



# Ensuring All Iowans Have the Skills to Drive Economic Growth and Security

**A policy agenda** to close Iowa's skills gap and build pathways to good jobs and economic security for all Iowans

Iowa Skills2Compete Coalition  
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## **Iowa Skills2Compete Coalition**

AMOS (A Mid-Iowa Organizing Strategy)

Central Iowa Works

Iowa Association of Business and Industry

Iowa Association of Community College Presidents

Iowa Council of Foundations

National Skills Coalition

United Ways of Iowa

United Way of East Central Iowa

United Way of Central Iowa

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To learn more about the Iowa Skills2Compete Coalition, please visit [www.centraliowaworks.org](http://www.centraliowaworks.org).

# Introduction

## A Renewed Call to Close Iowa's Skills Gap and Build Pathways to Good Jobs and Economic Security for All Iowans

The Iowa Skills2Compete Coalition is a statewide partnership of Iowa's business, community, education, legislative, and workforce development leaders that serve as an organized voice for "skills" at the state's capital and build more policymaker support for state policies that grow Iowa's economy by investing in its workforce.

The Coalition applauds the smart investments in the state's workforce to meet the demand for skilled workers that Iowa's policymakers have made over the last two years. Funding for community colleges has increased by almost 8 percent, although it still falls short of pre-recession levels.<sup>1</sup> The state legislature also passed legislation to create three new programs that address the skills gap and help more adult workers access the necessary education and training required by jobs in today's labor market. The *Pathways for Academic Career and Employment Act* enables community colleges to develop bridge programs to help adults with limited academic or English skills build basic skills and prepare for credit-bearing postsecondary education programs. The GAP Tuition Assistance Program supports students enrolled in non-credit certificate programs, the cost of which is not covered by federal financial aid, and yet offers the opportunity to earn certificates necessary to qualify for many middle-skill jobs.<sup>2</sup> The Skilled Workforce Shortage Tuition Grant Program helps students who are seeking education and training for jobs in industries experiencing acute shortages of skilled workers.<sup>3</sup>

Most recently, the Governor announced his *Skilled Iowa Initiative* which seeks to help more Iowans earn the National Career Readiness Certificate (NCRC) and encourage more employers to consider and hire workers who have earned this credential.<sup>4</sup> The Skilled Iowa Initiative is designed to improve the job training and marketability of Iowa's workforce and drive future economic growth for the state. Similar initiatives throughout the country have changed the landscape of local economies through programs that incorporate this nationally recognized assessment system. The assessment was designed to measure individual workers' skills in the areas of applied mathematics, reading for information and locating information. The Iowa Skills2Compete Coalition recognizes that the *Skilled Iowa Initiative* contains important components of engaging employers in the state's strategies and helping more Iowans learn the skill sets required for the labor market.

The Iowa Skills2Compete Coalition offers these policy recommendations to complement and accelerate the steps Iowa's policymakers have already taken for the state's industries and workers:

- ◆ **Appropriate \$5 million in state revenue for adult basic education and integrated learning programs, which combine literacy skill development with job training, to help more low-skill adult workers get on a path toward earning postsecondary credentials and having the necessary skills for employment.**
- ◆ **Invest in the use of pathway navigators at a level of \$2 million to ensure adult learners enrolled in career pathways programs complete these programs and earn skilled credentials.**
- ◆ **Create capacity within existing postsecondary education and job training funding to develop regional industry sector partnerships around the state.**
- ◆ **Ensure Iowa's education and workforce development system has the capacity to evaluate the impact of its initiatives and programs on closing skill gaps in key industries and counting numbers of credentials earned by workers through these efforts.**



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## An opportunity to drive economic growth

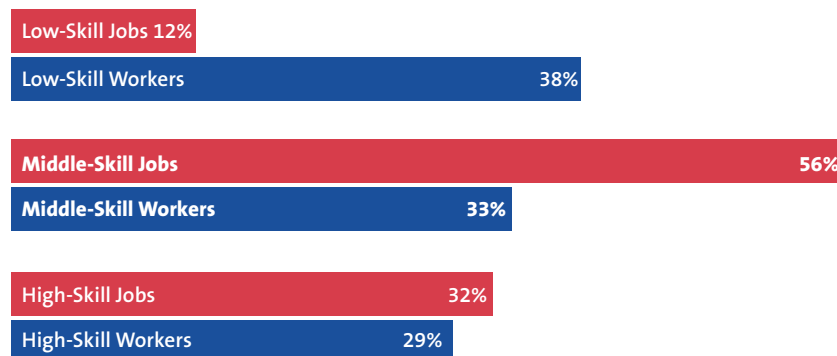
The “Great Recession” officially ended in June 2009, but for many, economic recovery is still elusive. Iowa, like most states, was hit hard by the economic downturn. At its worst point, unemployment grew to 6.3 percent. However, the state has proven resilient. The unemployment rate has dropped to 5.9 percent in 2011 and, for the first ten months of 2012, has averaged 5.2 percent, significantly less than many other states.<sup>5</sup> This has uniquely positioned the state to lead economic growth for the region and country.

Many of Iowa’s industries that are driving job creation are dominated by middle-skill jobs, which require more than a high school diploma but less than a four year degree. The term “middle skill” should not be confused with the actual competence and capacity of workers and occupations — many middle-skill occupations require highly skilled trade and technical workers.<sup>6</sup> Examples include medical technicians, welders, and electricians. These jobs are local and hands-on, meaning they are unlikely to be outsourced to other countries. Many are also good-paying. Yet, there is growing concern that there is not an adequate number of skilled workers to fill these positions.

## Growing workforce challenges facing Iowa’s economy

Iowa’s economic demand for skilled workers is strong and will remain strong for the foreseeable future. By 2020, 85 percent of jobs in Iowa’s labor market will require a high school diploma or equivalency and beyond, demonstrating a robust demand for skilled workers.<sup>7</sup>

### Iowa’s Jobs by Skill Level, 2011<sup>9</sup>

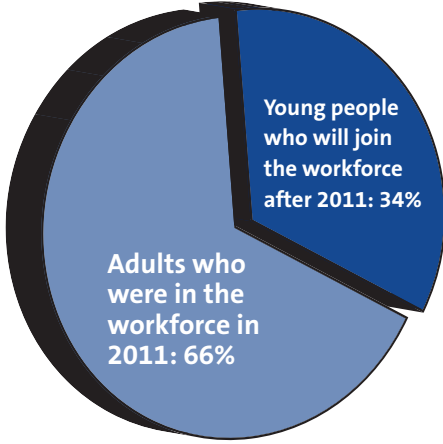


Source: Labor Force and Occupational Analysis Bureau, Iowa Workforce Development

*Middle-skill jobs already make up the majority of the jobs in the state’s labor market. Yet, only 33 percent of working Iowans likely have the skills and credentials for these types of jobs.<sup>8</sup>*



Iowa's Workforce of Tomorrow is in the Workforce Today<sup>10</sup>



*Iowa's future workforce is working today. Two-thirds of Iowa's workforce in 2025 will have already been working since 2011.<sup>11</sup>*



Source: Prepared by Labor Force and Occupational Analysis Bureau, Iowa Workforce Development Note: Population projections were obtained from Woods and Poole Economics, Inc.

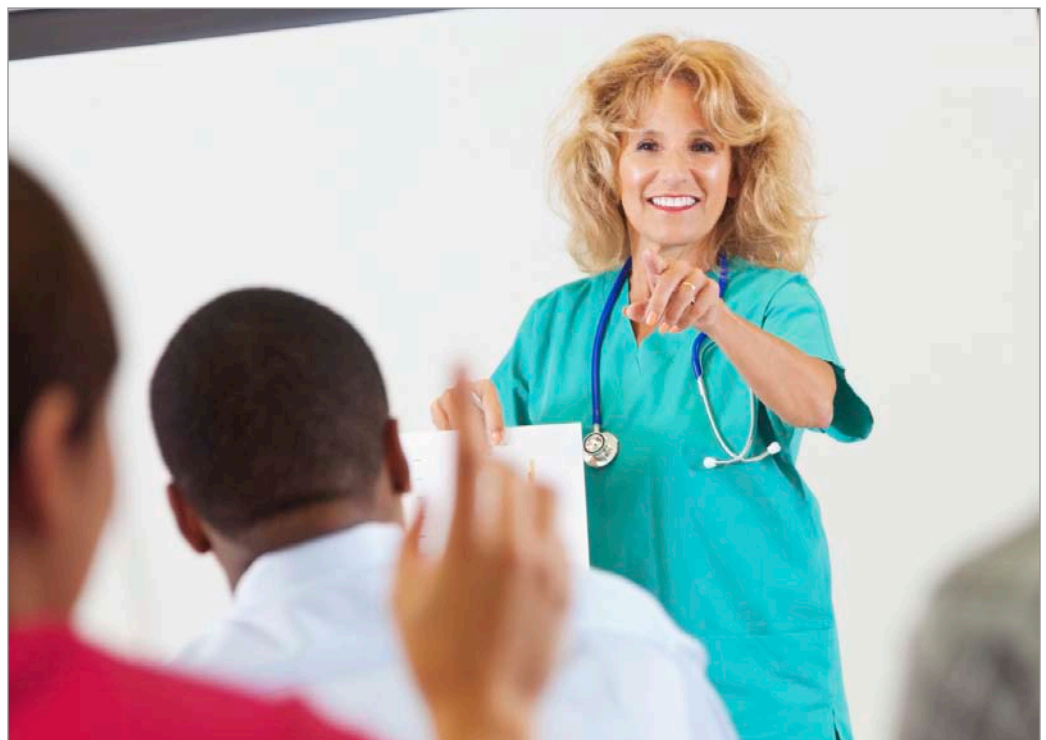


## Recommendation 1

***Appropriate \$5 million in state revenue for adult basic education and integrated learning programs, which combine literacy skill development with job training, to help more low-skill adult workers get on a path toward earning postsecondary credentials and having the necessary skills for employment.***

- ◆ Secure \$5 million in state revenue for the Iowa Department of Education to increase the percentage of eligible students served by adult basic education and integrated learning programs from the current three percent to ten percent.

If current demographic trends hold, Iowa cannot just focus on moving youth from high school to college to meet its demand for skilled workers. Important conversations need to take place with the K-12 system to create a seamless transition from career and technical education to post-secondary education or job training. Adults and adult basic education (ABE), English as a second language, and GED preparation must be part of Iowa's educational strategy. In fact, at least 60 percent of its workforce, ages 25-65, should have a postsecondary degree by 2025 for the state to remain globally competitive. This means that Iowa will need to produce an additional 108,807 degrees to meet this threshold.<sup>12</sup> Yet, more than 289,280 working age Iowans have not completed high school or obtained a GED; only two percent (5,536) of this target population took the GED test in 2011.<sup>13</sup> Iowa must reach more of the working age adults who need to participate in adult literacy programs. However, limited resources make this effort challenging, because Iowa does not contribute any targeted state funding for these programs. It is one of only three states to rely solely on federal funding through the Adult Education and Family Literacy Act (AEFLA) even though it is intended to supplement state funding.<sup>14</sup>





*An appropriation of \$5 million in FY 13 in adult basic education and related programs would have a net value of \$25,842,030, and a rate of return of 24 percent. That is, the State of Iowa gets all funding dollars back plus an additional \$20,842,030 million for the FY 13 appropriation.*

Investments in adult basic education are smart bets. These investments put more adults who lack a high school diploma or GED on track to earn these basic credentials and then go on to work toward postsecondary degrees. Studies show Iowa high school and high school equivalency graduates earn an average of \$5,347 more per year than non-graduates.<sup>15</sup> An appropriation of \$5 million in FY 13 in adult basic education and related programs would have a net value of \$25,842,030, and a rate of return of 24 percent. That is, the State of Iowa gets all funding dollars back plus an additional \$20,842,030 million for the FY 13 appropriation.<sup>16</sup> This funding would support efforts to provide adult literacy to at least ten percent of the eligible population.

This funding would also allow Iowa to expand its capacity to move adults more rapidly from basic skills development to postsecondary education and employment. Adult basic education is the first important step for Iowans, but without linkages to college courses, many adult learners do not develop the skill sets needed to be successful in education or employment. Integrated learning programs, which combine basic education with technical training, have a proven track record for helping Iowans build basic skills and move onto postsecondary education and employment. Since 2010, Iowa's community colleges have developed contextualized learning programs, integrated GED courses, certificate-bearing job training programs, assessment certificates, and other creative educational approaches to move adult learners from non-credit and credit courses more seamlessly while also meeting local employment needs.<sup>17</sup> Since initial investments to start these programs have ended, continued state funding will ensure that the momentum is not lost for getting more adult learners the skills needed for further education and employment.

## Recommendation 2

***Invest in the use of pathway navigators at a level of \$2 million to ensure adult learners enrolled in career pathways programs complete these programs and earn skilled credentials.***

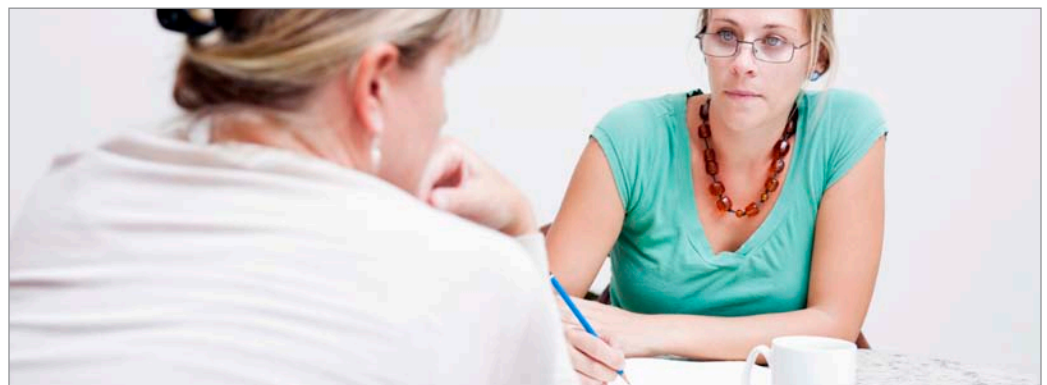
- ♦ Allocate funding in the amount of \$2 million for the purposes of staffing pathway navigators to work with students enrolled in career pathways programs. These navigators would provide service and support coordination, including but not limited to education and workforce training, helping students make childcare and transportation arrangements or get tutorial assistance.
- ♦ Use a portion of the state's federal allocation of Temporary Assistance to Needy Families (TANF) to fund pathway navigators to serve TANF-eligible students enrolled in community college bridge programs or other approved training organizations.

Iowa policymakers took an important step toward building a robust career pathways system for the state by enacting The Pathways for Academic Career and Employment Act (PACE) in 2010. A career pathways system consists of a series of connected education and training programs and support services that enable individuals to move through successively higher levels of education over time.<sup>18</sup> PACE has strengthened community colleges' ability to help adult learners move smoothly from adult basic education to degree-bearing programs.

In addition, supportive services are also an essential component of successful career pathways systems. Workers often need guidance on how best to take advantage of the education and training opportunities available to them. They may also need help with troubleshooting life challenges so they can finish these programs. To date though, education and training providers must often pull together a patchwork of funding and in-kind resources to provide this kind of support to adult learners, and most times it's still not enough to match the need.

Dedicated investments to fund the work of pathway navigators can fill this need. A pathway navigator provides service and support coordination to aid workers in selecting education and training programs that result in gainful employment and ensure they are successful once enrolled in these programs.<sup>19</sup> This may mean helping workers figure out childcare and transportation arrangements, or securing tutorial assistance if they have difficulty with particular training concepts. Ultimately, navigators can ensure more workers in a local community are better aware of the training opportunities available to them and reduce the number of workers that prematurely drop out of these programs due to life circumstances or competency issues.

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## Recommendation 3

### **Create capacity within existing postsecondary education and job training funding to develop regional industry sector partnerships around the state.**

- ◆ Delineate partners, activities, and outcomes for establishing industry sector partnerships in each community college district as part of annual higher education funding allocations. Such partnerships would be formed for the purposes of aligning resources, advising current education and training programs, and developing additional skill-building strategies for a targeted industry cluster.

Successful career pathways systems also create opportunities for employers to provide meaningful input into the design and implementation of education and training programs. This does not mean just having a few employers rubber stamp programs, but rather asking employers for their insight into hiring decisions, technological advances, and industry trends so that the most relevant training programs are developed. Industry sector partnerships is a successful model to make this happen. These sector partnerships use a regional organization, also known as a workforce intermediary, to bring together multiple firms within a given industry, community-based organizations, labor unions, local workforce boards, and community colleges so that they can collaboratively work to develop customized training solutions for a specific industry that is key to growing the local economy. Industry sector partnerships can improve worker training, ensure that training services are shared across firms, retain current workers, develop recognized skill standards, and facilitate the career advancement of workers at all skill levels.<sup>20</sup> Furthermore, a return on investment study conducted for industry sector partnerships based in Philadelphia found that employers affiliated with these partnerships reported 407 – 469 percent bottom lines gains as a result of the partnership.<sup>21</sup>

Industry sector partnerships are fairly new to Iowa. In 2007, Central Iowa Works (CIW) facilitated industry sector partnerships for the advanced manufacturing, energy, healthcare, and information technology sectors in the Greater Des Moines region. These sector partnerships brought together businesses, colleges, local workforce boards, community-based organizations, unions and economic development groups to determine the specific skill sets required for success at each career level within these sectors.<sup>22</sup> Members of these sector partnerships met regularly to design and develop training opportunities that resulted in placing unemployed, underemployed, and incumbent workers in jobs that offer family supporting wages within these industries. The result has been improved regional planning, better alignment of philanthropic and public funding, and a more responsive workforce development system in Central Iowa.

Replicating this industry sector partnership model in other parts of the state means that regions could benefit from a more concerted effort to bring together employers, education leaders and local civic leaders for the purposes of ensuring education and training systems are in tune to industry needs and are collaborating to meet these needs. And for those areas like Des Moines that have partnerships in place, this work needs to be sustained over time. Iowa's industries and workers can benefit greatly from the passage of policy that makes industry partnerships a core activity of the state's education, workforce and economic development systems, and designates public investments to grow more industry partnerships over time.

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*The number of occupational certificates and credentials earned by workers outside of the traditional college degree track are not being counted, even though more and more jobs require them.*

## Recommendation 4

**Ensure Iowa's education and workforce development system has the capacity to evaluate the impact of its initiatives and programs on closing skill gaps in key industries and counting numbers of credentials earned by workers through these efforts.**

- ◆ Reinstating funding for the Iowa Education Outcomes Initiative at a level of \$500,000 annually.
- ◆ Implement a new component of this work whereby the Department of Education and Iowa Workforce Development count the number of skilled credentials or certificates, both credit and non-credit, earned by Iowa's residents on an annual basis that correspond to jobs already being assessed for projected growth by the Iowa Education Outcomes Initiative.

The majority of jobs today require middle-skill credentials, but most states only assess its progress towards improving high school and college degree attainment.<sup>23</sup> The number of occupational certificates and credentials earned by workers outside of the traditional college degree track are not being counted, even though more and more jobs require them. Iowa began to tackle this issue through the Iowa Education Outcomes Initiative, a partnership between the Iowa Department of Education and Iowa Workforce Development.<sup>24</sup> This initiative allowed the state to track projected growth of jobs in key industries, the educational attainment required by those jobs, and wage gains of community college graduates.

Unfortunately, this work has been stymied by a lack of state funding. Consequently, the state is not getting an accurate assessment for how well public investments in education and training are actually matching workers to available skilled jobs in the labor market and increasing wages. Iowa needs to be able to measure how public investments in skills training and education are helping Iowans earn the right credentials for today's labor market and improve their wages.

## Conclusion

By enacting these policy recommendations, Iowa's education and workforce development systems will reflect the realities of the 21st-century economy and workforce and, more importantly, will ensure the state realizes its full economic potential.

## Appendix: Model State Policies

### Iowa: Skilled Iowa Initiative

Iowa's Skilled Iowa Initiative is designed to continue to increase the number of employers that support and recognize the three foundational skills of applied mathematics, reading for information and locating information. It encourages an increasing number of Iowa job seekers to add the demonstrated proficiencies to their portfolio/résumé through National Career Readiness Certificates (NCRC). Skilled Iowa has made remedial and practice applications available to all Iowans, employers, and students across the state through virtual technology. This initiative will assist in determining how to best implement an economic development strategy and fill current and future jobs with a skilled workforce.<sup>25</sup>

### Washington State: Integrated Learning

Washington State's Integrated Basic Education and Skills Training (I-BEST) program is a model for moving low-skilled adult learners through the educational pipeline. The program pairs two instructors in one classroom. One instructor teaches technical job training and the other instructor covers basic skill development. This allows students to build basic skills and go through technical training at the same time, helping them to move through school and into employment at a faster pace. I-BEST students are more likely to earn their first 15 college credits than their counterparts who complete basic skills programs and begin postsecondary coursework in other ways.<sup>26</sup>

### Arkansas: TANF-Funded Career Pathways Programs and Supportive Services

The career pathways system in Arkansas is primarily funded by the state's Temporary Assistance for Needy Families (TANF) allocation. This funding supports student services and program development. The Arkansas Department of Higher Education is the lead administrative agency. Supportive services for career pathways students are provided at each of Arkansas' 25 community college campuses. A dedicated counselor at each campus ensures a student's childcare, transportation, and financial aid needs are met, as well as helps with paying for books or other supplies. Legislation which encapsulates this work was passed in 2005 (Act 1705) by the Arkansas State Legislature and signed into law by Governor Mike Huckabee. The legislation was renamed the Career Pathways Initiative Act (CPI) in 2007 (Act 514).<sup>27</sup>

### Pennsylvania: Industry Partnerships

Since 2005, Pennsylvania's Department of Labor has administered an industry partnerships grant program by which industry or community organizations can apply for and receive two-year grants to serve as workforce intermediaries. Grants support their efforts to build partnerships among employers, community colleges, local workforce boards, labor unions, and community-based organizations for the purposes of developing and implementing short- and long-term strategies to create a wider pool of skilled workers for a specific industry. Funding is typically awarded to intermediaries that are targeting at least one of the eleven industry clusters, as identified by the Department of Community and Economic Development. This program has been funded by using federal workforce funding allocations and state general revenue. Through the passage of legislation in 2010, a permanent line item for the program was created in the budget of the state's labor department.<sup>28</sup>

### **Colorado: Measuring Credential Attainment**

The Colorado General Assembly passed the Skills for Jobs Act in 2012 which requires the Department of Higher Education, in consultation with the Department of Labor and other state agencies, to produce an annual report on projected job openings and the expected statewide production of degrees, certificates and other credentials that correspond with these openings. This report will help Colorado policymakers better determine how well the state's education system is meeting the labor market demand for skilled workers. Policymakers will also be equipped to make smarter policy decisions for creating or expanding education programs at public and private institutions of higher education, private occupational schools, local district colleges, area vocational schools, high school vocational programs, apprenticeship programs, and other public or private workforce training organizations expected to issue credentials over the three-year period following the report.<sup>29</sup>

## Endnotes

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