

**To: Us Congressman Howard Berman**  
**From: Industrial Areas Foundation**  
**Re: One LA-IAF Adult Career Education Partnership Concept Paper**  
**Date: January 22, 2009**

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### The Context

Congress and President Obama are crafting a bold fiscal package to halt the worst economic downturn since the Great Depression. The American Recovery and Reinvestment Plan will include tax cuts and public works projects to stimulate the economy and lay the foundation for future growth and prosperity. This includes investments in green energy technologies and healthcare modernization. These growing industries will need a supply of skilled workers. But, with the unemployment rate exceeding one in ten among the least-educated, the country needs an aggressive program to turn unskilled Americans into skilled workers.<sup>1</sup>

### The Problem

The most publicized elements of the proposed public works projects are investments in green industries, transportation, broadband access and healthcare modernization. Many jobs in these sectors require specialized skills that workers do not currently possess.

Unfortunately, California's current system of job training and adult education fails to meet the needs of employers, workers and educational institutions. Employers cannot find the skilled workers they need. Community colleges and adult schools are not graduating enough skilled workers because they lack the resources to offer courses in expensive fields like alternative energy, healthcare, construction and manufacturing. And adult workers cannot go back to school to get trained for skilled jobs because the financial aid system does not meet their needs.

For example, solar energy companies will need to hire more than 70,000 workers by 2016 according to the latest projections.<sup>2</sup> But, until recently, there was only one training class in all of Southern California. Community colleges are rushing to fill the gap, but waiting lists remain.

### The Solution

One LA – IAF proposes the creation of an Adult Career Education Partnership that will enable unemployed and underemployed adults to return to school and receive the post-secondary education they need to enter living wage careers in high-demand occupations. The ACEP brings together employers, public educational institutions and One LA institutions to design innovative projects that direct public investment where it can best benefit our economy.

The ACEP will direct resources to enable a community college to invest in the teachers, equipment and materials needed to offer more classes in high-demand fields. It will increase the college's ability to provide counseling and support services to boost retention and graduation, as well as provide grants to students to enable them to go back to school and complete a course of study. By bringing together the key stakeholders in the job training system with public resources, the ACEP will enable employers to hire the skilled workers they need.

In the following pages, we discuss this proposal in greater detail.

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<sup>1</sup> Bureau of Labor Statistics, 1/9/09. <http://www.bls.gov/news.release/empsit.t04.htm>

<sup>2</sup> Bick, J (12/14/09). "Up on the roof, new jobs in solar power." *The New York Times*, p. BU10.

## I) Future Prosperity Requires Investments in America's Workforce

Historically, public investment in America's workforce has been a key to economic prosperity. Programs like the GI Bill opened up access to higher education for millions of Americans and created the most skilled workforce in the world. California's Master Plan for Higher Education, adopted in 1960, paved the way for the Baby Boom Generation to go to college by creating the framework for massive public investment in colleges and universities. The result: the baby boomers became the most educated cohort in history and California grew to become the seventh largest economy in the world. College enrollment in California has increased by tenfold since 1960, which is more than three times the rate of population growth.

What was true in 1960 is even more evident today. Post-secondary education is the key to economic competitiveness. To compete globally, American employers need a skilled and trained workforce and American workers need access to higher education. According to the US Department of Education, ninety percent of the fastest-growing jobs in the new information and service economy will require some post-secondary education.

## II) The Current System Fails to Produce the Workforce that Employers Need

Unfortunately, we have forgotten the formula to a prosperous economy and public investment in the strengths and talents of our people has fallen behind. The Baby Boom Generation is not just more educated than prior generations; it is also more educated than the current generation. The current group of 25 to 34 year-olds in California has a lower rate of college attainment than the cohort that is approaching retirement.

As the baby boomers begin to retire, industries will face critical shortages of skilled labor. The Association of General Contractors reports that California needs 250,000 new construction craft workers to keep pace with demand and an aging workforce. As outlined earlier, the state Employment Development Department forecasted in 2005 that California needed 109,600 more Registered Nurses by 2010. And a survey of the California Manufacturing and Technology Association found that the most important business challenge facing its members is "sustaining and/or acquiring a skilled workforce."

Health care provides another example of this failing job training system. The state Employment Development Department forecasted in 2005 that California needed 109,600 more Registered Nurses by 2010. The state currently graduates about 6,000 nursing students per year, a gap of enormous proportions. Meanwhile, there are long waiting lists for every nursing program in California because there aren't enough classes to meet the demand from interested students.

## III) Adult Workers Cannot Access Higher Education Due to Cost

Meanwhile, it is becoming harder for students to afford the cost of higher education. The cost of attending community college in California has increased by 25 percent since 2000. Even after receiving financial aid, a family in the lowest income quintile of families in California must devote 58 percent of its annual income to support a student attending a community college.

Adult workers who are seeking additional training to become more skilled are especially disadvantaged. The current financial aid system simply does not meet the needs of older, non-traditional students. For example, California's Cal Grant program provides money for low- and moderate-income students to pay for tuition, fees, books, transportation and living expenses. Priority is given to students who have completed high school within the last year. Older students must compete for the remaining dollars. The result is that only about one-third of eligible community college students receive Cal Grants, compared to two-thirds of eligible UC students.

Furthermore, unlike other states, California varies its grant awards depending on the type of college that students attend. The *maximum* grant award for a community college student was \$1,551 in 2006-07. Meanwhile, the *average* award for students attending private for-profit career colleges was \$9,422.

#### IV) Community Colleges and Adult Schools Lack Resources

Finally, California's community colleges and adult schools lack the resources to offer sufficient classes in high-demand fields and to provide the counseling and supportive services to help students graduate. Classes in fields like nursing, alternative energy, and construction require expensive equipment and supplies. Finding qualified instructors in these areas is difficult because they can earn more money working in the private sector. And classes in fields such as nursing are limited in student size to meet state requirements to ensure quality instruction.

Yet, public per-pupil funding for these classes is the same as for less-expensive offerings like English or mathematics. The result is that there is a financial disincentive for community colleges and adult schools to offer classes in the areas where skilled workers are needed. In addition, there is little money left over in school budgets to provide the counseling and supportive services that students need to complete rigorous and demanding course offerings.

#### V) Creating an Adult Career Education Partnership

In order to address the need for public investment in our workforce, One LA – IAF proposes the creation of an Adult Career Education Partnership that will bring together employers, community colleges and adult schools, and broad-based community organizations that represent adult workers. The ACEP will use public resources to support projects that enable unemployed and underemployed adults to return to school and receive the post-secondary education they need to enter living wage careers in high-demand occupations.

The ACEP will support local, community-based projects that:

- Prepare low-income adults for careers in private and public sector jobs identified by local employers as being in high demand and that provide a living wage, health insurance benefits, and opportunities for future career advancement.
- Provide an educational path to completion of a certificate or degree that includes contextualized learning and the upgrading of academic and job skills to prepare people for employment.

- Provide tuition, fees, books, childcare, counseling, case management, mentoring, transportation, emergency assistance and other supports.
- Support low-income adults in full-time, long-term education for a combined total of up to four years of adult basic education, developmental education and community college education.
- Match Federal funds to local government funding (state, city, county, etc.) and industry contributions (apprenticeships, equipment, etc.).
- Demonstrate above average graduation, persistence, and remediation rates.
- Are governed jointly by leaders of local business communities, community colleges and broad-based community organizations.

This proposal is based on the local experience of IAF organizations in California, Texas and Arizona who have partnered with businesses and community colleges to successfully train adult workers. As a result of these experiences, we can identify the barriers and obstacles that prevent adult workers from gaining access to and achieving success in post-secondary education. We have a proven track record of designing strategies to overcome these obstacles through the implementation of mentoring, wrap-around services, and social, emotional and academic support through a dense network of professional case managers, counselors, student peers, and community institutions.

An evaluation of IAF adult education and job training strategies in Texas concluded that they have trained and placed more than 9,000 adults into jobs that increased their wages by more than 300 percent. The average cost for training and support services is only \$5,825 per participant and job retention rates average 92.8%. As these workers move from being low-wage workers and government aid recipients to become middle class taxpayers and homeowners, the public investment is repaid many times over.

## VI) Conclusion

The strength of our economy and the future of our nation depend on the education and training of a new generation of Americans. We need a workforce that can meet the challenges posed by the coming wave of retirements and the demand for skilled workers in the green industries of tomorrow. This will require a shift in the way we think about educating adults, as well as a renewed public commitment to invest in the strength of our people. With the adoption of the Master Plan for Higher Education in 1960, California led the way to a booming economy and a rising tide that lifted all boats. With the plan set forth by the Adult Career Education Partnership, California can lead the way again.