

Higher Education and the Workforce: Issues for Reauthorization of the Higher Education Act

Bill Number:

Hearing Date: March 4, 2004, 10:00 am

Location: SD-430

Witness:

Dr. Beth Buehlman

Center for Workforce Preparation, U.S. Chamber of Commerce

Executive Director

Testimony

Beth B. Buehlmann

Prior to becoming Executive Director of the U.S. Chamber's Center for Workforce Preparation, Beth B. Buehlmann held a number of senior level roles where her primary focus was education and workforce development. Beth served as the Director of Federal Relations for California State University from 1991 to 1998, where she developed public policy positions and legislative strategies. She also worked as a Senior Legislative Assistant and Education Staff Director for the House Committee on Education and Labor under the direction of several Ranking Republicans, including Senator James Jeffords of Vermont and former Representative Bill Goodling of Pennsylvania. Her work at the federal level also includes policy research as an analyst at the National Institute of Education, now the Institute of Education Sciences in the Department of Education.

In addition to these positions, Beth has held numerous teaching positions at both the high school and university levels. Her academic appointments include serving as an adjunct professor for Nova Southeastern University, an adjunct professor at the University of Nebraska, and an instructor at Illinois State University. Beth also serves as a member of the Workforce Excellence Board and the National Commission on the High School Senior Year.

Beth received her Ph.D. in Higher Education Administration and Masters of Science degrees from Illinois State University. She earned her Bachelor of Science from Chicago State University.

Testimony of Beth B. Buehlmann
Vice President and Executive Director
Center For Workforce Preparation
United States Chamber of Commerce
Before The
Committee on Health, Education, Labor and Pensions
United States Senate
March 4, 2004

Mr. Chairman, Senator Enzi, and Members of the Committee

As the vice-president and executive director of the Center for Workforce Preparation (CWP), I am pleased to be here today to discuss the relationship between postsecondary education and our nation's ability to have a prepared, competitive workforce. The U.S. Chamber of Commerce is the world's largest business federation, representing the more than 3 million businesses and organizations of every size, sector and region. CWP, an affiliate of the U.S. Chamber, focuses on workforce development and quality education issues. It helps businesses and chambers in their communities find, use, and build resources to support productive workplaces and develop a skilled workforce.

Thank you for this opportunity to relate the challenges employees and employers face, as together, they strive to maintain a competitive American workforce. I would like to cover several points in my remarks – a skilled workforce is a bottom line issue for employers to remain competitive; postsecondary education is a necessary factor to achieving a skilled workforce; traditional concepts of postsecondary education may need broadening; and suggested policy considerations for the reauthorization of the Higher Education Act to address these concerns.

Across America, employers of all sizes share the view that a skilled workforce is essential to maintaining competitiveness. Chambers consistently report that workforce development is among the top three concerns of their business members. In CWP surveys of small and medium-sized businesses conducted over the past three years, employers report difficulty in finding qualified workers due to a lack of skills. Even more revealing were their responses when asked about the ability of their current workforce in meeting their future skill requirements. Within two years, about 30% of these employers no longer believe that the skills of their workforce will keep pace. Business quality, productivity and profitability depend on qualified workers who can perform on the job today and adapt to the new demands of tomorrow.

Technology, demographics and diversity have brought far-reaching changes to the U.S. economy and the workplace placing increased demand on the need for a well-educated and highly skilled workforce. In 1950, eighty percent of jobs were classified as “unskilled”; now, an estimated eighty-five percent of all jobs are classified as “skilled”. Today few working adults have the education and skills required for a knowledge economy – only 40 percent of adults in the workforce in 2000 had any postsecondary degree, associates or higher. In this decade 40 percent of job growth will be in jobs requiring postsecondary education; those requiring associates degrees growing the fastest. Hedrick Smith states that, “60% of our corporations are prevented from upgrading technologically by the low...educational and technical skill levels of our workers.” Clearly, there is a greater need for more educated and highly skilled workers than ever before.

One might think the answer lies in simply replacing unqualified workers with new, more qualified workers because that has been the response over the past twenty years. From 1980 to 2000 the size and skill of the workforce grew significantly. Baby boomers were in their prime employment years, women entered the labor force in large numbers, and

the number of college-educated workers more than doubled. However, these trends have ended.

The native-born workforce is aging – no new net growth is expected through 2020 in prime age workers. Immigrants and workers staying in the workforce longer are expected to account for all net workforce growth between now and 2020. Growth in workers with education beyond high school between the years 1980 and 2000 was 138%. Between 2000 and 2020 it is projected to be only 19%. Most of the 2020 workforce is already beyond reach of the K-12 system, which means that to upgrade skills, employers and workers will need to rely on postsecondary education.

Unfortunately, these findings also suggest that the severity of these current workforce challenges is just a precursor to a disconcerting forecast for the future. Looking forward, it is estimated that sixty percent of tomorrow's jobs, while involving variations of current business operations and practices, will continue to reflect the rapid advance of technology, requiring skills that are only possessed by twenty percent of today's workers. Many of tomorrow's jobs – estimated at forty percent -- don't exist today. These jobs will most certainly require a workforce of highly educated workers, utilizing skills that have not yet been identified in fields and operations that, today, are only being discussed in theory. These forecasts have led experts and analysts to project that, in the future, 4 out of every 5 jobs will require postsecondary education or equivalent training and that seventy-five percent of the today's workforce will need to be retrained just to keep their current jobs.

To correct these deficiencies, remedy the current workforce dilemma and alleviate the threat to American competitiveness and our economy, we must address the shortage of well-educated and highly skilled workers by ensuring employers and their employees have access to continuing education and training that is flexible and responsive to the rapid changes in the marketplace. Lifetime education and training is no longer an option, it is a necessity – for individuals, for employers and for the economy.

Looking ahead, employers and workers are going to place greater reliance on postsecondary education to address the ever-increasing skill demands of a competitive American economy. When the Higher Education Act was first authorized in 1965, a recognized purpose of it was the development of the workforce – directly out of high school. What these policies did not anticipate is the role postsecondary education would have in the ongoing advancement of working adults – or what we generally refer to as non-traditional students.

Mr. Chairman, any meaningful strategy to combat these workforce challenges must begin with a comprehensive education and workforce development system that incorporates the realities of a global economy. We are already attempting to improve our K-12 system, making it more competitive with other industrialized nations and leading to a more knowledgeable and highly skilled American workforce in the coming decades.

However, it is equally important to note that the deficiencies and challenges within the

existing workforce – individuals that are beyond the reach of on-going K-12 initiatives – also demand immediate attention. Absent a sustained investment in a comprehensive educational system that is responsive to the needs of employers and their incumbent workers, the American workforce will be ill equipped to compete in the global economy and American businesses will become less profitable and the nation's economic security less certain.

Thus, the U.S. Chamber supports an education agenda that addresses both the long-term objectives of American businesses and workers, as well as the more immediate workforce deficiencies that are best remedied through reauthorization of legislation currently pending before Congress: the Higher Education Act, the Workforce Investment Act and the Perkins Vocational and Technical Education Act. Reauthorization of these policies would provide employees and employers continuing access to essential retraining and educational opportunities.

Focusing on the reauthorization of the Higher Education Act, as the head of the Center for Workforce Preparation I think of at least two constituencies, the employers who need skilled workers and the adult workers who recognize the importance of postsecondary skills development. When one is determining how best to shape legislation with the worker in mind, it is critical to have an accurate understanding of the make up of the existing workforce and the obstacles they confront in the pursuit of their career aspirations.

These working adults are trying to balance careers, family responsibilities, financial and other personal obligations to get the education they need to advance in the workforce. They cannot afford to reduce their hours on the job and risk losing valuable wages while incurring additional expenses, such as tuition and childcare. Similarly, employers want and need their employees to keep pace with the escalating skill demands of the workplace. Employers, especially small and medium-sized, are not able to interrupt their operations for employees who are attending classes that make them unavailable during normal business hours. We need to examine the policies that we have in place. Many only focus on the needs of traditional students, and miss a very large group – the non-traditional and working adult students.

Seventy-three percent of all post-secondary students are non-traditional students. That is to say, they are not individuals that graduate from high school, go immediately to a four-year college and depend on parents for financial support. This large and growing segment of our population is mostly comprised of working adults who are seeking additional education and training to return to the workforce, remain current in their field, increase their earnings potential, pursue another job or consider a career change in today's demanding economy.

In 1999-2000 almost three quarters of American undergraduates were nontraditional in some way:

- More than half (51%) were financially independent
- Almost half (46%) delayed enrolling in college

- 39% were adults 25 years of age or older
- Almost half attended part-time (48%)
- 39% worked full time
- Just over one-fifth (22%) had dependents; 13% were single parents.

In 1999-2000 most non-traditional students (82%) age 24 or older worked. Over 80 percent report that gaining skills to advance their current job or future career was an important consideration in their postsecondary education. Roughly one-third enrolled to obtain additional education required by their jobs.

Census Bureau data show that monthly earnings increase significantly with increased education levels. From 1991 to 1999 the number of adults participating in any form of education increased from 58 million to 90 million. Almost 45 million were taking work-related courses and 18 million were seeking formal postsecondary credentials. With longer workweeks, there is limited time for education and training. It is understandable then that working adults overwhelmingly prefer short, intensive programs and find it difficult to sustain even a part-time commitment over a period of 15 weeks – the length of the traditional college semester. Employees and employers both are seeking curriculums and training programs that impart relevant knowledge and skills that have a practical application in the workplace. The availability of flexible and modularized programs is key to meeting these needs.

The strength of America's postsecondary education system is the diversity and types of institutions providing courses, programs and training for adult workers – two and four year, public and private, and non-profit and for profit. Some institutions are better able than others to provide coursework that is relevant to the workplace. Others can adjust more quickly to the needs of employers with just-in-time training. Regardless, the opportunity for many adult workers to access this education and training is limited by some of the provisions of the Higher Education Act.

A number of provisions in the Higher Education Act are outdated and limit the ability of postsecondary education institutions to provide innovative solutions to America's workforce needs. The reauthorization of the Higher Education Act provides an opportunity at a critical juncture in the development of the economy for the members of this Committee and this Congress to modernize it to meet the new competitive demands of the 21st century. To meet this objective the Committee might want to consider: policies that foster collaboration among all types of institutions, including four-year institutions, community colleges and proprietary schools; financial aid reforms to help nontraditional students obtain access to postsecondary and ongoing education; broadened distance learning to accommodate the lifestyles and geographic restrictions of nontraditional students; and a strong and viable proprietary postsecondary education industry.

Financial aid reforms for less-than-half-time students

Working adults because they have jobs and often, family responsibilities, lack the time, money and flexibility to fit the traditional model of higher education. They typically are

able to attend school on a less than halftime basis and therefore get very little financial aid from federal or state sources. Working adults going to school less than half time are unable to receive assistance with living expenses that a dependent living in the same household would receive. Their expenses could be calculated more generously and their incomes more narrowly. Federal Direct Loan and Federal Family Education Loan Programs are not available to students taking courses on a less than half-time basis. All these barriers limit financial support for working adults and thus their ability to participate in postsecondary education or training. In addition, consideration could be given to year-round eligibility for Pell Grants providing more flexible and year round access to postsecondary education. So that there is a better estimate of the number of eligible Pell grant recipients for appropriations purposes, the Committee might want to consider having the cost estimates for Pell provided by the Secretary of Education with input from the Secretary of Labor.

Modification of financial aid eligibility to shorter term and more flexible educational programs and greater utilization of distance learning

The “12 hour rule” is a barrier to schools developing and using distance learning programs. This rule requires full-time students to be in a classroom for at least 12 hours each week to be eligible to receive student aid. In order to meet the needs of adult workers, this provision might be modified to include shorter credential programs, modularization of courses, open entry/open exit programming and distance learning. In addition, the “50 percent rule” that requires an institution to offer no more than 50 percent of its courses on-line, limits opportunity for adult learners. On-line delivery of programs is an effective way to reach adult workers that may not have access, time or ability to enroll in traditional classroom settings. Technology is making rapid changes to the workplace, and it has great potential to reach new learners and create new educational opportunities.

Incentives for institutions that develop programs and schedules for working adults
Programs that lead to degrees are often campus bound or have prerequisites that are difficult to meet. Programs that require 60 to 75 credit hours are daunting when the student can take only three or four credits at a time. This perspective is exacerbated by the fact that adult workers may have industry-recognized certificates or credentials that are not recognized by traditional postsecondary institutions for credit toward a degree. Consideration should be given to applying the competencies developed through the certification programs toward traditional college credit. Additionally, because evening and weekend classes are not perceived as rigorous as more traditional scheduling by accreditation bodies, these courses are often offered for non-credit, denying working adult students the ability to accumulate credit toward a degree.

Establish flexibility for new collaboratives to deliver services

As we face shortages of workers in specific fields such as healthcare and teaching, as we approach the possibility of millions of retirements from the Baby Boomer generation and as the need for working adults to increase their workplace skills becomes acute, new ways of delivering these services must be created. With the qualified teacher requirement under No Child Left Behind Act, teachers need access to professional development

courses and may not have the time or the ability to travel distances to receive this training. Similarly in healthcare, access to training is critical. In addition to better on-line coursework access, classroom instruction schedules and locations must be flexible enough to accommodate work schedules of employed adults. Within communities across the country there are community colleges, proprietary schools, and other education and training programs, available to meet these needs. However, more traditional 4-year institutions may be geographically less available and require significant travel time in order to attend. In these situations, 4-year institutions may want the flexibility to collaborate with other educational entities in communities to deliver programs and services. Such flexibility may require a redefinition of eligible institutions and other considerations in order for students to remain eligible to receive financial aid and other supports.

Examine differences across institutions and what impact different treatment by federal and state law has on serving adult working students efficiently and effectively

The Higher Education Act has multiple definitions of institutions of higher education and distinguishes for-profit and non-profit and public institutions. These multiple definitions are confusing and fail to recognize the maturation of for-profit institutions and their contributions. These distinctions also limit the ability of students to transfer credits they earn at for-profit institutions to other institutions. If students are required to retake courses, the cost of education increases. Private sector postsecondary institutions have developed focused, market-responsive and innovative approaches that result in immediate and effective improvements in the workforce. Their success demonstrates how free enterprise goals can harmonize with a public mission: to provide career-focused degree and non-degree programs for students seeking educational and economic advancement and to provide American business and industry with a skilled and knowledgeable workforce.

These are just a few broad recommendations to align postsecondary education with the needs of employers and adult workers to become more skilled and remain competitive. Attached to this testimony are two sets of policy recommendations. One is from the Education, Employment, and Training Committee, the policy committee for the U.S. Chamber of Commerce. The other is from a partnership that the Chamber has formed with Corinthian Colleges, Inc., DeVry Inc., and Kaplan, Inc.

I want to thank the Committee for this opportunity to testify, and I would be happy to answer any questions you may have at the appropriate time. Thank you, Mr. Chairman.