

WORK FORCE RETRAINING

In October 2009, the unemployment rate in the U.S. rose to 10.2 percent, the highest rate in more than a quarter century, according to the Bureau of Labor Statistics. Since December 2007—the start of what experts are calling the Great Recession—more than 8 million Americans lost their jobs as the financial industry collapsed, housing prices plummeted and industries and businesses shut down.

To deal with the massive increase in unemployment, the American Recovery and Reinvestment Act has been pumping nearly \$4 billion into state coffers for job training programs, primarily through the Workforce Investment Act. Front and center in those retraining efforts is America's community college system.

While community college systems are taking on the job of retraining millions of displaced workers, it's causing a lot of stress on budgets, teaching staff and even buildings as campuses bulge at the seams with extra students. The retraining programs themselves also are highly varied as each state struggles to find its way with getting workers back onto the payrolls.

No Formal Authority for Retraining

"At the institutional level for community colleges, their involvement in work force training represents an unfunded mandate," said Steve Katsinas, professor of higher education and director of the Education Policy Center at The University of Alabama. Each year, the policy center surveys state community college directors about issues that may be affecting college access and funding. The 2009 survey included a special section on federal issues, including uses of stimulus funding, record student enrollments and work force retraining to serve workers affected by the recession.

In the Education Policy Center's survey, community college directors said few state policymakers actually have assigned formal responsibility for work force retraining to their systems, despite the reality that much—if not most—of the training taking place occurs at community college campuses. When asked if community colleges had been assigned "formal responsibility to administer programs funded by the Workforce Investment Act," only Delaware strongly agreed and just three other states—Idaho, Rhode Island and Virginia—agreed. Thirty-nine state directors either disagreed or strongly disagreed.

"The political and business leaders want community colleges to be involved in work force training but there is no dedicated revenue stream for them to do it. There's no institutional infrastructure investment made," Katsinas said.



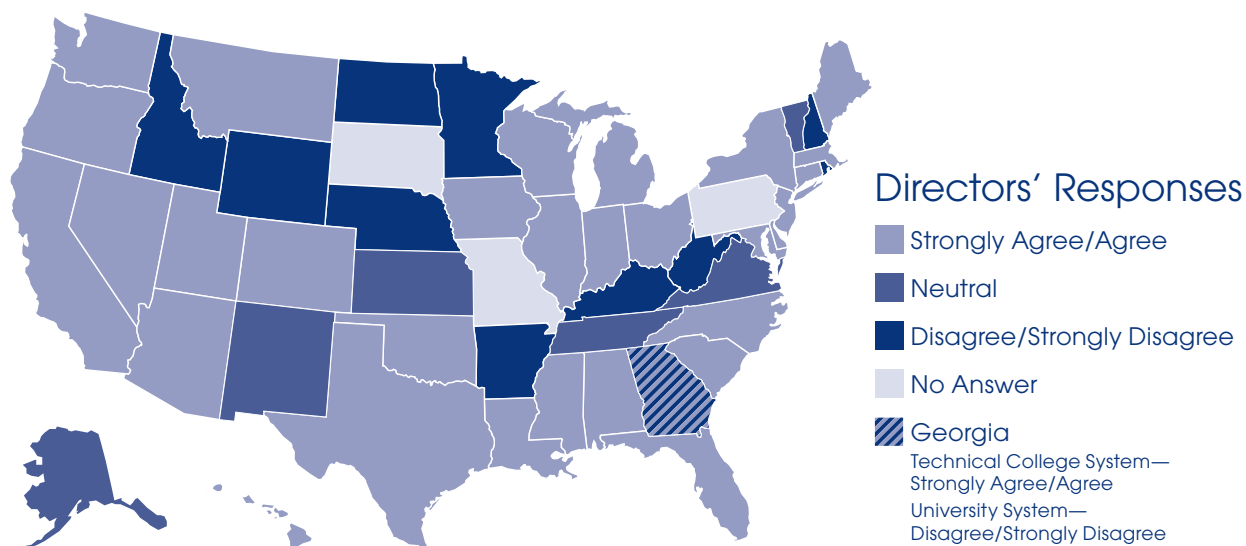
Community colleges, he said, must compete for grants just like any community-based organization.

"They have no preferential treatments as a strategic partner; they further must devote internal resources to apply for and administer the grants," he said. "For many rural and small colleges, and that's about 60 percent of the colleges serving 38 percent of the total enrollment, the process itself is a barrier to involvement."

Another problem faced by community colleges, Katsinas said, is dealing with local Workforce Investment Boards, which decide how the Workforce Investment Act's funding is spent. The counties covered by those boards and the counties served by local community colleges are not always the same. This is particularly a problem in rural areas because there will always be a work force board for a city the size of Tulsa, San Antonio, Portland or Buffalo, Katsinas said, because it's based on population.

Katsinas knows of community colleges serving five state-assigned rural counties with high unemployment rates that must deal with three different local Workforce Investment Boards. "This makes it difficult to enact regional training strategies to solve regional issues," he said.

“Increased unemployment is stressing the existing retraining capacity of community colleges in my state.” National Council of State Directors of Community Colleges, 2009 Survey



Source: “Funding and Access Issues in Public Higher Education: A Community College Perspective.” Findings were from the 2009 survey of the National Council of State Directors of Community Colleges. <http://education.ua.edu/edpolicycenter/documents/fundingandaccess2009.pdf>.

“The money isn’t matching where the needs are. We believe states should have the map of their Workforce Investment Boards exactly match the state-assigned service delivery area of their community colleges. States have multimillion dollar physical plant investments in the campuses, so it’s the maps that are more easily moved, not the community college campuses.”

State Programs Vary

How states are handling the massive increase in unemployed workers needing retraining varies greatly. Most of the states do not offer completely free education to displaced workers. In the University of Alabama survey of state community college directors, just 11 states—Delaware, Indiana, Michigan, Mississippi, Montana, New Hampshire, New Jersey, North Carolina, North Dakota, South Carolina and West Virginia—said they offered free tuition for retraining workers.

In Kentucky, a year-long initiative offers displaced workers a 50 percent tuition scholarship for up to six credit hours per

term in the state’s 16 community colleges. In Ohio, flexible training accounts provide up to \$6,000 for worker training or certification once an employee is hired if the training is essential for employment. At some community colleges in Pennsylvania, displaced workers may take classes for free as long as there is an open seat left in the class. Students still are responsible for fees, books and supplies.

In Tennessee, the state established training accounts for unemployed workers with a value of \$4,000. Workers in retraining programs can receive assistance for up to an associate degree, with the average amount of training taking one to two years. The tuition assistance is coordinated with other forms of financial aid, as is the case in other states, such as Pell Grants. Training is taking place at community colleges and also at technology centers, which typically offer certificate-based programs that last from 18 to 24 months.

Since Tennessee is a rural state, it does offer some unique features. The tuition assistance can be used in neighboring states, such as Kentucky or Mississippi, because

many residents live adjacent to another state. Training funds also can be used for transportation since the nearest community college may be many miles away.

Susan Cowden, administrator of the Workforce Development Division for the Tennessee Department of Labor, said the goal is to increase the number of unemployed people receiving training by 30 percent. So far, the department has enrolled an additional 21,000 people, or 20 percent, since Recovery Act funding began rolling into the state.

“If you’re on unemployment insurance, only about 4 to 5 percent of people get training while they receive their check,” she said. “... We think everybody is going to be in better shape when the economy recovers if they get some training.”

All states receiving Workforce Investment Act funds have regional Workforce Investment Boards, comprised of members of the business community, which help determine what kind of retraining unemployed workers can receive. The idea is to match local employers’ training needs with a ready supply of new workers.

In Tennessee, for example, that training has focused on such things as biofuels, welding, transportation and health care. According to an article in *The Tennessean* of Nashville, 91 percent of the people trained in 2007 found jobs, compared to the national average of 72.5 percent.

"We're trying to retrain them in things that will allow them to stay employed here in our state," Cowden said. "BioMimetics (a biotech company) started a foundation where they're training workers to go in and manufacture bone. Two dentists came in and got a patent on how to regrow bone relative to your teeth. They got a patent to do that and expanded it to bones in legs, hips, everything.

"That's the kind of manufacturing that isn't going away. The innovation is here. They graduated a group back in the summer of students that had been training for just a year (and everybody received a job). They'll have good jobs."

Michigan Leaves No Worker Behind

If there has been one state in the eye of the current financial storm, it is Michigan. Formerly heavily dependent on the auto industry and other manufacturing for a steady source of employment, Michigan has reeled with the nation's highest unemployment rates as its former industrial stalwarts have buckled. In October, the state continued to have the nation's highest unemployment rate at 15.1 percent.

In her 2007 State of the State address, Gov. Jennifer Granholm introduced the No Worker Left Behind Program. The goal of the initiative was to enroll 100,000 residents in some kind of training or education program by July 31, 2010. As of October 2009, more than 105,000 workers had taken advantage of the program. It has since become the state's permanent work force retraining program.

With No Worker Left Behind, people who lose their job and, if their family income is below \$40,000 (regardless of the size of the family), they are eligible to enroll in a community college. Participants can receive two years of free tuition (up to

\$5,000 a year) at a variety of approved public and private colleges; that funding includes books, fees, and even counseling and career advising. Workers have up to four years to complete their training and like other states, only training for high-demand jobs is covered.

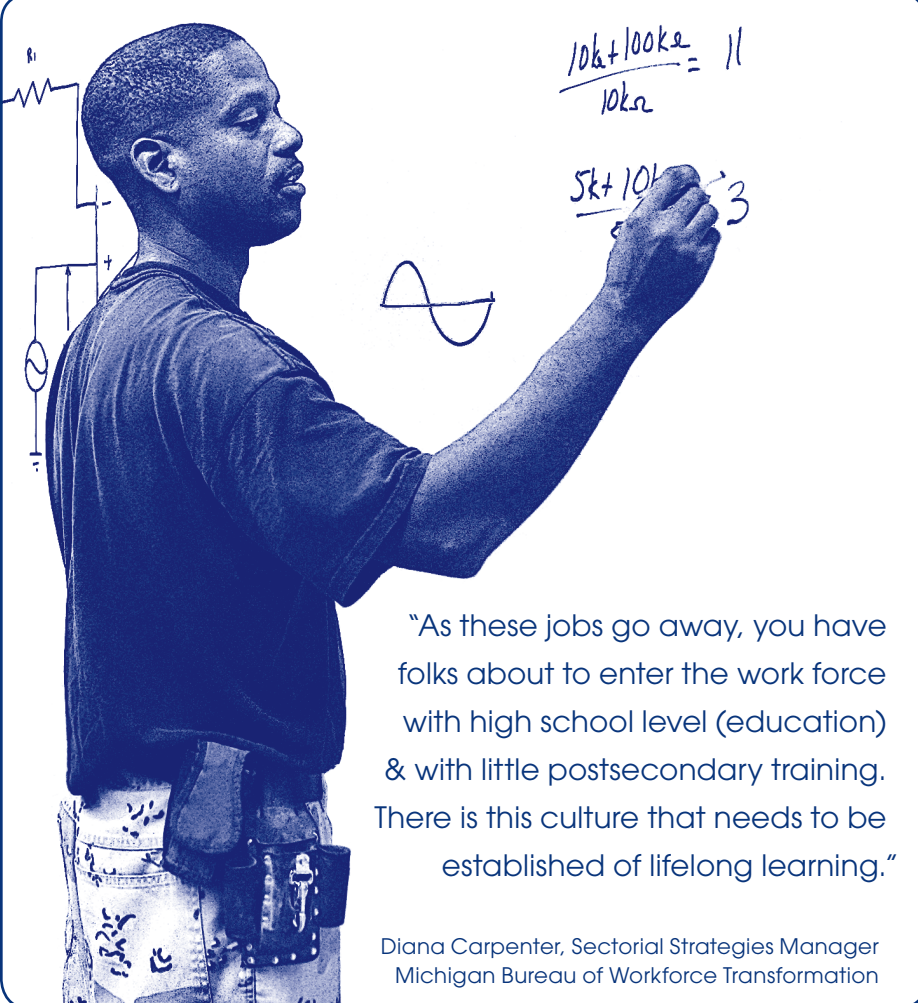
The program is funded by Workforce Investment Act dollars, but Michigan also includes any other funding stream (such as Temporary Assistance to Needy Families) that provides money for work force training. In the first 18 months, 86 percent of those trained through No Worker Left Behind got a new job related to the new skills they learned.

"I think it's an advantage to the folks in Michigan being impacted by unemployment," said Diana Carpenter, sectorial strategies manager at the Michigan Bureau of Workforce Transformation. "It gives them hope. It gives them an opportunity for

retraining. In Michigan, everybody ... was very much aware of what's going on in the auto industry. Those jobs have been shut and are not coming back.

"... As these jobs go away, you have folks about to enter the work force with high school level (education) and with little postsecondary training. There is this culture that needs to be established of lifelong learning. ... The ability to be with a company from cradle to grave just doesn't exist anymore."

The No Worker program also is an appeal to employers. For businesses that open, Carpenter said, the program will help train the workers they need. No Worker is helping Michigan's work force, she stressed, but it will take time for the signs of recovery to appear. And with tough economic times the program has a waiting list in the thousands, according to the program's Web site.



"As these jobs go away, you have folks about to enter the work force with high school level (education) & with little postsecondary training. There is this culture that needs to be established of lifelong learning."

Diana Carpenter, Sectorial Strategies Manager
Michigan Bureau of Workforce Transformation

"There's not a lot of good news in Michigan," Carpenter said. "Unfortunately, sometimes the good news is overshadowed by the sad news and the restructuring."

But the state is attracting new companies looking for new skills, Carpenter said. "We are working with training providers to develop the skilled work force they need."

2011 Is the Critical Year

Community colleges have had to deal with a large increase in work force retraining at the same time there has been a rapid increase in the number of students graduating from high school and seeking to further their education. Unpublished data from the University of Alabama Education Policy Center show that nationally, there will be 1 million more 18- to 24-year-olds and 3 million more young adults ages 25 to 34 by 2012 than there are now.

And while college operating budgets have been cut by 1 percent nationwide, said Katsinas, stimulus money clearly helped prevent even deeper cuts. According to the Education Policy Center's survey of community college state directors, just two states reported mid-year cuts to their operating budgets in the 2006–07 fiscal year. In the 2007–08 fiscal year, that number increased to nine states, including California and Florida, which are two of the largest community college systems in the country. But for 2008–09, the figures only got worse. Thirty-four states, or 71 percent, reported taking mid-year cuts to their operating budgets, according to the survey.

Four of the five community college state directors said Recovery Act funding had backfilled shortfalls in state revenue. Katsinas said that while stimulus funding is helping now, the 2011 fiscal year is looming large in the minds of community college directors because that's when stimulus funding stops.

"A lot of them say they will face further cuts in fiscal year 2010 and fiscal year 2011," Katsinas said. "Time and time again, the concern is about 2011. Everybody is talking about it."

In fact, several community college directors specifically mentioned the end of stimulus funding in 2011 in the Education



Policy Center survey. "All new funding is coming from budget reserves (one-time money). What about FY 2011?" Arkansas reports. An Iowa survey respondent said, "The ARRA funds will allow the state to stay on an even footing for 2009–2010. The true concern is with FY 2011."

And a Florida survey respondent said, "For the third year in a row, the FY 2009–2010 budget year will be a combination of strong enrollment increases, reduced college operating budgets and significant tuition increases. The state does not have the revenue to fund these enrollment increases, but expects us to do our best to accommodate student growth."

The Florida respondent said the Recovery Act money has helped, "but it is likely that our state economy will not be able to replace the loss of those funds after the 2010 fiscal year. The capacity of our colleges to expand job training programs beyond current levels has been diminished by these factors and new resources, particularly for new faculty positions, will be needed for our colleges to increase our contribution to the economic recovery of Florida."

And with four of five community college state directors reporting worries about budget shortfalls, Katsinas said the outlook for community colleges and work force retraining is at best precarious.

"In Europe, as a condition for receiving unemployment benefits, workers must

enter retraining programs," he said. "The Obama administration is trying to move toward that, but this is not policy here in America."

He pointed to the minimal number of states that offer free tuition for retraining of unemployed workers.

"I would argue the long-term cost of this policy disconnect is far, far higher than the cost of unemployment compensation. We are telling a whole class of people that their labor is not needed in our economic system and that's not very smart in a lifelong-learning world," he said.

Big State Decisions Coming

Although there are many federal and regional issues to take into consideration when state legislators discuss work force retraining, the state does play a major role in the future of community colleges. The stress caused by tight budgets, aging campuses and a vastly increased number of students is showing.

Some solutions are easier than others. As Katsinas noted, aligning the counties covered by regional Workforce Investment Act boards and counties served by community colleges is of minimal cost and ensures federal funds go to where the areas of need are greatest. Unfortunately, other solutions involve budgets—an area that is likely to remain tight as states struggle to reach the recovery economists say is already under way nationally.

Community colleges have and will continue to play an important role in work force retraining, but brutal economic circumstances in the states may limit their reach. With 80 percent of community college directors reporting concerns about budget shortfalls once stimulus funding ends in one year's time, how community colleges will be able to continue their missions of preparing young people for universities and adults for new careers is a question for legislators to ponder in the next budget year.

Jennifer Ginn
is an education policy analyst at
The Council of State Governments.

