

Getting the JOB Done

Advancing the New Skills Agenda



MassINC

THE MASSACHUSETTS INSTITUTE FOR A NEW COMMONWEALTH

Publisher of *CommonWealth* magazine

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- **Lifelong Learning**—Building a ladder of opportunity through the continuum of learning
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Our mission is to create opportunities for workers to acquire the skills necessary to be productive contributors to the economic vitality of Massachusetts. By mobilizing state leaders—both public and private—we aim to safeguard the Commonwealth's competitive position in the global economy. We will promote workforce development policies, resources, and practices that have demonstrated effectiveness in preparing workers for the challenges of the 21st century workforce and seek the reforms necessary to maintain our competitive edge.

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NEW SKILLS FOR A NEW ECONOMY CAMPAIGN SPONSORS:



Getting the Job Done: Advancing the New Skills Agenda

In today's economy, skills matter. Never before has there been such a strong connection between what you learn and what you earn. To support a family and get ahead, workers of all skill levels need opportunities to learn throughout their careers. Lifelong learning is no longer a luxury; it's a way of life in a global economy.

After several years of talking about the problem, various reform efforts are now underway through several new projects. The Boston Workforce Development Initiative and the Reach Higher Initiative, among others, are forging a new consensus in which government, employers, community leaders, and organized labor are working in concert to make reform of workforce development a reality. These are positive steps. But we believe that any new investment in the system must be linked with standards and accountability. The purpose of this white paper, a collaboration between MassINC and Mt. Auburn Associates, is to ask stakeholders to think outside the box and focus on outcomes in a few specific program areas where the need is greatest:

- **Creating a tool to standardize measured outcomes;**
- **Increasing program completion rates at community colleges;**
- **Reducing the waiting list for English for Speakers of Other Languages (ESOL) classes; and**
- **Linking regional economic development and workforce development strategies through regional skill alliances.**

LESSONS LEARNED

Over the last two years, MassINC, through the New Skills for a New Economy Awareness and Action Campaign, has engaged thousands of national, state, and local decision-makers, employers, educators, community and labor leaders, as well as working adults, in a discussion about what's working and what's missing from the state's workforce development system. Through our regional skills summits held across the state, close to 3,000 stakeholders have weighed in on the challenges confronting us in creating a true system of lifelong learning. We have learned a lot from our summits and there is some consensus emerging about what needs to be done. Clearly money is part of the problem: the publicly financed system is under-resourced. Waiting lists for services are long and getting longer. But money alone is not the answer. We need to build a system of lifelong learning, thereby securing the long-term economic vitality of our state

and each of our workers. Raising standards and establishing clear outcome and accountability measures, combined with strategic investments, will help us achieve this goal.

MEETING THE NEW SKILLS CHALLENGE

Is Massachusetts prepared? A report by the Massachusetts Institute for a New Commonwealth (MassINC), *New Skills for a New Economy: Adult Education's Role in Sustaining Economic Growth and Expanding Opportunity*, makes it clear that the state has a long way to go in meeting these challenges. The report found that fully one-third of the Commonwealth's workforce lacks the necessary skills to succeed in the new economy, including:

- 195,000 immigrants with limited English speaking skills;
- 280,000 high school drop-outs;
- 667,000 workers who have a high school credential but have limited skills.

The reality behind these numbers is a matter of great concern for employers. The cover story of the March 2003 issue of the *Human Resource Executive*, "Future Shock," notes that "employers across all industries are realizing the inevitable—while there are plenty of applicants to go around, there aren't enough skilled workers. And the problem is growing worse." Recent data from the US Bureau of Labor Statistics (BLS) has fueled further concern. According to the BLS, occupations requiring a post-secondary education will rise from 29% to 42% by 2010.¹

While the scale of the need is dramatic, the workforce system has been slow to respond. For many years there was a serious disconnect between the education community and the employer community. The focus of most of the public funding streams was on dislocated workers who lost their jobs during a period of economic adjustment, and on the state's very low-income residents, many of whom were either out of the labor force, unemployed, or seriously underemployed. In contrast, incumbent workers who do not have the basic skills needed to be fully productive or to advance in a career have been largely neglected.

Most government support has been for categorical programs with inflexible eligibility requirements. As a result, a confusing collection of federal, state, and private funding sources has developed, supporting a wide range of organizations and programs, each with different missions, client groups, operating requirements, and products. There were very few relationships among

1 2000-2001 Employment Projections, U.S. Bureau of Labor Statistics, December 3, 2001.

organizations within these different silos of activity, and both residents looking for jobs and businesses seeking qualified employees faced enormous barriers in their efforts to access appropriate services.

Until the 1970s and early 1980s, the needs of Massachusetts employers—the demand side of the state’s labor market—were very clear. Employers were able to clearly articulate what types of jobs were available and what types of skills were needed to access those jobs. Most jobs required few advanced skills: a high school degree was sufficient for many entry-level jobs, and even for advancement into higher-level positions. People clearly under-

“No longer can workers take for granted a middle-class lifestyle without a post-secondary degree or industry credential.”

stood their job options and expected to work in one career, or even for one employer, for most of their adult lives. Learning providers, from the elementary school level to the university level, understood clearly what skills were needed for various careers within the state’s key economic sectors.

Today, however, a more knowledge-intensive and skills-based economy has emerged, as well as a more complex labor market. As a consequence, the needs of employers, and the nature of the work place, have changed dramatically. The days in which an employee with only a high school degree could advance to a higher-level technical or managerial career, either through internal training or career ladders, are virtually gone. No longer can workers take for granted a middle-class lifestyle without a post-secondary degree or industry credential. Firms in Massachusetts are competing globally in an environment where access to appropriately skilled labor is one of the most critical factors in their competitiveness. This means that the state’s future economic success hinges on its ability to attract and retain skilled workers and to ensure that its residents have the skills needed to succeed in the work place.

CREATING A LIFELONG LEARNING SYSTEM

In 1993, the Massachusetts legislature passed the Massachusetts Education Reform Act (MERA) in response to increased concerns that our public schools were not graduating students with the basic skills needed to succeed. This reform effort, initially driven by the business community, had a number of key elements

—setting clear expectations for the system, maintaining high standards, building capacity in the system, and creating new tools to ensure accountability. Once consensus was reached on the need for and direction of reform, the Commonwealth increased its investment in education by about \$2 billion over ten years, raised standards and established clear accountability measures.

Although workforce development systems change is needed, the task is quite complex. In school reform, the system that was the focus of change was clear: the K-12 public school system. In the case of the education and training of adults, there is no consensus on what the system is or who constitutes the participating stakeholders. Similarly, there is no clear and agreed upon vision or strategy, and there is no common language to facilitate interaction and communication. This lack of understanding has led to under-investment in human capital development, especially for low-skilled workers, by employers, individuals, and government at a moment when such investments are critically needed. Performance standards and accountability for outcomes remains unclear or nonexistent despite the best efforts of some in the field.

As successful as the school reform effort has been to date, MERA should be considered only the first phase of the state’s workforce development agenda. A true system of lifelong learning would provide multiple learning opportunities for our citizens from pre-K throughout their careers. The state’s economic future and its residents’ economic well being depend upon our ability to meet the long-term human capital challenges that we now face. We cannot prosper as a Commonwealth without addressing the serious skills and systems gaps that keep many residents in poverty and limit the productivity and competitiveness of our businesses and the economic growth of our communities. Simply put, it’s time to get the job done.

THE NEW SKILLS AGENDA: IDENTIFYING CRITICAL CHALLENGES

There is broad agreement that Massachusetts’s workforce development system requires improvement. These challenges, however, are not limited to Massachusetts—every state is now struggling with how to ensure that residents have the skills needed to prosper in a knowledge-based economy and that businesses have the skilled workers needed to remain competitive.

During interviews with key stakeholders in the Massachusetts system—including leaders from community-based organizations, community colleges, the adult literacy system, employers, business organizations, organized labor, state policymakers, and academic and policy analysts—we heard the following:

✓ **There is no unified vision or widely agreed upon strategy for improving the system**

While it might not be possible to get everyone on the same page and create a truly unitary system, there are currently too many different outlooks and perspectives. There has been no coherent strategic planning process bringing together the key stakeholders to reach consensus about vision, outcomes and strategy. There is not even a common language for defining and discussing the system. Until we agree on the basic vision and reach consensus on fundamental principles, discussions about workforce development will continue to result in moving boxes on organizational charts and fighting turf battles over scarce resources.

✓ **We are far from reaching scale in terms of meeting adult education and training needs**

Another considerable challenge on which there is widespread agreement is that our current system has not come close to addressing the scale of the problem. Waiting lists for adult literacy and ESOL classes remain very long. According to the Massachusetts Department of Education, there were almost 24,000 prospective students on formal, active waiting lists in September 2003. Thousands of workers do not have skills needed to advance in their jobs and have been trapped in low-paying jobs. Current public funding for basic skills training is not sufficient to reach the numbers of adults who have limited English language abilities, who lack a high school diploma or equivalency, or who are currently working but have math and reading skills below the 10th grade level.

✓ **Participants in the system lack ready access to the labor market information they need to make informed decisions**

Currently, there is considerable labor market information provided by the Commonwealth. This includes secondary data on the economy and the labor force, information on training programs, information on occupations and careers, and projections about future occupational needs. However, most of the participants in the system do not know what information is available and how to obtain it. As is often the case in meeting information needs, there are barriers related to access, timeliness, and scope. Among the information participants in the system need to make informed decisions:

- Employers need information on wage and salary data, workforce demographics, skill profiles of available workers, and the training available through the full range of learning providers.

- Residents need access to accurate, real-time career and labor market information including job availability, skill demands, pay and benefit information, information on available education and training programs and financial aid information.
- Policymakers need information on employment and occupational trends in the region, and the characteristics of the regional labor market, as well as detailed information on key economic clusters.

While much of this information may be available, the real issue is whether residents, employers and policymakers know it exists and know where to get it.

✓ **There are no shared standards for competencies for the adult workforce**

One of the pillars of educational reform in the Commonwealth has been the development of standards—the identification of the Common Core of Learning, the development of Curriculum Frameworks, and the use of MCAS to determine student and school success in meeting these standards. There is no parallel set of basic skills standards across the workforce development system.

✓ **The system is not aligned**

There are many levels on which alignment in the workforce development system is a continuing challenge. These include:

1. The alignment of economic development and workforce development;
2. The alignment of the pre-K–12 system with post-secondary education;
3. The alignment of adult basic education system with post-secondary education; and,
4. The alignment of various funding streams and programs of various state agencies providing workforce development services.

✓ **The level of collaboration amongst learning providers and other service providers in the system is not as strong as it should be**

One clear area of unanimity amongst the individuals interviewed was the continued confusion about the role of various organizations in workforce development, frustration with the number of organizations involved, and concerns about continued turf battles. The fact that there are many providers and public agencies is a product of both history and the very complexity of the

marketplace. And many believe that a diverse and competitive group of providers is a positive feature of the system. Yet, increased coordination and collaboration are also viewed as necessary to produce efficiencies that will conserve scarce resources. The various service providers generally recognize the importance of collaboration, yet have not been given sufficient incentives to fully embrace this approach.

✓ **System accountability is constrained by the lack of common performance measures and ability to track results**

With no vision and strategy, the Commonwealth has not effectively identified a set of specific outcomes it is seeking to achieve and a set of performance measures to gauge success. There are performance measures related to the traditional clients of the system, including placements, retention, and increased skills amongst individuals participating in public programs. However, there are no measures of performance for the system as a whole. How will we know when the system is achieving the desired outcomes?

✓ **The system is not effectively leveraging private sector involvement and funding**

It is important to remember that the vast majority of investment in building the human capital base of a region comes from individual employers and workers. The degree to which employers invest in their employees and provide opportunities for skill enhancements and development is probably the most important indicator of whether scale has been reached in addressing regional human capital challenges. If the business community is not providing leadership in the region's workforce development, not participating in defining the skills needed by employees, not providing existing employees with opportunities for career advancement, and not contributing financially to education and training, it is unlikely that the education and training needs of the Commonwealth will ever be met.

While employers are currently making some investments in human capital, many are under-investing in the human capital development of low-skilled employees. To reach scale and meet the literacy needs in the Commonwealth, we need to think more creatively about how to leverage existing private training dollars and maximize the use of the existing training infrastructure. There are many studies that have identified the increased return to employers for various types of training. These returns include reducing employee turnover, reducing the costs of recruitment, increasing productivity, and increasing the quality of products and services. For many reasons, employers are unable to capture

the full return on their investments in education and training.

✓ **Basic career literacy amongst individuals is weak**

Individuals do not fully understand the needs of the job market and the increases in wages that would be associated with an investment in their own education and training. For example, many residents do not fully recognize that, in a knowledge-based economy, a high school degree is no longer adequate. Further training and/or a post-secondary degree are now a requirement in order to obtain and keep a job with a family-supporting wage. This lack of knowledge fuels under-investment on the part of individuals in the system.

✓ **The system does not operate on a regional basis**

Employers draw on a relatively wide geographic area for their workforce. Yet the workforce system is not organized to parallel the geographic scope of the labor market. Clearly, in a global economy increasingly defined by regions, the workforce development system should operate on a geographic level that is consistent with the market.

Furthermore, capacity is uneven across the Commonwealth. First, certain regions of Massachusetts, particularly the more rural regions, are underserved and do not have the full range of access to learning providers and intermediaries who are serving the education and training needs of adults in the system. Second, there is variation in the effectiveness of learning providers and intermediaries.

BUILDING A FOUNDATION FOR SYSTEMS CHANGE

The workforce development challenges faced by Massachusetts, with their deep implications for the Commonwealth's long-term economic competitiveness, demand a strong, creative, and sustained response among all who are concerned about our economic future. But what is the appropriate model for a workforce development system that can meet the challenge? States around the country are struggling with the same question, and while no clear answer has emerged, much has been learned that can begin to point us in the right direction.

REDEFINING THE SYSTEM

With the emergence of a new set of human capital issues, participants in workforce development have begun to reexamine some of the underlying assumptions, definitions, and directions of the workforce development system. The talk is now about "reforming the workforce development system." While there is no clear consensus about what is meant by the term "workforce

development system,” it is clear to all involved that what is currently referred to as the system is no system at all.

The current non-system is what the Commission on the Skills of the American Workforce characterizes as a “crazy quilt of competing and overlapping policies and programs”—a historical accumulation of a wide range of public, private, and non-profit organizations and activities that are the legacy of decades of public sector initiatives.² The primary clients of this system are targeted populations—primarily dislocated and low-income workers—who face special barriers to labor market participation. Within this context, system reform has typically been interpreted to mean aligning public funding streams to ensure that the needs of these targeted populations are more effectively addressed.

However, the emerging definition of the workforce development system is broader and more comprehensive. The dictionary definition of system is “a group of interacting, interrelating, and interdependent elements forming a complex whole.” The Corporation for a Skilled Workforce, a national non-profit policy organization that helps states and communities manage changes in their workforce development systems, describes a workforce development system as “*all of the public and private investment and activities undertaken to ensure that individuals both are employable and have jobs and, simultaneously, to ensure that companies can find and develop the skilled workforce they need to be successful in the world marketplace.*”³ In this view, all of the workforce development funding sources, organizations, and programs function together to provide the resources and capacities to help all individuals, including those currently employed, to obtain the services that will enable them to obtain jobs and advance in their careers, and to help all employers access employees with appropriate skills and further develop the skills and credentials of incumbent workers.

The challenge for Massachusetts—as for all states—is to reach consensus on what the system is and what can be done to create coherence out of this set of historical legacies and mismatched resources.

BROADENING THE STAKEHOLDERS

The conventional model of workforce development included a fairly narrow group of stakeholders, each segmented into dis-

tinct silos. Targeted beneficiaries received services from designated service providers who, in turn, received dedicated funding streams from sponsoring agencies. Workforce Connections, a Pittsburgh-based workforce intermediary, establishes the following criteria for a world-class human capital market:

- **Beneficiaries** consisting of employers who are ready to hire and have value-adding human resources policies and practices; and job seekers and incumbent workers who take responsibility for their career path, and are committed to lifelong learning;
- **Learning Providers** who are flexible, responsive, and prepare, educate and train job seekers and incumbent workers to contribute to local employers;
- **Brokers and Intermediaries** who are networked and responsive to the changing needs of the human capital market;
- **Investors** who are public and private funders of workforce development; and,
- An **infrastructure** whose structure and processes ensure alignment and coordination of market activity.⁴

This new model recognizes a broader set of stakeholders engaging in a more complex set of interactions.

1. Beneficiaries: employers, job seekers and incumbent workers

In the conventional model of workforce development, the primary beneficiaries are individuals who are unable to earn an adequate living or are threatened with severe income loss. This orientation has led many businesses and residents to view the system as offering little benefit to them.

Under the new model, beneficiaries are defined more broadly. In a knowledge-based economy, skill enhancement is necessary for most workers. With rapid changes in technology and work processes, employed workers now need new skills to ensure a secure future. And employers must have the ability both to attract new workers with appropriate skills and ensure that existing workers are able to adapt and remain productive. While skill-building for low-income and dislocated workers clearly remains a priority, the new model serves three broad beneficiary groups:

- All of the residents of the state who comprise the supply side of the labor market;
- All employers in the state who are seeking appropriately

2 *America's Choice: High Skills or Low Wages*, Commission on the Skills of the American Workforce.

3 *Performance Excellence in One-Stop Career Center Operations*, Brian Tell and the Corporation for a Skilled Workforce, January, 2000.

4 *Southwestern Pennsylvania Workforce Development Process Mapping Project*, Workforce Connections. Workforce Connections was created to facilitate the development of a demand-driven, regional workforce development market in Southwestern Pennsylvania. The organization was created by the philanthropic community in Pittsburgh to oversee the implementation of a regional workforce development strategy.

skilled workers; and

- The community at large, which benefits from a more educated and skilled populace through a higher quality of life and a more equitable and sustainable economic future.

WHO BENEFITS FROM THE WORKFORCE SYSTEM

CONVENTIONAL THINKING	"SYSTEMS" THINKING
Low Income Adults	Individuals— increased wages
Dislocated Workers	Employers— higher productivity
Youth	The Commonwealth— enhanced competitiveness

2. Learning Providers

In the conventional model of workforce development, community colleges, community-based organizations and non-profit institutions are the primary providers of education and training services. The new model defines the learning provider universe to include the entire education system, as well as the rich array of private proprietary schools and other commercial training providers that are part of the system. Employers use a range of training providers to enhance the skills of their workers. These include equipment vendors, industry trade associations, individual training consultants, training consortia, and private proprietary schools.

Workers are also served by a wide array of providers. While community colleges are critical to meeting the needs of emerging workers and adults, private proprietary schools and distance learning through for-profit colleges and universities located outside of Massachusetts provide credentials and training to a large number of residents of the Commonwealth.

3. Brokers and Intermediaries

The labor market has long had a set of intermediaries or brokers whose role is to help match job seekers with employers. These include private employment agencies and government job services. As skill demands have become more complex and jobs have become less stable, the need for labor market intermediaries has increased and their functions have expanded. Under the new systems model, intermediaries provide the support and linkages necessary to align and coordinate labor market activities. This goes beyond matching individual job seekers with employers to working with entire industry sectors, coordinating complementary workforce services, addressing retention and career

advancement needs, and helping employers upgrade human resource policies and practices. Organizations playing intermediary roles can include Workforce Investment Boards, employer organizations, labor unions, and community-based organizations.

4. Investors

There are five major sources of investment in the system. One source is government—federal, state, and local agencies that provide funding to support designated education and training programs and services. Government funding addresses imperfections in the human capital market and the need to target certain workforce segments. A second source, national and regional foundations, acts as an important supplement to public funding for targeted initiatives. Labor unions provide a third source, establishing a wide range of apprenticeship and other skills training programs for their membership. However, the two largest sources are, in fact, the workers and employers who pay directly for education and training services.

Under the conventional model, federal and state taxpayer funding is often viewed as the most critical source of workforce development investment. As a consequence, the design of the workforce development system at the regional and local level has been driven by complex public funding streams that encourage fragmentation.

The new model recognizes that public funding streams are a relatively small slice of the total investment in the workforce development system. The new model takes into account the full range of funding streams and identifies ways to coordinate and leverage taxpayer funding most effectively by emphasizing accountability among all parties.

Employers spend a significant amount of money and directly fund training in a number of ways. They train all levels of employees through in-house and contract training. In addition, they absorb the costs of providing release time for their employees to obtain training. Finally, many offer tuition reimbursement programs that support skill upgrading. National estimates indicate that employers are spending, on average, about two percent of their payrolls on training. Based on this estimate, Massachusetts' employers invested about \$2.6 billion of a total \$130 billion payroll on employee training in 2001.⁵

Often forgotten in discussions of workforce development funding is the willingness of individuals to pay for training with

⁵ Massachusetts payroll figures provided by the *2001 ES 2002 Report*, Massachusetts Division of Employment and Training. Total wages of private employers represents 2001 annual average.

their own resources. Many workers use their own funds to pay for advanced training. This is not only for college tuition. Adults interested in career change pay tuition to private proprietary schools to gain new credentials. Even individuals at the lower end of the income scale pay for educational services. For example, many immigrants in Massachusetts are paying for ESOL services. In fact, some providers believe that when individuals pay for a portion of these services, their level of engagement and commitment to the learning process increases.

“Often forgotten is the willingness of individuals to pay for training with their own resources.”

5. Infrastructure

Under the conventional model, the role of government was primarily to develop and fund programs to overcome employment barriers for targeted population groups. Under the new model, government’s role is to ensure that the *infrastructure* is in place to enable the labor market to function effectively for businesses, workers and society as a whole. Most fundamentally, this means ensuring that investment is sufficient to enable all residents to gain the basic skills needed in today’s economy. It also means establishing skill standards and the accountability mechanisms needed to move the system toward achieving those standards. And it means addressing information gaps that constrain participants from making appropriate investments in education and training.

ADVANCING THE NEW SKILLS AGENDA

Many steps can be taken to begin this process. Based upon the design principles outlined above, we propose four concrete actions that we believe will contribute to building a new system of life-long learning for the state’s low-skilled workers.

1. Establish a basic skills credential to signal work readiness

If done correctly, a new basic skills credential could represent the unifying force within the workforce development system, instilling confidence among stakeholders, particularly the private sector. Such a credential can certify that a worker has mastered all general skill areas that are critical to the modern work place. This includes both basic skills (i.e. reading, writing, and math at the 10th grade level) and new basic skills (i.e. problem solving, teamwork, communication, and using information technology). A new basic skills credential will only be successful if it is meaningful to the business community.

MCAS ensures that students graduating from high school meet minimum academic standards. Skill standards are already well established for most higher-skill occupations requiring post-secondary credentials. From a systems point-of-view, it changes the focus from process to outcomes. Similarly, establishing a basic skills credential will facilitate a common understanding among employers, workers and educators about the skills necessary to obtain employment, promote the development of programs that are appropriate to employer and worker needs, and provide metrics for assessing program performance. A basic skills credential:

- Allows for a diversity of pathways toward the attainment of skills, but with a clear focus on outcomes;
- Assures employers that job seekers have the necessary workplace skills and instills greater confidence in the effectiveness of the system;
- Provides workers with a meaningful entry-level credential and helps them understand more clearly what is required to succeed in the work place;
- Provides one-stops and job developers with an accurate assessment of work readiness;
- Helps education and training programs understand what outcomes they are responsible for so that they develop curricula accordingly;
- Provides Workforce Investment Boards (WIBs) and other funders with a single set of standards on which to assess program performance and hold vendors accountable; and,
- Provides all stakeholders with a common language for understanding and applying skill standards.

Action Item One

The Commonwealth, working in partnership with workforce development and business community leadership, should spearhead an initiative to develop common skill standards and assessment tools applicable to all workforce training programs. This would include establishment of a certification process whereby program participants would be issued basic skills certificates indicating the level of skills attained in critical work place skill areas. The work of developing the basic skills certificate could build on a significant amount of work that has already been done by a number of workforce development research and industry organizations at the national level. To get things started, the Commonwealth should sponsor a state counterpart of a recent national conference on voluntary skill standards, co-sponsored by the National Skills Standards Board, American Association of Community Colleges, National Association of Workforce Boards, and

a number of other national workforce development organizations. (See below.) Legislation requiring the establishment of a basic skills credential should be filed in December 2004 and adopted for FY 2006.

2. Increase program completion rates at community colleges

While adopting a basic skills credential can help workers obtain entry-level jobs, the ability to move up the career ladder to higher-skill jobs with wages that support a family increasingly requires a post-secondary academic credential. For many individuals, this means obtaining a certificate or associate's degree at a community college. Yet in Massachusetts, as elsewhere in the U.S., too many community college students are leaving school without obtaining a formal credential. A recent national study found that, among students entering community college with the intent of obtaining a formal credential or transferring to a four-year institution, only 39 percent had obtained either a degree or certificate within six years of their initial enrollment. An additional 12 percent had transferred to a four-year institution but had not yet attained a degree.⁶ Minorities, low-income students, and recent immigrants have the greatest difficulty obtaining post-secondary educational credentials. Research indicates that basic skill deficiencies and the time constraints faced by working adults are foremost among the reasons for not com-

pleting a degree program.

Not all community college students seek a formal degree. Some community college students take a course or two to pick up a very specific vocational skill or simply for the sheer love of learning. But for those students for whom a credential or degree is a must, we must do a better job. From the mid 1980s through the late 1990s, Massachusetts saw a decline of 25 percent in the number of associate degrees awarded to community college students.⁷ For many industries, the associate's degree has become the minimum requirement for entry-level jobs with a wage that supports a family.

At the same time that the number of associate's degrees has been declining, the number of post-secondary certificates granted by community colleges is increasing. We need more information to assess the impact of certificates on earnings. For example, do certificates increase earnings? Which certificates are more valuable than others in terms of increased earnings? Do employers value certificates? We should not endorse certificates as an alternative to the associate's degree until a full assessment of their impact on skills and earnings is completed.

The Commonwealth must make a commitment to significantly increase the proportion of community college students receiving formal post-secondary academic or vocational credentials. State policymakers and community college leaders, work-

Development of State Work Readiness Credentials to Measure Basic Skills

The National Institute for Literacy (NIFL) and the National Skills Standards Board (NSSB) are teaming up with the states of New Jersey, New York, Pennsylvania, and Washington to build a Work Readiness Credential. The credential will define, measure, and certify that individuals have mastered the knowledge, skills, and abilities they need to succeed in entry level work in the 21st century work place. The two organizations are currently working with businesses and other workforce partners in the four states to build consensus on a work readiness profile and to define a common standard for education and training programs. They expect to field test the credential assessment in partner states in spring 2004, with a goal of completing the credential delivery system by spring 2005.

It is expected that education and training programs will

offer courses of instruction to prepare students to qualify for this credential, in the same way they design courses to prepare adults to pass the GED. This can also be used as a job readiness assessment tool by one-stop centers and other job developers and as an accountability tool by workforce investment boards.

NIFL, established by Congress to develop tools to strengthen adult literacy, works extensively to develop and promote the adoption of skill standards for adult education programs. NSSB is a coalition of leaders from business, labor, employee, education and community and civil rights organizations created to build a voluntary national system of skill standards, assessment, and certification for workforce training programs.

6 U.S. Department of Education, National Center for Education Statistics, 1996/01 Beginning Postsecondary Students Longitudinal Study.

7 Fogg, N.P. and Paul E. Harrington. "Higher Education Advantage: Economic Thinking or Wishful Thinking?". *Connection*, The Journal of the New England Board of Higher Education. Volume XVII, Number 2, Fall 2002.

ing with other key actors, must look for innovative ways to help students stay in school and successfully complete programs. Experience in Massachusetts and elsewhere suggest that a range of approaches should be considered. These include:

- Improving developmental (remedial) education programs and better linking them to credential-granting programs;
- Building more connections between remedial, occupational, and academic transfer programs to create an integrated series of stepping stones by which students can advance over time to successively higher levels of education and employment;
- Providing a more supportive educational environment, including improved and expanded counseling services, and partnerships with community-based organizations to provide child care and other support services;
- Instituting curriculum innovations that ease obstacles to earning a credential, including better integration of credit and non-credit courses and programs, increased use of distance learning, and more flexible and convenient scheduling;
- Expanding Adult Basic Education (ABE) to college transfer programs that help working adults succeed in post-secondary education;
- Establishing more partnerships with employers to better integrate work and education; and,
- Offering financial incentives that address the high cost of college for low-income individuals and advocating for changes in federal financial aid law to meet the needs of working adults.

Action Item Two

Efforts are underway at the state level to establish a system of performance accountability for Massachusetts community colleges. This is long overdue. We believe, however, that the key performance indicator must be community college program completion rates. Incentive funding that rewards and recognizes improvement in completion rates should be included as part of the funding for community colleges in the next fiscal year.

3. Match resources with needs, starting with ESOL programs

Returning to the challenges posed in MassINC's *New Skills for a New Economy* report, the scale of these challenges is formidable. Whether literacy efforts are managed by community colleges or the existing infrastructure of community-based organizations and school districts, long waiting lists for adult basic education will continue. Clearly, more resources are needed from both the

Community College Performance Measures in North Carolina

In North Carolina, institutions meeting benchmarks for 12 established performance measures are authorized to carry forward 2 $\frac{1}{3}$ percent of their unexpended annual state funding into the next fiscal year. The performance measures are:

1. Progress of basic skills students;
2. Passing rates for licensure and certification examinations;
3. Goal completion of program completers and non-completers;
4. Employment status of graduates;
5. Performance of college transfer students;
6. Passing rates of students in developmental courses;
7. Success rate of developmental students in subsequent college-level courses;
8. Student satisfaction of program completers and non-completers;
9. Curriculum, student retention and graduation;
10. Employer satisfaction;
11. Business/industry satisfaction with services provided; and
12. Program enrollment.

public and private sectors. But, this alone will not be sufficient. We also need to look at how to refocus the existing resources to meet the scale of the problem in the Commonwealth.

Perhaps nowhere are the Commonwealth's workforce development resources so poorly matched with need than in the case of recent immigrant workers. The role of recent immigrants in the state workforce has increased dramatically during the past decade. According to a study by the Center for Labor Market Studies at Northeastern University, 337,000 immigrants, 249,000 of them in the labor force, arrived in Massachusetts in the 1990s, making the state the second most dependent, after New York, on immigrant labor. New immigrants accounted for all of the state's labor force growth during this period—in fact, the native born civilian labor force actually declined. This represented a radical departure from developments of the prior two decades, when the vast majority of new workers were native-born residents.⁸

Many of these new immigrants need education and training in order to become fully productive members of the state workforce. Well over half have limited English language

⁸ *Immigrant Workers in the New England Labor Market: Implications for Workforce Development Policy*, New England Office of the Employment and Training Administration, U.S. Department of Labor, Andrew Sum et al., October, 2002.

skills and a third lack a high school diploma. According to the Massachusetts Department of Education, over 16,000 individuals were on waiting lists for ESOL programs in September 2003, about 2½ times the number on waiting lists for ABE programs. (In all likelihood, the number of individuals who would sign-up for an ESOL program if it was readily available is far greater). In FY2002, the average wait for ESOL services ranged from six months to two years. And while waiting lists have been growing, funding has been declining. Since May 2002, the waiting list for ESOL students has grown by over 10 percent while state Department of Education funding for ABE and ESOL programs combined declined in both FY2003 and FY2004.⁹ We need to reverse this trend.

The Commonwealth must rise to the challenge of ensuring that these new workers reach their full potential and make the maximum contribution to the state economy. Statewide policymakers must work with employers and ESOL providers, including higher education institutions, community-based and non-profit organizations, local school districts and libraries, and unions, to develop a state ESOL strategy that increases service levels, devises new and more effective service delivery strategies, and identifies ways to both leverage existing resources and tap into new funding sources. Among the strategies that should be considered, drawing from recent initiatives and innovations in Massachusetts and elsewhere, are the following:

- Increasing state investment to meet demand for adult basic education;
- Expanding teacher recruitment and training;
- Increasing the use of distance learning technologies, including the internet, videoconferencing, and CD-ROMs and videotapes;
- Improving program efficiency through broader dissemination of best practice research and model curricula;
- Providing more convenient class scheduling, including weekend and evening classes for working people;
- Expanding efforts to use public funds to leverage private dollars to provide more classroom seats to English language learners;
- Partnering with employers to provide more work-place literacy programs and establishing a basic skills tax credit for employers who provide English language instruction to low-skilled employees; and,
- Establishing better integration of English language instruc-

tion into occupational or academic programs to contextualize learning.

Action Item Three

MassINC's *New Skills for a New Economy* report called for the elimination of the waiting list for ABE/ESOL services. That should still be the state's ultimate long-term goal. However, because of the increasing demand for such services, we are a long way off from meeting this goal. We believe a realistic short-term goal is to work toward cutting the waiting list in half, especially in urban communities where the need and the potential benefit is the greatest. This can be accomplished through a combination of public and private funding, improving program efficiency, and utilizing technology where appropriate to improve learning. At the same time that we increase investment in ESOL, we need an ongoing evaluation of ESOL programs that measures student progress and holds providers accountable for results. Because of the important role ESOL plays in helping immigrants advance in the workforce, program evaluation must include an analysis of the return on investment by measuring wage gains of program participants. A statewide strategy to reduce the ESOL waiting list should be adopted prior to FY2005.

4. Establish regional skill alliances

Labor markets are increasingly regional in scale. Employers look for workers and residents seek jobs not only within their individual communities but within groups of communities constituting functional labor markets. Workforce development activities must acknowledge this reality.

State policymakers have begun to recognize the regional nature of economic and labor market activity. In 2002, the Commonwealth issued *Toward a New Prosperity: Building Regional Competitiveness Across the Commonwealth*, a blueprint for economic development, which divides the state into seven distinct regional economies. The Romney administration's establishment of regional competitiveness councils in six of these seven regions, which seeks to move beyond analysis to organize policies and initiatives on a regional basis, is a step in the right direction. The councils bring together key economic stakeholders in each region, including leaders in the fields of business, economic development, and workforce development. The state is currently sponsoring further analysis of the regions as a basis for developing regional and statewide economic devel-

⁹ *Ibid.*

opment priorities.

These initiatives could be taken a step further through the establishment of regional skill alliances to more effectively plan and implement workforce development activities. Regional skills alliances could be organized in each of the seven economic regions already identified by the state, better approximating labor market boundaries than the state's 16 workforce investment areas (WIAs). WIA boundaries are a remnant of the Service Delivery Areas (SDAs) established in the 1970s for an earlier set of workforce development programs. If these boundaries ever approximated functioning labor markets, they do not today.

The skills alliances would bring together one or more Workforce Investment Boards with other key stakeholders in the workforce development system, including employers, economic development professionals, organized labor, community leaders and educational institutions, to develop workforce development initiatives on a regional basis. Activities of the alliances could include:

- Promoting greater public awareness of regional human capital needs;
- Collecting and disseminating of regional labor market and resource information useful to both jobseekers and employers;
- Establishing initiatives to support the workforce development needs of key regional industry clusters,
- Coordinating of the workforce development activities of regional higher education institutions and other training organizations; and,
- Coordinating regional workforce and economic development activities.

Action Item Four

By the end of this year, we believe that blueprints for establishing regional skill alliances should be completed for all regions across the Commonwealth. Once completed, the blueprints should be used to align public training funds with regional workforce needs so that funding better matches needs and helps build the skilled workforce necessary for our diverse regions to prosper. At the same time, state policymakers should undertake a comprehensive analysis of the current WIA boundaries to determine if consolidating regions provides more effective planning and service delivery across the Commonwealth.

GETTING THE JOB DONE

The reform of the state's workforce development system will require a sustained commitment on the part of all stakeholders. Currently there are several promising efforts underway to reform policy and practice and to provide more low-skilled working adults with the basic skills necessary to obtain the new skills needed for the new economy. It is time that our business community, policymakers, providers, and citizens address reform of the workforce development system with the same vigor and commitment that led them to school reform. As we learned from our experience with MERA, reform, like any large-scale change, is never easy. It takes leadership, vision, and a willingness to try new things. However, in the end, it is the results that matter. Our future economic prosperity depends on all of us getting the job done.

Thinking Regionally: Learning From Southeastern Massachusetts

The five workforce investment boards of southeastern Massachusetts recently established the Southeastern Massachusetts Workforce Investment Board (SEWIB) Consortium. Recognizing the increasingly regional nature of the labor market and the increasingly scarce resources available for workforce development, the five WIBs saw the consortium as a way to address cross-cutting workforce development needs and opportunities on a regional basis. The WIBs are in the process of developing an initial agenda of priority initiatives, based on a regional labor market study. These include:

1. Launching an educational campaign aimed at raising public awareness about the importance of human capital to the economic future of Southeastern Massachusetts;

2. Organizing learning activities for regional workforce development stakeholders to promote information, networking and relationship-building, learning about innovations in field, and problem-solving around common issues;
3. Developing new mechanisms to disseminate labor market and workforce development resource information on a regional basis; and,
4. Organizing a regional training initiative in the health care sector to fill education and training gaps, further coordinate and integrate training services, and promote career advancement through partnerships with employers and training providers.

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