



## **Increasing Postsecondary Credential Attainment among Adult Workers: A Model for Governors**

### **Discussion Paper<sup>\*</sup>**

Despite the turbulent economy, there is growing demand in today's labor market for skilled workers in a variety of fields, particularly in jobs that require more than a high school diploma but less than a four-year college degree. These jobs comprise nearly half of America's labor market today and will make up a large portion of the post-recession jobs.<sup>i</sup> In light of the changing U.S. economy, the attainment of postsecondary credentials is crucial to earning a family sustaining wage now more than ever.

Many barriers exist that make it challenging for adults to increase their educational levels and for states to effectively serve adult workers. To address these barriers and improve awareness regarding the importance of postsecondary education for adults, the National Governors Association Center for Best Practices launched the *State Action to Increase Postsecondary Credential Attainment by Adult Workers* initiative. With generous support from the Lumina Foundation, this two-year initiative seeks to increase state and national understanding of the importance of developing the human capital of the adult workforce. The initiative will also assist the nation's governors and other state leaders in developing policy agendas and action plans to improve postsecondary access and attainment levels for adults.

This document offers a model for governors outlining policy areas for action that will strengthen state economies through a more highly skilled and educated workforce. Specifically, the document introduces the economic advantages of improving postsecondary degree attainment, current barriers to postsecondary credential attainment, and four policy areas that governors can target in order to overcome these barriers and improve the rate of postsecondary credential attainment among adult workers.

### **ECONOMIC PAYOFF OF IMPROVED POSTSECONDARY ATTAINMENT RATES**

Educational attainment is a powerful predictor of future earning power and workforce participation at both the individual and state level. Not only do educated workers have greater career mobility and higher wages, but a state's overall per capita income is strongly associated with the proportion of adults holding postsecondary degrees or credentials in that state.<sup>ii</sup> In addition, higher levels of education correspond to financial and social benefits through lower unemployment and poverty rates, higher tax revenue, and less dependence on social safety-net programs among educated adults.<sup>iii</sup>

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<sup>\*</sup> This paper is for discussion purposes only and does not reflect NGA policy.

In Table 1 below, the breakdown by unemployment rate and annual earnings by education level illustrates the stark divide between workers of different education levels, as well as the relationship between educational attainment and workforce participation.

**Table 1: Earnings, Workforce Participation, and Unemployment by Education Level**

| LEVEL OF EDUCATION              | MEDIAN EARNINGS | PERCENT NOT PARTICIPATING<br>IN THE WORKFORCE | UNEMPLOYMENT RATE |
|---------------------------------|-----------------|-----------------------------------------------|-------------------|
| Less than High School           | \$21,239        | 39.2%                                         | 15.6%             |
| High School Graduate            | \$30,470        | 25.1%                                         | 10.5%             |
| Some College but No Degree      | \$35,549        | 20.9%                                         | 8.0%              |
| Associate's Degree              | \$39,611        | 16.9%                                         | 8.0%              |
| Bachelor's Degree               | \$50,784        | 15.7%                                         | 5.0%              |
| Graduate or Professional Degree | \$63,988        | 13.6%                                         | 5.0%              |

Sources: U.S. Census Bureau, 2006 American Community Survey PUMS File 5% Sample; NCHEMS, 2009; U.S. Census Bureau, Current Population Survey 2009.

## THE GROWING IMPORTANCE OF GLOBAL COMPETITION

Not only do adults with low education and skill levels suffer in the labor market, but states and businesses also find it more difficult to compete in a global economy without a highly skilled and trained workforce. At the national level, research shows that a one percent increase in the postsecondary education completion rate raises real GDP per worker by 0.1 percent.<sup>iv</sup> While most other nations are seeing a rise in degree attainment, our younger generations are receiving fewer degrees than their predecessors. In 2006, only 37 percent of U.S. adults aged 25-64 had an Associate's degree or higher, while the best performing countries averaged 55 percent of their adult workforce holding at least an Associate's degree. In order to match these rates of degree attainment by 2025, the U.S. will need to add over 63 million degree recipients to its adult workforce.<sup>v</sup>

## CURRENT BARRIERS TO POSTSECONDARY CREDENTIAL ATTAINMENT

Although there is a growing need for a well-educated workforce, many adults lack the skills and education necessary to obtain well-paying jobs and advance within the labor market. In addition, little financial aid and other support services, difficult transitions between educational programs, and poor incentives are roadblocks that many adults encounter when trying to advance their educational levels. This is evidenced by the fact that in 2007, only 30 percent of students seeking an Associate's degree earned the credential in three years.<sup>vi</sup> Institutions also face numerous challenges in delivering quality education and training programs including poor data systems, few resources, and a lack of leadership. The NGA Center has identified four barriers adults face to attaining a postsecondary credential. These four barriers - lack of basic skills, lack of support, lack of clear performance measures and comprehensive data systems, and lack of effective programs - are described below.

### LACK OF BASIC SKILLS

Eighty-eight million adults in the U.S. have at least one major barrier to success in the workforce such as no high school diploma, no college degree, or an English language barrier.<sup>vii</sup> Adults with very low skill and literacy levels often require some form of preparatory coursework that teaches the basic skills necessary to successfully work toward a postsecondary credential. The National Center for Education

Statistics has shown that 42 percent of first-time students in two year colleges enroll in remedial coursework that is not college level.<sup>viii</sup> These courses are too often not aligned with college-level classes and training programs, therefore many adults do not progress through the educational pipeline to obtain a degree.<sup>ix</sup>

#### **LACK OF SUPPORT FOR ADULT WORKERS**

Difficult transitions between educational programs and a lack of understanding regarding the benefits of postsecondary education are just a few of the roadblocks that many adults face when trying to increase their education and skill levels. Unfortunately, many adults do not even enroll in postsecondary education due to financial constraints such as opportunity costs from lost wages or an inability to pay program costs. Adults also face family and work responsibilities with few supports available to address childcare and transportation needs. Moreover, workers are often unable to determine what programs will best serve their needs in a rapidly changing labor market.

#### **LACK OF CLEAR PERFORMANCE MEASURES AND COMPREHENSIVE DATA SYSTEMS**

State data systems influence every aspect of postsecondary education, yet they capture very little knowledge on graduation rates, student progression from higher education into the workforce, the relationship between spending and results, or the level and relevancy of knowledge gained by adults. This lack of data on performance and outcomes makes it difficult for states to determine the best approaches to increasing education attainment among adult workers.<sup>x</sup> Real-time data, particularly systems which link wage records to education and training information, are often weak or non-existent making it difficult for states to identify student and institutional performance levels and to develop policies and programs to address weaknesses.

#### **LACK OF SCALE OF EFFECTIVE PROGRAMS**

A large segment of the U.S. workforce is unprepared to succeed in today's economy.<sup>xi</sup> While there are a number of initiatives designed to increase educational attainment among adult workers, these initiatives are fragmented and lack the scale to serve the nearly 91 million adults age 25 and older who have a high school credential or less.<sup>xii</sup> Attention to scale that leads to systemic and sustainable change is a necessary component of any successful initiative to improve postsecondary credential attainment.

#### **A MODEL FOR STATE ACTION**

There are several policy areas for action that must be included in state efforts to increase the percentage of adults attaining postsecondary credentials. A comprehensive model for state action must coordinate state systems of education, economic development, workforce, and human services, as well as the institutions within these systems (e.g. one-stop career centers, community colleges, and local TANF agencies). In addition, a model for state action must offer flexibility, support, and program linkages for adults, as well as accountability for policymakers. The components of the model described below are critical if states are to meet the goal of increasing the percentage of adult workers who attain a postsecondary credential and improve their employment outcomes. This model defines postsecondary education broadly as any type of learning beyond a high school diploma or GED that leads to a credential (certificates, Associate's degree, and Bachelor's degree), and improved employment outcomes as increases in wages, workforce participation, and earning power. Undergirding all of the policy areas is the importance of leadership, infusing technology into all aspects of policy change, rewarding efficiency, bringing programs to scale, offering high quality career-relevant curricula, and incorporating the needs of businesses in program and policy design.

## POLICY AREAS FOR STATE ACTION

### I. **Innovative Financing and Private Partnerships:**

States must create new and innovative financing models to support education and training programs for adult workers. Governors, state legislators, and other key stakeholders must all play an active role in providing leadership and guidance to reconfigure financing models that include public/private partnerships, “braiding” public funds, and better use of incentives that can help leverage resources and allow states to invest more in adult education and training. The private sector spends roughly \$135 billion a year training its workers, yet these adults rarely receive an accredited credential.<sup>xiii</sup> States must partner with businesses to better leverage resources in order to meet the needs of adult workers.

#### **Potential Policy Levers:**

- Use performance-based funding such as student funding formulas that reward the high achievement of disadvantaged students rather than enrollment-based funding formulas. Recommended performance indicators to promote efficiency include: completion rate for core courses; student transitions from remedial courses to credit-bearing courses; and transfer rates to four-year institutions.
- Offer more incentives for industry collaboration such as targeted tax credits that reward businesses for collaboration with postsecondary institutions.
- Directly engage industry partnerships, chambers of commerce, and other private sector resources in postsecondary education policy initiatives. For instance, leverage businesses to help craft curricula and provide training and instructors. Local business roundtables in industries that rely heavily on degree holding workers should also be involved such as in the biotechnology, computer science, and engineering fields.
- Encourage private investment through efforts such as public/private research partnerships, employer-funded professional development programs, or shared facilities.
- Strategically braid public funds by identifying the multiple state and federal agencies involved in the development and delivery of relevant services, such as the U.S. Departments of Labor, Education, and Health and Human Services. This approach pools program-level funding into institutional or systemwide resources such as consolidated service delivery or cross-institutional databases. Adopting a memorandum of understanding for participating institutions can preempt possible conflicts over management of braided funds.<sup>xiv</sup>
- Share fiscal responsibility for program delivery with credential providers, thus encouraging providers to secure funding from additional sources such as foundations or municipal governments.

#### **State Example:**

- As part of The Bridges Project funded by the Ford Foundation, the Kentucky Community and Technical College System (KCTCS) has established regional career pathways to support entrance into local high demand occupations. KCTCS has used funds from its workforce trust fund to award over \$6 million to help colleges build career pathways that must involve regional partnerships of community and technical colleges, adult education providers, employers, economic development planners, workforce investment boards, and human service agencies.<sup>xv</sup>

## **II. Flexible and Integrated Service Delivery Models:**

Many adults have difficulty navigating the complex system of postsecondary institutions and understanding how educational programs can lead to better jobs. Transition points (i.e., transferring between institutions, transitioning from noncredit and credit courses, moving from an Associate's to a Bachelors' degree program) often become stumbling blocks for adults leading to low persistence and completion rates. Through policy and programmatic changes, states need to create comprehensive and flexible service delivery models recognizing that adults do not typically progress in linear fashion when pursuing postsecondary educational opportunities. Education programs must also be directly tied to the needs of the labor market and high-demand occupations.

### **Potential Policy Levers:**

- Integrate basic skills and career-technical courses that are jointly taught by basic skills and college-level occupational faculty.
- Develop bridges between credit and noncredit courses, two-year and four-year institutions, and certifications and degree tracks.
- Offer prior learning assessments so adults can more quickly advance in their studies.
- Improve linkages to high demand occupations by building regional career pathways that include collaboration among community and technical colleges, adult education providers, employers, economic development agencies, workforce investment boards, and human service agencies.
- Ensure adult workers understand the benefits of postsecondary education so that they are motivated to enroll in and complete programs.
- Ensure adult workers have access to information about program quality so they can make informed decisions. This market information has the potential to spur competition between providers and lift program quality.
- Identify pilot programs with demonstrated success and begin investing resources to bring exemplary programs to scale.

### **State Example:**

- Washington's Integrated Basic Education and Skill Training (I-BEST) program incorporates basic skills instruction with career-technical courses that are jointly taught by basic skills and college-level occupational faculty. This allows adults to simultaneously gain basic and occupational skills.<sup>xvi</sup>

## **III. Comprehensive Support Services:**

Increasing postsecondary credential attainment will require more than just increasing enrollment rates in postsecondary programs, but also increasing completion rates. Otherwise, workers simply accrue student debt without acquiring a credential. In order to be successful in their educational endeavors adults typically need a variety of support services. States need to invest in policies and practices that provide both academic support and personal support services to better ensure educational success. These expanded services may be financed in part by improved efficiency in the postsecondary system.

### **Potential Policy Levers:**

- Expand tutoring and individual academic support services.
- Provide childcare, transportation, and career counseling support.

- Increase financial aid, grants, work/study, and scholarship opportunities for working adults.
- Increase awareness among adult workers regarding eligibility for Pell Grants and other federal student funding sources such as tuition tax credits.
- Ensure that financial aid offices, as well as other student support services, are open during evening and weekend hours to increase access to services.
- Offer targeted loan forgiveness programs to adults who pursue public sector careers with known workforce shortages such as in nursing and education.

**State Example:**

- Many California community colleges translate financial aid information into multiple languages in order to serve all their enrolled students. A majority of California community college financial aid offices are also open for weekends and evening hours in order to accommodate working and part-time students. Some financial aid offices collaborate with faculty to promote financial aid opportunities, ensuring that the whole campus is involved in making postsecondary education more affordable.<sup>xvii</sup>

**IV. Cross-Institutional Data that Track Performance Measures:**

Data is critical to making informed policy decisions, designing effective programs, informing individuals about their choices in pursuing a postsecondary credential, and holding providers accountable. It must be used to help states identify performance measures that cut across program areas to accurately measure adult student outcomes.

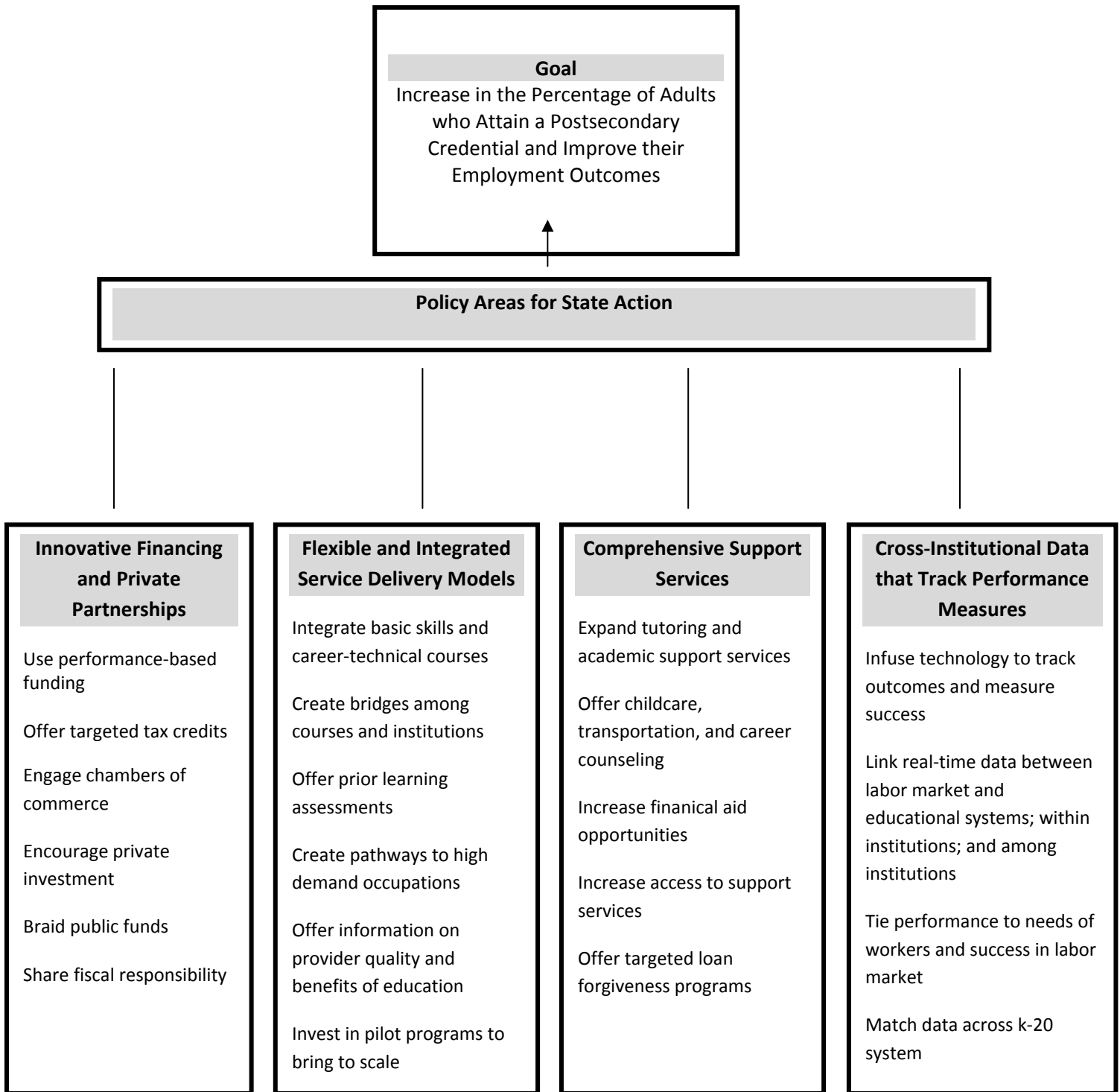
**Potential Policy Levers:**

- Infuse technology in order to properly track outcomes and measure success.
- Link real-time data between the labor market and educational systems, within educational institutions, and among educational institutions in both the private and public sector.
- Tie performance measures to the needs of adult workers and their success in the labor market.
- Match data systems across all levels of the k-20 educational pipeline by collecting student-level, longitudinal data. Information consolidation can reduce staff time for data entry, the duplication of paperwork, and less time needed to process and act on information.<sup>xviii</sup>

**State Example:**

- Florida's Data Warehouse integrates k-12 data with postsecondary data systems, creating a k-20 system that includes the community college system, the university system, the Florida workforce development information system and student assessment files. This lends the infrastructure of existing data systems to new postsecondary tracking initiatives.<sup>xix</sup>

## Model: Increasing Postsecondary Credential Attainment by Adult Workers



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- <sup>i</sup> Van Opstal, Debra. *Thrive. The Skills Imperative*. Washington, DC: Council on Competitiveness, 2008.
- <sup>ii</sup> U.S. Census Bureau, Decennial Census' and American Community Survey, 2005.
- <sup>iii</sup> Baum, Sandy and Jennifer Ma. *Education Pays: The Benefits of Higher Education for Individuals and Society*. Washington, DC: CollegeBoard, 2001, pg.2.
- <sup>iv</sup> Uhalde, Ray, Jeff Strohl, and Zamira Simkins. *America in the Global Economy*. Washington, DC: National Center on Education and the Economy, December 2006.
- <sup>v</sup> *Linking Higher Education with Workforce and Economic Development*. A Presentation by the National Center for Higher Education Management Systems, April 2009.
- <sup>vi</sup> NCHEMS Information Center for State Higher Education Policymaking and Analysis, "Completion: Graduation Rates" (2008), available at <http://www.higheredinfo.org/dbrowser/?level=nation&mode=graph&state=0&submeasure=24>
- <sup>vii</sup> *Reach Higher, America – Overcoming Crisis in the U.S. Workforce*. Report of the National Commission on Adult Literacy, June 2008, pg. 1.
- <sup>viii</sup> *The Condition of Education: Remedial Course Taking*. National Center for Education Statistics, 2004.
- <sup>ix</sup> *Bridges to Opportunity for Underprepared Adults: A State Policy Guide for Community College Leaders*. A Bridges to Opportunity Initiative, 2008, pg. 9.
- <sup>x</sup> *A Stronger Nation Through Higher Education*. A Special Report From Lumina Foundation for Education, February 2009, pg. 5.
- <sup>xi</sup> *Bridges to Opportunity for Underprepared Adults: A State Policy Guide for Community College Leaders*. A Bridges to Opportunity Initiative, 2008, pg. 4.
- <sup>xii</sup> U.S Census Bureau, American Fact Finder. Available at [http://factfinder.census.gov/servlet/STTable?\\_bm=y&-geo\\_id=01000US&-qr\\_name=ACS\\_2006\\_EST\\_G00\\_S1501&-ds\\_name=ACS\\_2006\\_EST\\_G00\\_](http://factfinder.census.gov/servlet/STTable?_bm=y&-geo_id=01000US&-qr_name=ACS_2006_EST_G00_S1501&-ds_name=ACS_2006_EST_G00_).
- <sup>xiii</sup> *ASTD 2008 State of the Industry Report*, available at <http://www.astd.org/content/research/stateOfIndustry.htm>.
- <sup>xiv</sup> *Blending and Braiding Funds and Resources: The Intermediary as Facilitator*. National Collaborative on Workforce and Disability, 2006.
- <sup>xv</sup> *Bridges to Opportunity for Underprepared Adults: A State Policy Guide for Community College Leaders*. A Bridges to Opportunity Initiative, 2008, pg. 16.
- <sup>xvi</sup> *Ibid*, pg. 17 & 22.
- <sup>xvii</sup> *Green Lights and Red Tape: Improving Access to Financial Aid at California's Community Colleges*. The Institute for College Access and Success, 2007, pg. 3 & 4.
- <sup>xviii</sup> *Blending and Braiding Funds and Resources: The Intermediary as Facilitator*. National Collaborative on Workforce and Disability, 2006.
- <sup>xix</sup> *P-20 Data Systems: An Alignment Status Report*. Data Quality Campaign, 2007, pg. 4.