

Myths and Action:

What Economic Developers Must Know About Workforce Development and Community Colleges

By Mary Crabbe Gershwin, Ph.D. In 2005, the educational attainment of the American workforce is stagnant. College participation trends in the United States, when compared with trends in the global labor force, reveal the quiet emergence of a second-class workforce that may threaten our productivity, our economic vitality, our quality of life and our international competitiveness.

Yet, compounding this urgency are persistent myths – about the quality of our current workforce, the demand for skilled workers, the imperative for lifelong learning, and the public benefit accrued from investments in a skilled workforce. These myths have led many elected officials and community leaders to develop a myopic focus on K-12 education, viewing investments in community colleges and workforce development for adults as a nice thing to do but certainly not an economic imperative.

Perhaps more than any other community of leaders, economic developers cannot afford to be consoled by these myths or to focus exclusively on K-12 education reform. Leaders in economic development need clear facts about the trends and challenges in workforce development in the communities they serve. They need strategies that support adult preparation as a tool that produces results, and they need to be armed with information to act, including reliable information about the capacity and challenges of key institutions such as community colleges.

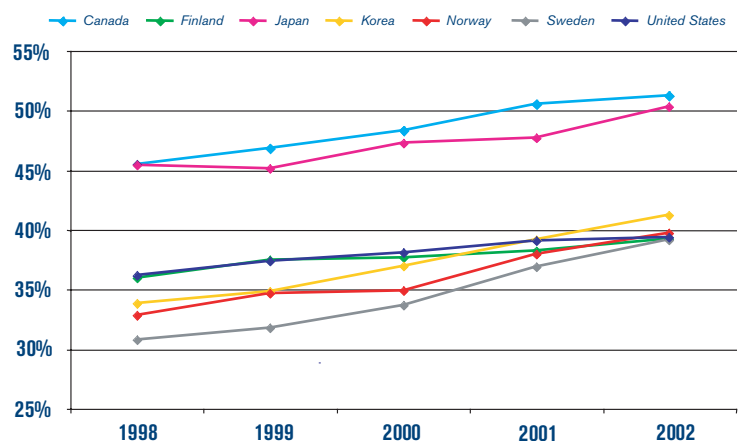
Workforce development myths and facts

Myth: *The educational attainment of the American workforce is steadily on the rise.*

Fact: *Educational attainment is stagnant at best, and may be in decline.*

The U.S. no longer leads the world in the percentage of its population with college degrees. For the population aged 25 to 34 the U.S. currently ranks fifth in the percentage of the younger population (aged 25 to 34) with college degrees.¹

Trends in Educational Attainment of the U.S. Population Relative to the Most Educated Countries - Percent of the Young Workforce (25 to 34 Year Olds) with an Associates Degree or Higher



Source: Organization for Economic Co-operation and Development (OECD)

If current trends are not addressed, the American workforce will be less educated in 2020 than it is today. According to Patrick Kelly, Vice President of the National Center for Higher Education Management Systems, by 2020 an additional seven million 25- to 64-year-olds will have joined the workforce who have less than a high school education.

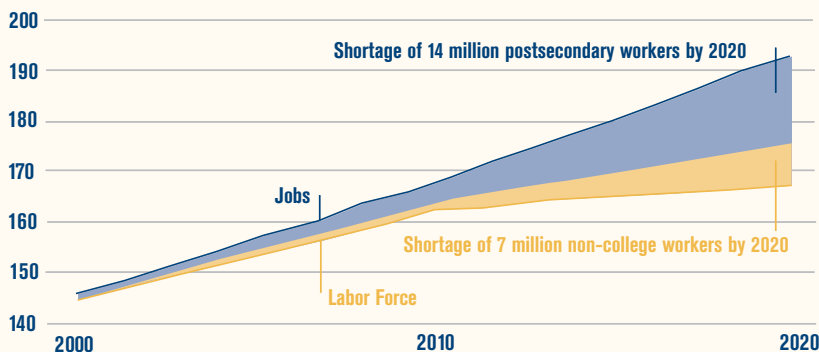
Implication for economic development: The U.S. workforce is losing its edge in the international marketplace for skills.

Myth: *Given trends in outsourcing and increased productivity, the current supply of skilled workers is adequate to meet employers' demands.*

Fact: *Jobs requiring a college education are outpacing the supply of workers with undergraduate degrees, setting the stage for a significant labor shortage.*

Labor Force Growth Is Not Expected to Keep Pace with Job Growth through 2020

Millions of jobs/workers. Labor force data have been adjusted to reflect multiple job holdings



Authors' analysis and adaptation of data from Ellword (2001), Fulerton and Toossi (2001), and Hecker (2001).

Changes in technology and in how firms operate have resulted in increased demand for skilled workers. For the past 20 years, the dramatic growth of the native-born workforce has supplied employers with an ever-expanding source of new workers. That period of growth is over. The native-born workforce grew by 44 percent over the last 20 years; it will not grow at all over the next 20 years. At the same time, jobs requiring at least a college degree will continue to grow at a brisk clip – increasing by more than 40 percent – while the growth of low-skilled jobs will slow.²

According to economist Anthony Carnevale, the mismatch between worker skills and employer demands will produce shortages of workers with college-level skills projected to reach 12 to 14 million in 2020.³

Implication: Left unaddressed, the current stagnation of educational levels will mean that firms cannot meet their growing need for skilled workers.

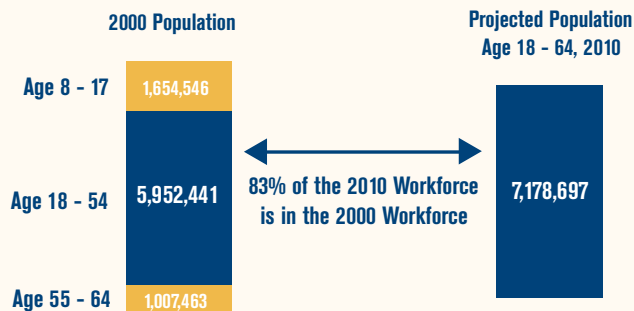
Myth: The benefits of higher education are enjoyed primarily by individuals, with marginal benefit to society at large.

Fact: Increased educational attainment pays economic dividends for both the individual and the society as a whole.

While the individual accrues significant economic benefits from higher education, the relationship between increased levels of education and indicators that benefit society as a whole is well established. Higher levels of education correspond with lower levels of unemployment and poverty. The young children of parents who attended college display higher levels of school readiness than do children of parents who did not attend. Once they graduate from high school, children whose parents have some college education are significantly more likely to attend college themselves than are those with similar incomes whose parents did not go to college.

Implication: Left unaddressed, the current stagnation of educational levels may have significant consequences on per capita income and economic growth.

Percent of 2010 Workforce Already in 2000 Workforce



Source: U.S. Census Bureau

Myth: Fixing the K-12 system is the answer; anything else is just patchwork.

Fact: Upgrading the skills of youth and adults currently in the workforce is required to ensure an adequate pool of skilled labor. While improving K-12 education is a critical need, it is not enough to ensure U.S. competitiveness.

The demographics illustrate the issue: 83 percent of the 2010 workforce was in the workforce in the year 2000. Any solution to workforce readiness that ignores the need to continually upgrade the skills of workers over 18 years of age is incomplete.

Adults in the 25-34 age range will face competition from a global workforce that is becoming more educated and prepared for the demands of technology. A survey of 30 industrialized nations by the Organisation for Economic Co-operation and Development (OECD)⁵ reveals the comparative weakness of the U.S. workforce is particularly concentrated in the young adult population, with the following U.S. rankings:

- Adults 45-64 with high school diploma: 1st
- Adults 35-44 with high school diploma: 5th
- Adults 25-34 with high school diploma: 10th

Moreover, in the United States today, the need for basic skills education for adults is well documented:

- 90 million adults over age 25 have no postsecondary education
- 36 million did not graduate from high school
- 52 million have only a high school credential

Implication: Economic developers need to push for workforce development solutions that go beyond K-12 reform, including policies that address the skills gaps in the young adult workforce.

The role of economic developers and community colleges in workforce development

Ignored, these trends will translate into economic stagnation, threatening our productivity, our growth and our international competitiveness. Combating these trends cannot be left to educators alone; it requires efforts on many fronts. The leadership and commitment of economic development is essential. Economic developers should consider the following questions to help overcome this critical challenge.

Does your economic development agency have a broad-based workforce development strategy that includes building the capacity of community colleges?

Economic developers must play central roles in strengthening the critical domain of community colleges and their capacity to upgrade workforce competitiveness. Attention to the community college sector can produce significant gains in the short run and build long-term capacity to benefit business, workers and the well being of the national economy.

Do you have high expectations of your local community college?

In some communities, the partnership between community colleges and economic developers has yielded impressive results, while in others it has been disappointing. The mission of community colleges is access to higher education, workforce development and lifelong learning. Economic developers should have high expectations and be prepared to invest in the achievement of these goals.

But they also should understand some of the major trends that are influencing the workforce development mission of the community college sector. Community college leaders currently face a paradox. On one hand, community colleges are a phenomenal success story in higher education. But while growth in students has fueled increased tuition revenue, the public investment in community colleges has not kept pace.

This revenue squeeze has occurred at the same time that colleges have experienced growing demand for programs that are costly to deliver, such as nursing instruction and education for first-generation college students. Meeting these needs, in light of greater competition for public funding and a commitment to keep tuition low, should be a priority for the economic development community.

Do you partner with your local community college to strengthen workforce intelligence?

While colleges aspire to stay on top of labor-market trends, few community colleges have the resources to support this function. Economic developers and agencies supported by the Workforce Investment Act can be key resources for colleges by providing knowledge and expertise on key economic development trends in the community and the emerging needs of employers. Starting with the community college president, economic developers can learn about the college capacity and partner to ensure the college has access to critical data for decision-making.

When the need for a new program emerges, do you know how to help the college respond quickly and effectively?

The recent nursing shortage is an example of a community need that has been clearly documented but inadequately addressed by colleges in many regions across the country. Economic developers should be knowledgeable of three key areas where barriers may inhibit college responsiveness.

- **Financial barriers.** The Colorado Community College System examined the expenses of nursing programs in 2003 and learned that it cost more than \$2,200 to educate a nursing student than it did to educate a student in general studies program. In an era of reduced budgets, expanding nursing programs was not possible without additional funds to cover the marginal costs of nursing instruction.

Economic developers in many regions have partnered with their local community colleges to address this particular funding gap by bringing together hospitals, elected officials, college leaders and philanthropy to find solutions to the financial barriers colleges face in expanding nursing programs. In other parts of the country, economic developers have focused on technology program development at the college, brokering solutions that increased college capacity through new private sector investments.

- **Policy barriers.** In some states, the community college performance measures for retention and completion are based on performance of first-time, full-time students. While college performance with these students is important, it is an inadequate and incomplete measure. As is true with all types of systems, community colleges focus on what gets measured.

Economic developers should know what currently is being measured and be prepared to partner with community colleges to advocate for policies that reward community colleges for performance in the workforce development arena. The National Association of Manufacturers' Center for Workforce Success is examining this area with support from the Ford Foundation.

- **Internal barriers.** Sometimes college responsiveness is slowed by layers of curriculum committees, program approvals and general bureaucracy. While these systems may promote a goal of educational quality, they may no longer serve their purposes. Ultimately, it is the role of the board and college leadership to ensure system responsiveness. Economic developers can play effective roles as external agents for change.

Community college leaders currently face a paradox.

The Next Challenge

“War is too important to be left to the generals.” (Georges Clemenceau, Premier of France, World War I)

Today, more than ever, workforce development is too important to be left to educators. Economic developers can play important roles by dispelling myths, educating community leaders about key challenges, helping colleges meet high standards, and developing a policy agenda that addresses workforce development needs that will drive economic vitality.

The greatest needs for building workforce development capacity will be in providing expensive technical-skills training, access to workforce training in rural communities, and providing educational opportunities for poor adults with low skills and limited-English-proficient adults. The cost of workforce development solutions will require innovative investments from philanthropy, employers, the public sector and thoughtful tuition structures. Importantly, it will take investments in political capital, as well as dollars to address the challenge.

While the investment needed is high, the costs of failure will be even higher. Economic developers have long acknowledged that they cannot afford to settle for mediocre performance in the K-12 sector. Now, it's time for economic developers to ensure the nation's need for adult workforce readiness becomes a national priority.

Mary Crabbe Gershwin is a Senior Fellow for the Center for Workforce Success (National Association of Manufacturers) and a consulting associate for The Corporation for a Skilled Workforce. She welcomes comments and questions at marygershwin@comcast.net. ★★

¹ Kelly, Patrick. As America Becomes More Diverse: The Impact of State Higher Education Inequality. Draft paper. 2005

² Employment Policy Foundation. Education Pays. 2004. <http://www.epf.org/pubs/newsletters/2004/ib20040216.pdf>

³ Carnevale, Anthony and Donna Desrochers. “Why Learning: The Value of Higher Education to Society and the Individual. In Keeping America's Promise. Edited by Katherine Boswell and Cynthia Wilson. Education Commission of the States. 2004. <http://www.league.org/league/projects/promise/files/promise.pdf>

⁴ Greenspan speech, 2004. <http://www.federalreserve.gov/boarddocs/speeches/2004/20040312/default.htm>

⁵ OECD. Education at a Glance. 2004. <http://www.oecd.org/dataoecd/34/55/33714494.pdf>

Your Economic Development/Community College Check List

Before you begin the process of collaborative work with your local community college, consider the following questions:

ARE YOU CLEAR ON WHAT YOUR ECONOMIC DEVELOPMENT AGENCY WANTS AND NEEDS?

- What is the vision you have for your community?
- How does the community college fit in the comprehensive economic development plan?
- Does the vision require workforce development? What training is required for current and potential employees?
- What are the resources needed?
- How can your vision build capacity for the community as a whole?

HOW WELL DO YOU KNOW YOUR COMMUNITY COLLEGE?

- Does the college offer educational programs that correspond to current workforce opportunities?
- How has the college responded to emerging labor market needs, both for current and prospective employers?
- How quickly does the college respond?
- What current training programs are available from the local/nearby community college?
- Can you cite an example of an employment need that was addressed quickly and competently by the college in the past two years?
- Does the college have programs that educate low-skilled and low-literacy adults?
- Do you have a contact at the college?
- Do you understand the college's key challenges?

WHAT OTHER PARTNERS SHOULD BE IN THE MIX?

- With your clear goals in mind, what additional partners should be considered in an alliance – such as workforce investment boards, industry partners, employer organizations, local foundations and other agencies?
- What resources could these partners bring to the collaboration?
- What outcomes would these partners need from a collaboration?

The U.S. Department of Education published a series of guides highlighting the innovative ways in which community colleges are anticipating and responding to market demands of their localities and regions. “The 21st Century Community College: A Strategic Guide to Maximizing Labor Market Responsiveness” is available online at www.ed.gov/about/offices/list/ovae.