

What The Current Debate on Improving Education in Arkansas is Missing: Workforce Development

There is a great deal of debate taking place in Arkansas these days about education. The Blue Ribbon Commission, created by the General Assembly this past session, is charged with devising a plan for funding and otherwise improving the state's K-12 system. The Arkansas Department of Higher Education is tackling the problem of retention and graduation at Arkansas' two and four year colleges. The Kids Count Coalition and HIPPIY advocates drew attention to the need for better early child care during the recent legislative session and succeeded in enacting a beer tax to fund state-supported child care programs.

What is missing in this focus on the state's educational system is interest in improving educational opportunities for those folks who are stuck between the K-12 system and college, people who may or may not have completed high school, but who need to improve their skills, continue their education, or advance their career to achieve a family-supporting income.

Arkansas has many people who fit this profile. And they represent a majority of the state's workforce—now and well into this century. Meeting the educational needs of this group is key to any effort to create a skilled workforce that promotes economic growth and significantly improves the incomes of the state's working population—the two most often cited rationales for the current focus on improving education in Arkansas.

Of course it is unfair to say that no one in the state is concerned with this niche in the state's education system. The State Workforce Investment Board, other state agencies and the private sector have been trying to address this issue for some time. And they have been doing some good work. However, this work hasn't attracted much attention. Certainly there has been no groundswell of public or media interest in this issue to the extent there has been around early education, K-12 and post-secondary education. Perhaps it takes a crisis to galvanize the public and its politicians, which in retrospect, is what helped interest develop around these other components of the state's education system.

In reality, however, there is a crisis. The all-too-familiar statistics on low educational achievement levels and low-incomes among the majority of the state's adult population indicate there is, indeed, a serious crisis.

As the debate on education in Arkansas moves forward, therefore, policymakers should continue to focus on the future, on better educating our youth and future workforce all the way through college. But they must also focus on the current workforce, largely

**The Needs of
Employers** **2**

**The Needs of
Low-Skilled Adult
Workers** **4**

**Matching the Needs
of Employers &
Workers** **6**

made up of people whose earning power is limited due to poor skills and past inadequacies in the state's education system and other human development systems. This group desperately needs opportunities to improve their skills, increase their earning power, advance their careers and raise their quality of life. And Arkansas needs their contribution if a skilled workforce is going to be the state's main strategy for economic growth and achieving a higher standard of living.

Filling the Gap

In an effort to focus attention on education and training for low-skilled adults and generate ideas and strategies for improving this critical aspect of the state's education system, the Good Faith Fund (GFF) is undertaking a research project. The project will examine the workforce development system for low-skilled adults and determine what is working well and what is not, and make recommendations for improvement. The project will produce a series of reports that focus on the different parts of the workforce development system serving low-skilled adults, including the Workforce Investment Act (WIA), Transitional Employment Assistance (TEA), Adult Education, technical and community colleges, and private providers. The first report will examine WIA.

The remainder of this paper outlines 1) the main reasons why this component of the state's education system must perform well, and 2) the framework the research project intends to use to evaluate the extent to which Arkansas' workforce development system is working well (i.e., effectively serving low-skilled adults as well as employers).

Identifying, Meeting and Matching the Needs of Two Critical Groups: The Workforce and Employers

Workforce development—whether targeting low-skilled adults or other workers with more skills—is concerned with meeting the needs of two primary constituencies: employers and workers. The extent to which a workforce development system identifies, understands and meets, and matches the needs of both employers and workers provides a good measure of how effective the system is.

So, what are the needs of these groups, in the context of workforce development?

The Needs of Employers

Staying Competitive. The primary need of employers in today's rapidly changing and global business environment is staying competitive. Surveys of the top 150 high-growth companies in the U.S. consistently show that the availability of skilled workers is a key concern and factor in business growth.¹ Skilled workers not only enable growth, they increase productivity, lower turnover rates, and require less training, all of which help improve the bottom line and help keep firms competitive.²

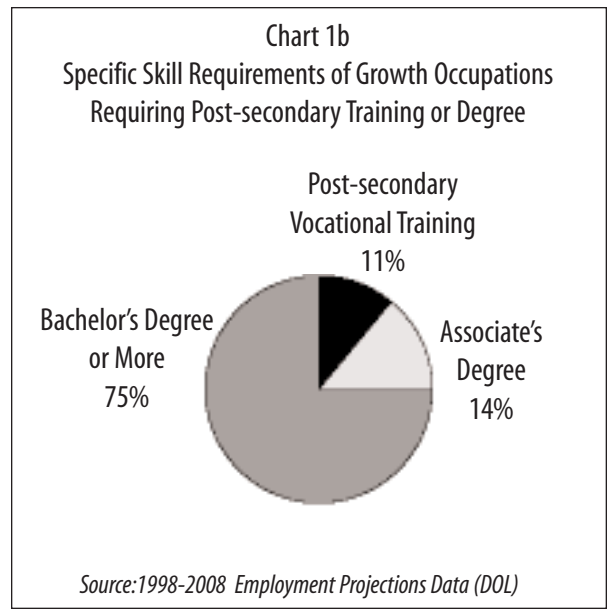
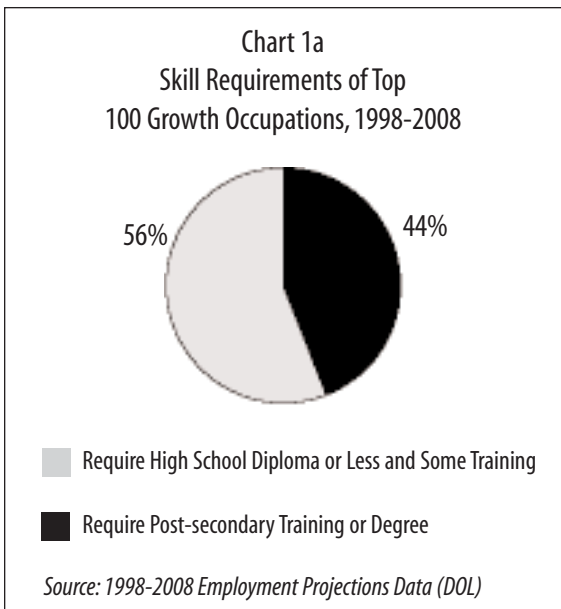
Skilled Workers. Because skilled workers are key to business growth and competitiveness, workers with adequate levels of education and training and basic employability skills are a constant concern for many employers, in both good and bad economic times.

Despite recent layoffs, a glance at the classified ads and several job-listing websites indicated that employers are still looking for skilled workers, including teachers, nurses, truck and heavy equipment drivers, managers and engineers. Moreover, a recent survey by the National Federation of Independent Business found that 71% of employers had difficulty finding qualified workers. Two-thirds of these employers had to go without needed employees, and half said they had to limit production or turn away business.³

Certain developing demographic trends also will help to ensure that the need for skilled workers stays constant. Those trends include inadequate population growth and an aging workforce. By 2028, according to some estimates, job growth could exceed population and labor force participation growth by 20 million jobs.⁴ Compounding this expected shortage is the fact that the workforce is aging and will be retiring at significantly higher rates in 30 to 40 years. By 2028, two-thirds of the workforce is expected to be over 35 years old.⁵

An important implication of these trends is that *all* of those who are currently unemployed, underemployed and otherwise not participating in the labor force, as well as new and future immigrants, will be needed to meet future labor demand. Effective strategies must be in place to prepare these populations for employment.

Occupational demand projections for 1998–2008 from the U.S. Department of Labor (DOL) provide some quantitative measure of the future need for skilled workers. The data indicate that almost half of the top 100 growth occupations in the state will require post-secondary training or a degree, and that most of the occupations require a high school diploma or less and some level of on-the-job training (See Chart 1a). A breakdown of the specific training requirements for the occupations requiring post-secondary training or a degree is provided in Chart 1b. Three-quarters (75%) of those occupations require a Bachelor’s Degree or more.



These projections, however, only capture part of the potential demand for skilled workers. An awareness among planners and policymakers is emerging that a skilled workforce is a key factor in business location and expansion decisions. Accordingly, an abundance of skilled workers could make Arkansas an attractive location for employers from all over the world.

Recognizing the potential economic benefit of developing a skilled workforce, many states, including Arkansas, are investing in or considering workforce development as an economic development strategy. At the recent Opportunity Arkansas conference conducted by the Governor and the Arkansas Department of Economic Development, conference participants identified “educational resources” as the most important local resource available to develop and attract good jobs. Participants also identified “assistance for education” as a key way in which the state could help local communities attract good jobs. Conference participants included chamber of commerce officials and other economic developers who monitor employer needs.

In addition to years of schooling or academic skills, employers are also looking for workers with what are commonly called “soft skills”. Such skills include: a willingness and ability to learn; punctuality and other basic work-related skills; an ability to work in a team; and an ability to think critically, analyze and solve problems. The employer partners of GFF, all of whom are in the Delta region of Arkansas, have been describing their need for workers with these soft skills to GFF staff since 1996.

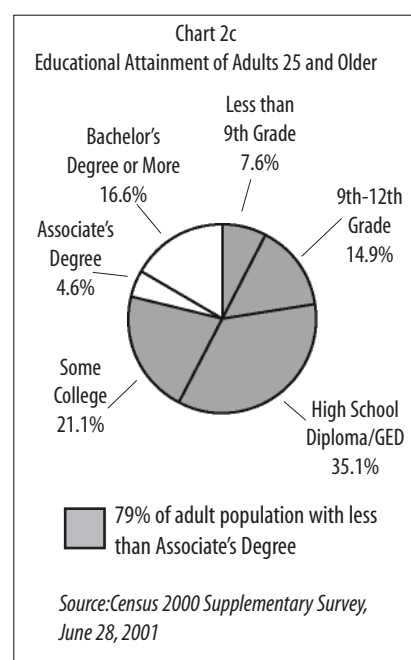
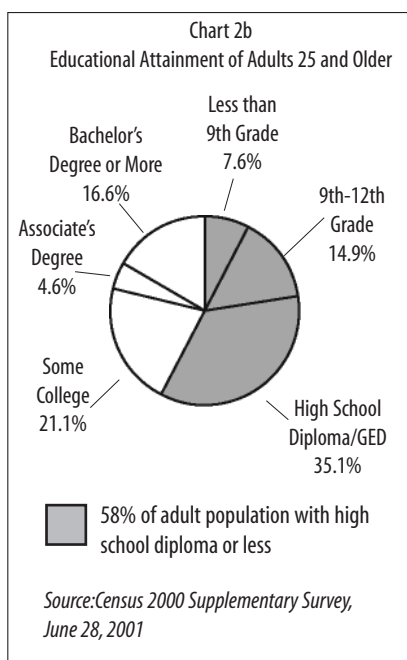
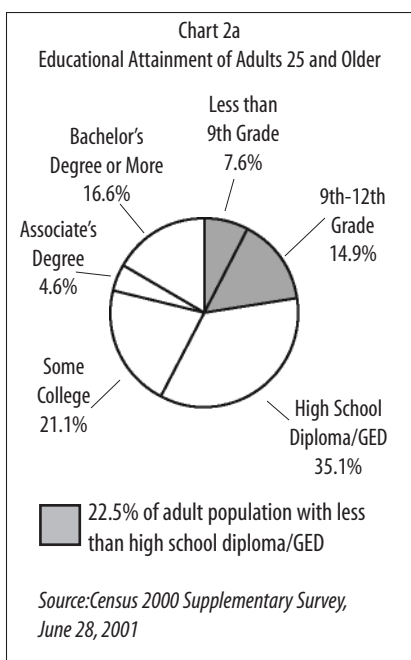
Employers are also looking for workers with few or manageable “barriers to employment” —problems that prevent workers from being successful employees despite adequate education and training. Such barriers include: access to housing, childcare and transportation, and physical and psychological distress. Employers can and should have an active role in overcoming such barriers. GFF attributes its trainee placement and retention success, in part, to its efforts to assist employers in recognizing these barriers and developing strategies for addressing them.⁶ GFF’s experience suggests that the workforce development system must assist employers in recognizing the need for their help in lowering the barriers to successful employment in their communities.

Limited “Red Tape”. Another employer concern is the red tape often experienced when working with government agencies. Excessive paperwork, processes and rules often translate into too much time being spent away from core business activities. This tendency to require too much time explains employers’ reluctance to get involved in government-funded workforce development activities that could benefit their business. The costs often out-weigh the benefits.

GFF has learned that employers appreciate a workforce development approach that limits the amount of “red tape” and time away from core business activities. At GFF, employer participation includes the identification of skill sets required by their industry, occasional work on curriculum design, regularly scheduled program evaluation meetings and employer-satisfaction surveys. GFF attributes part of its success to a “hassle-free” partnership that clearly serves the corporate interests of the employers and respects their time constraints.

The Needs of Low-Skilled Adult Workers

More Education and Training. A primary need of low-skilled workers is more education and training. The charts below provide recent statistics on the educational attainment of Arkansas adults 25 and older. The charts show that 23% of adults have less than a high school diploma, 58% have a high school diploma or less, and almost 79% have less than an Associate’s Degree (and functional levels are often considerably lower).



Not only do most adults have no education beyond high school, there is evidence that very few of these adults are doing anything to obtain post-secondary training. According to *Measuring Up 2000*, only 2.1% of Arkansas adults 25 to 44 year olds are enrolled part-time in some kind of postsecondary education program.⁷

The above data indicate that a range of educational services are needed, from adult education and GED preparation to post-secondary training. Basic literacy and ESL must also be included given the recent growth in our state’s Spanish-speaking population.⁸ Part of the challenge facing training providers is creating programs that can accommodate these various low levels of preparation or skill and linking these programs to other programs higher on the education or skill-attainment continuum, ideally two- and four-year degree programs.

When educational attainment levels are compared to the skill requirements of the state’s high-growth occupations, particularly those that pay a “Family Income Standard (FIS)” wage, the education and training deficit facing the majority of Arkansas’ adult workers is severe.⁹ Tables 3a, 3b and 3c show a majority of the state’s workers do not have the training necessary to access almost half of the state’s high-growth jobs and over three-quarters of the state’s high-paying, high-growth jobs. Of the 64 high-growth occupations that pay over \$10.59 an hour, the large portion of the state population with a high school diploma or less (58%) is only qualified for 25 (or 39%) of those occupations. Of the 45 high-growth occupations that pay over \$13.51 an hour, the same population is only qualified for 11 (or 24%) of those occupations. In other words, seventy-six percent of the high-paying, high-growth occupations in the state are beyond the reach of 58% of the workforce. Clearly, improving incomes in Arkansas is highly contingent upon improving the education and training of a majority of the state’s workforce—who, by the year 2020, will still represent over half of the state’s workforce and primary income earners.¹⁰

Percent of Workforce with High School Diploma or Less	Percent of Top 100 Growth Occupations Requiring High School Diploma or Less	Percent of Top 100 Growth Occupations Requiring Post-Secondary Training or Degree
58%	56%	44%

Source: 1998-2008 Employment Projections Data (DOL)

Family Type	Annual FIS	Hourly FIS
1 Adult / 1 Child	\$18,805	\$8.90
2 Adults / 1 Child	\$22,372	\$10.59
1 Adult / 2 Children	\$24,833	\$11.76
2 Adults / 2 Children	\$28,541	\$13.51

Source: Making it Day-to-Day, AACF 1999

Greater Access to Free Training and Financial Aid.

A corollary to the need for more education and training is the need for greater access to free training and financial aid, particularly grants and scholarships. A recent report by the Arkansas Department of Higher Education (ADHE), *Student Success*, underscores the need for more financial aid and the significance of such aid in determining student educational success. The report points out that: 1) the majority of current and potential students (part-time students and those out of school more than year) are ineligible for state financial aid, and 2) need-based aid is one of the strongest determinants of student success or graduation. Need-based aid in the form of grants and scholarship is particularly critical for low-skilled adults who typically have low incomes. Recognizing the need for this kind of aid, the Director of ADHE, Lu Hardin, recommends in *Student Success* that the state provide \$75 million a year in scholarships for low-income and other at-risk student populations.¹¹

	Top 100 Growth Occupations	Percent of Those Occupations For Which Workers with a High School Diploma or Less Qualify
Occupations Paying \$8.90 or higher	77%	45%
Occupations Paying \$10.59 or higher	64%	39%
Occupations Paying \$11.76 or higher	54%	28%
Occupations Paying \$13.51 or higher	45%	24%

Source: 1998-2008 Employment Projections Data (DOL) and Making it Day-to-Day (AACF)

Assistance with Barriers to Training and Employment. Low-skilled adults face barriers to completing training and succeeding at work. Perhaps the most critical lesson GFF has learned from its trainees over the past five years, is that low-skilled adults face many barriers, most of which are largely invisible to employers and middle class professionals. Therefore getting and keeping this population in a good job requires a more holistic strategy than simply education and training.

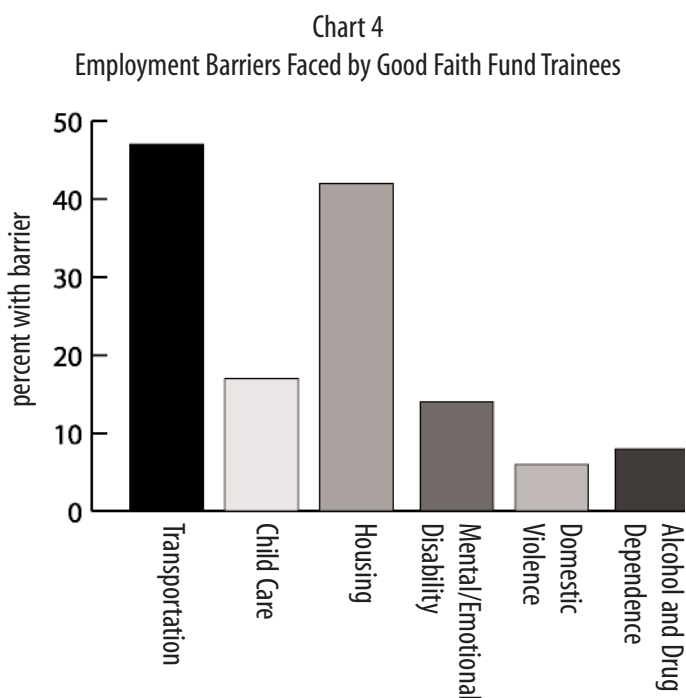
Often individuals cannot enroll in or complete training because they have no reliable means of transportation to get to class. Often they cannot afford child care for their children while they attend class or they simply cannot afford the time off from work required to attend class. Likewise, individuals who successfully complete training often face some of the same barriers with regard to getting and keeping a job. Other important barriers, which often go unnoted and un-addressed, are lack of self-esteem, hopelessness, and an inability to believe in the future and in one’s own potential. GFF deliberately addresses these barriers because they are very common among trainees who often have a history of trauma, such as domestic violence or failure, particularly failure in school.

Addressing such barriers is typically not thought of as part of the workforce development process. However, workforce development efforts—to succeed at training and employing individuals—must be prepared to assist trainees in eliminating these barriers, particularly if their target population is low-skilled adults.

Some indication of the extent to which low-skilled adults face employment barriers is provided in Chart 4, which shows how many GFF trainees reported needing assistance with various barriers at the time of their enrollment. It should be noted that in many cases additional barriers were identified after enrollment, particularly domestic violence or a history of sexual abuse. More data on the prevalence of such barriers can be found in studies of the TEA program, which provides training to low-skilled adults in Arkansas, and other research highlighting the employment-related needs of low-skilled workers.¹²

Matching the Needs of Employers and Workers

The needs of both employers and low-skilled workers cannot be met independent of each other. These seemingly unconnected needs have to be met in a context that enables them to be connected and matched. In very simple terms, this means employers have to be active partners in the workforce development process, and that workforce development practitioners must cultivate this kind of relationship with employers. Although there are many advantages to connecting and matching the needs of employers and workers, an obvious benefit is that employers often need very specific skill sets that can only be provided if employers are contributing to the training process. Likewise, employers cannot help trainees overcome employment barriers unless the employers understand and anticipate the need to help address such barriers. But perhaps the greatest benefit is that both groups need to be convinced that they can put aside past experiences with, and perceptions of each other and become successful partners in meeting each others needs—which will only happen when both groups are brought together to understand the connection of their needs and realize the benefits of partnering to meet them together. To capture these and many other benefits, GFF deliberately set out to create what is called an employer-driven “sectoral” training program, which basically means a program directly connected to a particular industry sector and specific employers in that sector. As such, GFF has been able to successfully meet and match the needs of its employer partners and trainees to the satisfaction of both.



Conclusion

The education debate now taking place in Arkansas must focus a considerable amount of thoughtful attention and resources to the critical component of the state's education system known as workforce development, particularly workforce development for low-skilled adults. Seventy-eight percent of Arkansas' adult population has less than an Associate's Degree, and 63% of the state's high-paying, high-growth occupations require at least an Associate's Degree. These facts underscore the other education crisis facing Arkansas—one that cannot fully be addressed with a focus on K-12 and higher education only.

Workforce development for low-skilled adults is not only a critical aspect of the educational crisis facing Arkansas, it is the key, at least in the short term, to significantly raising incomes across the state and promoting economic growth, which are often cited by state policymakers as the ultimate objectives of improving education. In twenty years, the current workforce in Arkansas will still represent about half of the state's workforce. The income levels of this population, therefore, have to rise if any significant improvement in state incomes is to be realized in the next few decades. Likewise, the skills of this population have to be improved if any significant growth in business and good jobs is to be realized in the near future.

For these simple but compelling reasons, workforce development must be included in the current debate and problem-solving process on education reform in Arkansas. To that end, GFF is under-taking a research project to assess how well the workforce development system is serving low-skilled adults and employers and make recommendations for improvement. The first report of this project examining WIA will be complete by early next year.

¹ PriceWaterhouseCoopers' *Trendsetter Barometer* surveys of the top 150 high-growth U.S. companies consistently show skilled workers as a key business concern dating back to the early 1990s when the surveys were started.

² Bishop, John H., "The Impact of Previous Training in Schools and on Jobs on Productivity, Required OJT, and Turnover of New Hires", in *Private Sector and Skill Formation: International Comparisons*, ed. Lisa Lynch (Chicago: University of Chicago Press 1994).

³ National Federation of Independent Business, "The Changing Search for Employees", *National Small Business Poll* (Volume 1, Issue 1, August 2001).

⁴ National Alliance of Business, "A Workforce in Transition: Changing Demographics, Job Growth and New Skills", *Workforce Economics* (Volume 6, Issue 2, February 2000).

⁵ Ibid.

⁶ For example, GFF helped an employer partner understand that the reason GFF-trained workers were having difficulty making it to work consistently was because the public bus routes did not have a stop near the employer's facility. GFF and the employer then worked with local public transportation officials to reconfigure the bus routes to provide a stop near the facility.

⁷ "Measuring Up 2000: The State-by-State Report Card for Higher Education", a report by The National Center for Public Policy and Higher Education, 2000.

⁸ 1990 and 2000 Census data indicate an increase in Arkansas' Hispanic population of 66,990 or 337%.

⁹ Family Income Standard is an estimate of how much a family in Arkansas has to make to meet basic daily living needs. For a complete definition see "Making It Day-to-Day: A New Family Income Standard for Arkansas", a report by Arkansas Advocates for Children and Families, August 1999.

¹⁰ Estimate based on analysis of 2000 Census American Community Survey labor force participation data. The estimate assumes no significant change in 1) future labor force participation rates over the next 20 years and 2) population growth rates over the next four years.

¹¹ "Student Success: Graduation and Retention in Arkansas", a report by the Arkansas Department of Higher Education, July 2001.

¹² "Evaluation of Arkansas' Transitional Employment Assistance (TEA) Program', Draft Survey Report, September 2000" and "Evaluation of Arkansas' Transitional Employment Assistance (TEA) Program, Seventh Bi-Annual Report, January 2001", reports by Berkeley Policy Associates. Research Forum on Children, Families, and the New Federalism, "Why Some Women Fail to Achieve Economic Security: Low Job Skills and Mental Health Problems Are Key Barriers," *The Forum* (Volume 4, No. 2, August 2001).



Planting the Seeds for Success

Prepared by Mike Leach with the
Public Policy Program of
Good Faith Fund
1123 S. University, Suite 1018
Little Rock, AR 72204
501.661.0322

e-mail: mleach@ehbt.com
www.arenterprise.org



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2304 W. 29th Avenue
Pine Bluff, AR 71603

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