investing in data analytics that provide clear education-to-career guidance and enable data-informed strategies for advancing student and worker success.
- The Talent Council should direct efforts to deliver navigation assistance, guidance, and awareness campaigns on available incentives, programs, and best practices of evidence-based approaches to education and workforce providers. Outreach and implementation should be focused at the state and local levels.
- The Talent Council should invest in building the data analytic infrastructure required to develop and deploy at scale data-driven strategies that improve postsecondary completion rates, reduce time to credential, reduce student debt, and support lifelong learning and reskilling.
- The Talent Council should align federal policy and resources to promote the development and adoption of AI-enabled, analytics-guided platforms and tools designed to better support all students. These tools

CHALLENGES FACED BY UNDERGRADUATES

According to a fall 2024 survey of more than 53,000 undergraduate students enrolled in two- and four-year institutions:[93]

Nearly one in five are caregivers or legal guardians to children or other dependents.



67% of students worked for pay while enrolled in school.

24% of student parents had missed at least one day of class due to a lack of child care.

25% of working students had missed at least one day of class due to conflicts with their work schedule.

15% of all students missed class at least once due to lack of transportation.

The **California Cradle to Career Data System**, created by legislation in 2019 and developed in a collaborative process over two years, links data from early childhood through the workforce and includes tools for students, educators, and policymakers.[94] Resources are intended to help inform individual students' decisions about their educational options and the financial and social services supports available to them.

would facilitate and enable proactive advising, analytics-driven academic design, and personalized, AI-enhanced communications platforms, tutoring, and coaching.

- Congress should provide competitive grant funding to states, public higher education systems, and workforce partnerships to build and implement these tools. To be eligible for this funding, colleges and universities should be required to enroll a minimum share of Pell Grant recipients. Given the rapid evolution of AI, federal grantmaking should focus on improving the capacity of data infrastructure to enable analytics-based interventions centered on supporting student success.

RECOMMENDATION 10

Strengthen the teacher pipeline to effectively prepare and support educators to meet diverse student needs.

Although AI can enhance instruction, machines will not replace human teachers. Teachers are essential to the American workforce and to students, and they deserve support, including access to multiple high-quality entry points into the teaching profession. Yet the systemic challenges within the teaching profession too often make the career choice unsustainable.

A primary driver of this instability is the lack of basic benefits and retirement security. Roughly 40% of public school teachers are not covered by Social Security, leaving them dependent on state pension systems that frequently fail to provide comparable compensation and lack portability for those who move across state lines.[95] A 2026 analysis from the National Council on Teacher Quality (NCTQ) found that only 16 states currently require districts to offer some form of paid parental leave for teachers beyond accumulated sick days.[96] In the rest of the country, teachers must often choose between their families and their careers during major life transitions. To attract and retain excellent teachers, we must prioritize teacher leadership, meaningful compensation and benefits, and the ability to grow in the profession.

The Commission recommends:

- Congress should reauthorize reporting requirements in HEA Title II to reduce administrative burdens, focus on job placement and retention in high-need areas, and remove any indicators not focused on program and teacher candidate quality. It should also authorize a federal reporting requirement for teacher preparation programs seeking federal funding that checks for quality and for alignment to the talent strategy envisioned in this report.

Although just one-third of fourth-graders are proficient in reading, only 28% of elementary teacher preparation programs adequately address all five core components of instruction grounded in the science of reading (phonemic awareness, phonics, fluency, vocabulary, and comprehension).[97] **Research shows that more than 90% of students would learn to read if schools were effectively teaching this skill.**[98]

- Congress should prioritize federal incentives and funding that support evidence-based practices for teacher development, including:
  - ✓ Eliminate compensation and loans for master's degrees that are disconnected from high-quality instruction in the academic content area.
  - ✓ Prioritize ESEA Title IIA funding for strategic staffing and other innovative models, such as those providing career tracks for classroom teachers and leadership training, team teaching, or restructuring the school day, and consolidate smaller competitive programs serving those purposes into Title IIA.
  - ✓ Remove incentives in federal law that create barriers to differential pay, especially for high-need schools. This includes ESEA requirements that allow seniority-based salary schedules, rather than actual staff salaries, to demonstrate that a low-poverty Title I school has equal access to high-quality teachers.
- Require transparent, consistent annual reporting on all aspects of state teacher pension plans and Social Security eligibility for educators (see Recommendation 13 that would also benefit teacher retirement).

In 2025, BPC launched a **Future of American Teaching initiative** in partnership with Teach Plus. This effort brought together 12 high-impact educators from across the country—representing a range of grade levels, subjects, school types, and years of experience—to examine the most pressing challenges facing the profession and to elevate solutions grounded in classroom reality. Supported by the Walton Family Foundation, the initiative centers teacher leadership in conversations about strengthening recruitment, retention, and long-term sustainability. The teacher leaders identified many of the same themes reflected in this report, describing a profession whose foundational design no longer matches the demands of modern teaching—marked by limited career pathways within the classroom, declining professional autonomy, stagnant and inflexible pay structures, and nonportable credentials. They called for policy solutions that expand leadership and advancement opportunities, support team-based staffing models, strengthen preparation and induction for early-career teachers, and address benefits gaps for educators who move across state lines. Building on this work, the cohort is engaging policymakers and external audiences through webinars and briefings on education policy issues and Gallup's teacher research, public-facing writing, and other outreach to elevate teacher-informed solutions.

Upgrading Benefits and Supports for Employees and Employers

To complement a modern federal role in the development of American talent, we need to upgrade the benefits and supports that bolster the workforce.

Bipartisan Policy Center

No young parent—or anyone caring for both children and aging loved ones—should face daily trade-offs between reliable care and career progress. No teacher or first responder dreams of retiring, only to find the pension they relied on falls short of what Social Security would have provided. Yet, for millions of Americans, the systems meant to provide foundational job security and support are structurally unsound, failing both workers and the economy.

Workers face numerous challenges. Nearly 70% of American employees do not feel engaged at work, costing businesses an estimated $2 trillion annually in lost productivity.[99] Access to affordable, reliable child care remains out of reach for too many, with average yearly costs at $13,000 per child, exerting immense pressure on family budgets.[100] Limited child care supply, coupled with these high costs, leaves many families—representing roughly 13 million children under age 5—without options, especially in rural areas and for those working nontraditional hours. At the same time, automation, demographic change, and economic disruption are reshaping job requirements and requiring many workers to upskill or reskill to remain competitive, often at a cost.

These systemic failures aren't just a matter of personal struggle; they affect national productivity and stability. To complement a modern federal role in the development of American talent, we need to upgrade the benefits and supports that bolster the workforce.

CHILD CARE COSTS CRIPPLING FAMILIES AND THE ECONOMY

Ensuring families have access to quality child care is essential for a growing labor force today and in the future. However, research shows that for most families, this is out of reach—it would take 10% of a married couple with children's median income (and 35% of a single parent's median income) to afford the average annual cost of child care—outpacing in-state university tuition and mortgage payments in nearly every state.[101]

Nearly 4.2 million children

lack access to a formal child care slot nationwide, putting a real strain on families and businesses.[102]

$329 billion

over the next 10 years in lost productivity, workforce shortages, and decreased income and revenue.[103]

The five following recommendations address a profound drag on the national economy by modernizing essential supports for American workers. Upgrading federal support for paid family and medical leave, child care, retirement security, and other tax incentives would enhance workforce stability by improving the design and delivery of benefits to expand access, simplifying administration, and offering better experiences for both workers and employers.

RECOMMENDATION 11

Develop a minimum standard for paid family and medical leave (PFML) to expand workers' access to essential supports.

For workers to thrive, they need access to supports that allow them to take care of themselves and their families at work and at home. The United States is the only high-income country without guaranteed paid leave for new parents.[104] Moreover, access to these employer-provided benefits for critical supports such as paid family leave and child care is low—13% and 27%, respectively, for private industry workers, primarily benefiting large companies.[105] Many workers, particularly parents, are forced to work less or to drop out of work altogether. The consequences slow career advancement and undermine longer-term workforce participation, straining local businesses and limiting the broader U.S. economy.

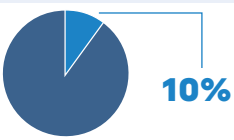
Caregiving responsibilities remain persistent barriers to work, particularly for women.[106] The ability to take time off for new parents—let alone *paid* time off—without risking their job security is rare, often forcing them to choose between returning to work shortly after welcoming a new child or leaving the workforce.[107,108] With a rapidly aging population, more workers than ever find themselves squeezed by caregiving needs for an elderly parent or relative, but the lack of PFML nationwide leaves them with few options to balance work and care responsibilities.

BPC polling finds that nearly half of caregivers who left work say they would have stayed if paid leave had been available.[109] Several states have created programs to expand access to PFML benefits, yet the ensuing policy patchwork and high administrative and compliance costs have fragmented delivery systems and exacerbated challenges for businesses—particularly small and midsized businesses that face additional cost and capacity barriers. The uneven system leaves millions without coverage and burdens employers and employees alike, underscoring the need for a federal minimum standard to ensure equitable access nationwide.

THE PAID FAMILY LEAVE GAP IN AMERICA

Millions of U.S. workers still lack access to paid family leave through their employer.

Nearly three-quarters of all private sector workers in the U.S. **(over 106 million people)** do not have access to paid family leave through their employer.[110]



Among the **lowest 10% of wage earners,** only **5%** have access to paid family leave.[111]

Lack of paid leave costs workers an estimated **$22.5 billion** per year in lost wages.[112]

The Commission recommends:

- Congress should authorize the development of a voluntary, national minimum standard for paid family and medical leave designed by an Interstate Paid Leave Action Network (I-PLAN).
  - ✓ Create a voluntary federal minimum standard for PFML and encourage states and/or employers to align existing and adopt new PFML programs. The I-PLAN would be responsible for identifying these standards.
  - ✓ Support the development of more robust marketplace options for certain individuals and employers in states without mandates to facilitate increased access to paid leave benefits for more workers.

RECOMMENDATION 12

Modernize child care access and affordability to better serve children and families.

To ensure that their children are cared for while they work, families rely on a child care ecosystem that spans both private-pay and publicly subsidized care, delivered through a diverse network of providers. But workforce shortages, facility limitations, and fragmented systems spread across federal, state, and local actors constrain access, affordability, and quality. The Child Care and Development Block Grant (CCDBG) is the leading federal program to help working families, particularly those from low-income households, access reliable, quality care. Funding for the program has been largely stagnant in recent years due to reliance on continuing resolutions, limiting CCDBG's ability to reach more eligible families.

As a result of inadequate funding, only 1 in 7 eligible children under 5 years old are actually served[113]—and the number is even fewer when all eligible children up to age 13 are considered, diminishing the program's ability to support working parents and ensure children receive quality care.[114] Additionally, Congress has not reauthorized the program since 2014, and it is overdue for targeted reforms to update the program to better align with the needs of families, communities, and businesses.

Head Start's Role in a Modern Mixed-Delivery System

Within the mixed-delivery ecosystem of child care, Head Start is distinct in offering both early education for children and wraparound services to improve outcomes for low-income families. The federal government distributes Head Start funds directly to programs at the local level through grants and partnerships, which underscores the importance of engagement at all levels of government and across communities to strengthen the child care ecosystem to support parents, businesses, and the broader economy.

Against the backdrop of shifting family and workforce dynamics, Head Start is critical to a reliable, connected care ecosystem, but the program can be modernized to better meet these needs. In particular, areas for continued research and consideration include expanding access to care that aligns with today's work patterns, enhancing coordination across reporting and data systems, and deepening connections with other parts of the mixed-delivery system.

Modernizing the mixed-delivery network of both formal and informal care options can lower costs for parents and expand access and stability, while helping employers attract and retain workers, and thus provide a more stable foundation for the workforce of today and the future.

The Commission recommends:

- Congress should increase discretionary funding and reauthorize the Child Care and Development Block Grant, and strengthen the program through targeted reforms:
  - ✓ Increase income-eligibility thresholds to give states the option to expand access for lower-middle-income working families who fall just above current cutoffs, while ensuring states continue prioritizing lower-income families.
  - ✓ Better support family, friend, and neighbor care (FFN) by more fully integrating it into subsidy systems, particularly in rural and underserved areas, and for families working nontraditional hours.
  - ✓ Establish a flexible innovation funding stream within CCDBG to support states and localities in testing and scaling innovations, such as shared services alliances, workforce pipelines, data modernization, or facility expansion.
  - ✓ Provide competitive pilot grants for states to align and integrate federal funding streams, reduce duplicative reporting, and remove regulatory barriers that restrict growth.

Family, friend, and neighbor (FFN) care refers to child care provided by relatives, friends, neighbors, or other trusted adults outside of a child's immediate household. Depending on state regulations, it may be unlicensed or license-exempt, and it remains one of the most widely used forms of nonparental care in the United States. In rural and underserved communities, FFN care is frequently the only option families can access and often the only realistic option for parents working nights, weekends, or variable shifts; without it, many parents cannot stay employed. Despite being a trusted source of care for many families, it is currently left out of most supports that bolster the child care ecosystem.

RECOMMENDATION 13:

Expand Social Security coverage to adequately support all retired Americans.

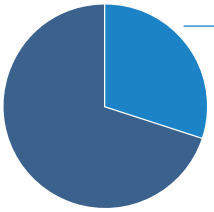
Where federal programs already exist, whether in the form of entitlement programs, tax benefits, or other policy designs, not all employees benefit equally. Social Security covers 94% of workers—but it primarily excludes many state and local government employees in states that have opted out of the program.[115] Despite requirements that the value of public pension plans must be at least equal to that of Social Security, 43% of plans fall short for many new hires covered by those public pensions.[116]

The Commission recommends:

- Congress should extend Social Security coverage to all newly hired state and local government employees, working with governors to facilitate implementation. This should be enacted prospectively for all new workers in previously noncovered fields; currently employed uncovered workers should not be included through any grandfather provisions.
  - ✓ Implementing this proposal would raise $149 billion in revenue over 10 years and reduce Social Security's long-range deficit by 4%.[117,118,119]

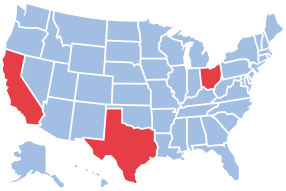
RETIREMENT SECURITY AT RISK

State and local government employees at risk due to lack of Social Security coverage.



27%

Approximately 27% of state and local government employees (5.9 million workers) were in non-covered positions as of 2021.[120]



California, Ohio & Texas account for nearly half (49%) of non-covered state and local government employees.

The largest share of non-covered employees work at the local level, including police officers, firefighters, and teachers. In fact, 40% of teachers are not covered by Social Security.

RECOMMENDATION 14

Create a skill savings account to support ongoing talent development.

While the federal tax code rewards companies for offering traditional benefits, such as health care and retirement plans, that improve worker stability and well-being, it offers little motivation for employers to invest in the continuous learning or long-term financial stability of their workers that would strengthen retention and engagement over time. As workforce needs rapidly evolve and with the rise of automation, workers require additional support to invest in upskilling or reskilling activities to remain competitive in today's labor market and to steer employers to expand and succeed. These offerings can be enhanced, primarily through targeted adjustments to the tax code and streamlining of existing programs to empower workers and boost business productivity.

The Commission recommends:

- Congress should create a tax-advantaged skill savings account that allows investment in upskilling and reskilling. This account would allow employers, employees, and the government to contribute funds that can be used flexibly for skills-based training, short-term credentials, or traditional education.
  - ✓ The account should be portable, allowing workers to determine if and how to use the funds to enhance skills through nondegree training, programs, and credentials, as well as two- or four-year postsecondary programs.
  - ✓ The account should include the full set of resources that follows an individual and should allow them to spend and save as needed with seamless rollovers (ESAs, 529s, etc.).

Several states, including Maine, Washington, and Indiana, have implemented a skill savings account that allows workers to invest in upskilling and reskilling to meet the demands of an evolving workforce and serve as examples for a similar federal program.[121,122,123]

RECOMMENDATION 15

Enhance access to employee ownership opportunities to boost worker productivity and performance, attract and retain talent, and promote long-term employee wealth-building.

Employers' ability to recruit and retain workers remains a top priority for businesses. As employers try to fill open positions, designing a competitive benefits package can help attract and retain top talent. Many employers have recognized that employee satisfaction is critical to the company's bottom line, boosting productivity and organizational growth. This understanding is leading them to look at innovative benefits that can enhance worker wealth and stability. Providing workers a direct stake in the company through employee ownership opportunities allows them to benefit financially from the company's success, resulting in greater employee engagement, increased asset ownership, and improved financial literacy, which sets workers up for a better financial future and leads to positive returns for business.

The Commission recommends:

- Congress and the administration should work to improve incentives for employee ownership to allow more firms to offer the benefit to their workers.
  - ✓ Efforts to increase uptake should go hand-in-hand with financial literacy and education on employee ownership benefits to maximize their impact.
  - ✓ The ESOP effort might also require the Department of Labor to engage on behalf of workers and reduce some legal impediments to more systematic adoption of employee ownership programs.

As of 2023, there are an estimated 6,609 **Employee Stock Ownership Plans (ESOPs)** in the United States, holding over $2 trillion in assets and covering approximately 15 million participants (with about 11 million active participants).[124] Tax incentives are available to offset costs for firms to offer partial employee ownership stakes to workers. However, administrative complexity, long transaction times, and prohibitive costs create sustained barriers to access for many businesses, hindering uptake and effectiveness. Recent incremental wins have improved ESOPs, but additional adjustments to the tax code and new forms of credit enhancement would help maximize their impact for more workers and businesses.

The Move from a Nation at Risk to a Nation at Work

> We do not underestimate the scope of the charge we have put forward, but neither do we underestimate the will and ability of the American people and our leaders to come together to confront our most urgent needs.

The challenges described in this report are converging at a rare moment of clarity. We know which industries are growing. We know the skills they require. And we know that millions of Americans could fill these roles if they were given a real chance to do so. What we lack is a coherent national strategy to connect them. The CHIPS Act showed what bipartisan leadership can achieve when a national priority is unmistakable. The nation is investing hundreds of billions of dollars to bring critical industries home. The question before us is whether we will show the same ambition for American workers that we have shown for American factories.

America's future will not be secured by silicon alone. It will be secured by the nurses and machinists, the AI technicians and cybersecurity analysts, the entrepreneurs and engineers whose skills define the 21st-century economy. Many of them are already here, waiting for a system designed to see and develop their potential. The risk is real. But so is the opportunity—if we act with the urgency this moment demands.

The Commission's vision for a national talent strategy breaks down bureaucracy, forges collaboration, and elevates the importance of our greatest national treasure: our people. America's future depends on the ability of our leaders to move away from the old ways of doing business, adapt to the rapid pace of change, and address head-on the challenges before us. This report lays out bold but achievable actions that modernize the federal role in education and the workforce while relying on state and local leaders across sectors to do the work closest to their communities. We do not underestimate the scope of the charge we have put forward, but neither do we underestimate the will and ability of the American people and our leaders to come together to confront our most urgent needs. Let's get to work.

Acknowledgments

This report reflects the dedication, insight, and collaboration of many individuals whose commitment made the Commission's work possible. The Bipartisan Policy Center extends its deepest gratitude to our President and CEO, Margaret Spellings, and to the Commission Co-Chairs, former Govs. Bill Haslam and Deval Patrick, whose leadership, wisdom, and commitment guided this effort from start to finish.

We are equally grateful to the Commissioners, who generously gave of their time, experience, and judgment. Their thoughtful engagement, dialogue, and expertise strengthened the substance and ambition of the report.

During the past 12 months, more than 50 working group members and 30 additional experts and thought leaders contributed invaluable expertise and perspective to this project. Their insights, debate, and practical experience sharpened the analysis, challenged assumptions, and strengthened the recommendations. We also thank the Commissioners who chaired the working groups—John Bailey, Susan Neely, Eloy Ortiz Oakley, and Andy Rotherham—for the additional time they contributed to these critical discussions.

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APPENDIX A

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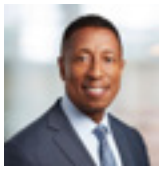

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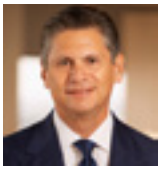
Council of Life Insurers



Eloy Ortiz Oakley
President and CEO,
College Futures
Foundation

Mike Rogers
Chief Workforce Officer,
State of Arkansas

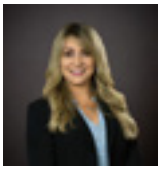
Andy Rotherham
Co-Founder and Senior
Partner, Bellwether

Margaret Spellings
President and CEO,
Bipartisan Policy Center

Pete Stavros
Partner and Co-Head of
Global Private Equity, KKR

Lorraine Stomski
Senior Vice President
and Chief Talent Officer,
Walmart

Traci Tapani
Co-President and Owner,
Wyoming Machine Inc.



Laurie Todd-Smith
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APPENDIX B

Research Priorities for the Talent Advisory Council

The Talent Council should uphold a commitment to strong and consistent federal research, driven by the updated Talent Data System, that identifies what is working and what is not, and that allows for a national snapshot and state comparisons. Initial priorities for this effort include:

- Undergo a regular study, in partnership with states and localities, to inform the talent strategy and identify best practices, effectiveness metrics, and evidence for innovations and ensure that knowledge, standards, programs, and policies are up to date.
  - ✓ Study the impact of the Talent Council, Talent Data System, and aligned skills frameworks on education and workforce outcomes.
  - ✓ Inform long-term planning for the talent strategy and identify best practices, effectiveness metrics, and evidence for innovations.
- Investigate the impact of AI on workforce development, including early-career opportunities for entry-level jobs and the effect of incentives for states to fund AI navigational tools for families and students.
- Investigate K-12 accountability indicators and their impact on student achievement and overall school and district performance.
  - ✓ Explore English learners' progress, including for long-term English learners.
  - ✓ Consider allowing states to use a portion of their federal funds to pilot and disseminate research on promising interventions to boost student achievement (such as cellphone bans, using AI tools for early literacy instruction, technology and brain development).
  - ✓ Consider a "Sputnik" initiative for advocacy/philanthropy that would involve working with states and districts to figure out why the top student and school performers are successful and how to spread best practices.
  - ✓ Examine best practices in school choice, including how autonomy and governance affect outcomes and comparing outcomes of choice programs or models in states.
- Investigate effective pathways, school models, and work-based learning, including:
  - ✓ How career pathways impact future earnings and the effect of incentives for states to fund counselors and AI tools to help families and students navigate the options available to them.
  - ✓ Identifying and spotlighting examples of districts or schools with innovative work-based learning programs and sharing how others can implement similar programs.
  - ✓ The evidence around effective school and district turnaround strategies.

APPENDIX C

Federal Report Card Requirements Under the Every Student Succeeds Act (ESSA)

Section 1111(h) of ESSA details reporting requirements for the state, district, and school levels.

In addition to the requirements in the chart below, states must adhere to the following requirements:

- All student data must be disaggregated by economically disadvantaged students; major racial and ethnic groups; children with disabilities; English learners; gender; migrant status; homeless status; status as a child in foster care; and status as a student with a parent on active duty in the armed forces.
- Report cards must be concise, in an understandable and uniform format, accessible to persons with disabilities, and, to the extent practicable, in a language parents can understand.
- States must make report cards available on a single webpage.
- Data must be presented in a manner that protects student privacy and does not reveal personally identifiable information.

REPORTING REQUIREMENT	STATE LEVEL	DISTRICT (LEA) LEVEL	SCHOOL LEVEL
Accountability system description	✓	✓	✓
Minimum number of students for subgroups	✓	✓	✓
Long-term goals and interim progress measurements	✓	✓	✓
Indicators used for meaningful differentiation	✓	✓	✓
Methodology for differentiating schools	✓	✓	✓
Exit criteria for school improvement	✓	N/A	N/A
Student achievement data	✓	✓	✓
Assessment results (all students & disaggregated)	✓	✓	✓
Academic achievement by proficiency level	✓	✓	✓
Other academic indicators	✓	✓	✓
Performance on other academic indicators (elementary/middle)	✓	✓	✓
High school graduation rates (4-year adjusted cohort)	✓	✓	✓
Extended-year graduation rates (if applicable)	✓	✓	✓
English learner progress	✓	✓	✓

REPORTING REQUIREMENT	STATE LEVEL	DISTRICT (LEA) LEVEL	SCHOOL LEVEL
Number and percentage achieving English proficiency	✓	✓	✓
School quality/student success indicators	✓	✓	✓
Performance on other indicators (Sec. 1111(c)(4)(B)(v))	✓	✓	✓
Progress toward goals	✓	✓	✓
Progress toward a state's long-term goals	✓	✓	✓
Progress against interim progress measurements	✓	✓	✓
Assessment participation	✓	✓	✓
Percentage of students assessed and not assessed	✓	✓	✓
School climate and safety	✓	✓	✓
In-school suspensions	✓	✓	✓
Out-of-school suspensions	✓	✓	✓
Expulsions	✓	✓	✓
School-related arrests	✓	✓	✓
Referrals to law enforcement	✓	✓	✓

REPORTING REQUIREMENT	STATE LEVEL	DISTRICT (LEA) LEVEL	SCHOOL LEVEL
Chronic absenteeism	✓	✓	✓
Incidences of violence (including bullying and harassment)	✓	✓	✓
Educational opportunities	✓	✓	✓
Number and percentage of students in preschool programs	✓	✓	✓
Accelerated coursework (AP, IB, dual enrollment)	✓	✓	✓
Teacher qualifications	✓	✓	N/A
Inexperienced teachers, principals, and school leaders	✓	✓	N/A
Teachers with emergency or provisional credentials	✓	✓	N/A
Teachers not teaching in certified subject/field	✓	✓	N/A
Financial information	✓	✓	✓
Per-pupil expenditures (federal, state, and local funds)	✓	✓	✓
Actual personnel expenditures	✓	✓	✓
Actual nonpersonnel expenditures	✓	✓	✓

REPORTING REQUIREMENT	STATE LEVEL	DISTRICT (LEA) LEVEL	SCHOOL LEVEL
Alternate assessment	✓	✓	✓
Number and percentage taking alternate assessment (by grade/subject)	✓	✓	✓
NAEP results	✓	N/A	N/A
Results on NAEP (grades 4 and 8, reading and math)	✓	N/A	N/A
Comparison to national average	✓	N/A	N/A
Postsecondary enrollment	✓	✓	✓
Cohort enrollment rates in postsecondary education (where available)	✓	✓	✓
School identification	✓	✓	N/A
Schools identified for comprehensive support and improvement	✓	✓	N/A
Schools implementing targeted support and improvement	✓	✓	N/A
Comparison data	N/A	✓	✓
District achievement compared to state	N/A	✓	N/A
School achievement compared to district and state	N/A	N/A	✓

APPENDIX D

Using Predictive Analytics to Support Learner Success

The last decade has seen transformative progress in the development of new research-based strategies for supporting college completion, which states and systems are beginning to adopt at scale. Starting in about 2012, a vanguard of postsecondary institutions nationally began to scale the use of predictive analytics to support student success. This approach produced unprecedented improvements in student outcomes at a group of large, "early adopter" public universities, including Georgia State University, Arizona State University, the University of South Florida, California State University at Long Beach, and the University of Texas at San Antonio. Within a decade, graduation rates across these broad-access institutions improved from under 50% to almost 70%, significantly outpacing gains made by public universities nationally.

Rather than target supports to subpopulations of students, strategies based on predictive analytics leverage data and the latest technologies to improve administrative processes—registration, advising, student communications, and course scheduling—that affect all postsecondary learners. These approaches use big data to drive proactive advising and tutoring, design microgrant programs that provide emergency financial aid, improve academic and curricular design, and build personalized communication platforms. While these strategies focus on improving systems that affect all students, their benefits are greatest for students who currently struggle the most: low-income students, rural students, part-time students, first-generation students, Black and Hispanic students, and military learners.

In addition to improving academic outcomes, these approaches provide financial benefits for students. By reaching out to students proactively with analytics-informed interventions and early alerts, and by using data to identify and address academic bottlenecks, universities have been able to significantly reduce average time to degree and, in the process, the amount of debt their students incur. For example, Georgia State University has been able to cut almost a full semester off the average time to degree for its bachelor's students, contributing to a 20% decrease in the average debt load for graduating students between 2016 and 2022.

Another advantage of data- and analytics-based approaches for supporting students is that they can more than pay for themselves. Seven four-year institutions in Georgia launched analytics-based student success strategies in 2022, including all three of Georgia's public Historically Black Colleges and Universities (HBCUs). The National Institute for Student Success at Georgia State reports that all seven institutions have seen significant gains in enrollment, with an average increase of 9.5% over the past two years. The gains in tuition-and-fee revenues from these increased enrollments total more than $80 million annually across the seven institutions, about 10 times more than the investments to make the changes.[125]

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