

WORKFORCE **NARRATIVE PROJECT**

**Investing in Adult Workforce Development is Essential for the Economic
Success of Low-Educated/Skilled Workers**

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Low educational attainment is the fundamental barrier to achieving economic vitality and a better quality of life for millions of Americans. The lack of educational attainment hinders an individual's chances for employment, particularly for high growth/high wage jobs, it depresses state revenues and states' ability to compete for business growth and expansion, and it dulls our nation's competitive edge in the global marketplace. All Americans share in the negative consequences of low educational attainment through increased costs of health care, crime and incarceration, and public assistance among others.

The gap between the skills needed to ensure our state and nation's long-term economic viability and the knowledge and skills of the current workforce is wide and deep. Most high growth jobs require a high school diploma and at least some postsecondary education and training, yet up to 42 million people, or 27 percent of the 2005 U.S. workforce, lack sufficient education or do not speak proficient English, severely limiting their options for good jobs at family-sustaining wages. At a time when high levels of skills are more important than ever before, a disproportionate number of U.S. adults function at low levels of literacy, severely hindering their options for employment

Until significantly more adults have the knowledge and skills required for high growth jobs of the future, the nation will suffer both economically and socially. And the opportunity for all people to realize their potential and participate fully in the American Dream will not materialize.

Low educational attainment is not an issue that will improve over time as older Americans retire or die. In fact, it is older Americans who now have the edge on higher education attainment. The U.S. holds the dubious distinction as the only country among 30 OECD countries where younger adults are less educated than the previous generation. Several factors contribute to this situation, including continued high dropout rates, low GED completion, changing demographics and low postsecondary enrollment and completion rates.

Nationally, only about two-thirds of all students who enter 9th grade will graduate from high school in four years. Of those who fail to graduate, one quarter will earn a diploma, one quarter will earn a GED, and about 50 percent will not earn a high school credential at all (Alliance for Excellent Education, 2004).

Regardless of the nation's focus on K-12 reform, the high school completion rate has not improved. From 1990 to 2000, high school completion rates declined in all but seven states and the rate of students dropping out between the 9th and 10th grades increased. In 12 states and the District of Columbia, more than 20 percent of adults do not have a high school diploma.

Currently, about 1.2 million young people drop out of American high schools each year, adding to the existing large pool of non-high school graduates in the workforce. Also adding to the pool are increasing numbers of immigrants coming to the U.S. to work, many of whom lack a high school diploma as well as English language skills.

The Urban Institute reports that the number of immigrant workers who have not completed high school now accounts for 39 percent of all U.S. workers who have not completed high school. With the projected change in the U.S. population by age and race/ethnicity through 2020, it's likely that the majority of expected growth in the younger population will be among segments of the population with the lowest levels of education, while highly educated groups are projected to decline (NCHEMS 2007).

Thomas Bailey (Columbia Teachers College) sounded the warning bell in 2005, making the case that unless the education level of African Americans and Hispanics is raised over the next 20 years, the country will experience a significant growth in the population that has not graduated from high school. Just as the country needs to continue to strengthen its educational base, demographic trends are working against that goal.

The 2005 GED Annual Report shows that 39 million adults in the U.S. aged 16 years and older lack a high school diploma. Narrowing the age range to reflect the working age population, these data are no more encouraging, with 25 million adults who have less than a high school diploma or GED.

Although most employers prefer or require a high school diploma or GED as a condition for employment, millions of people lacking the basic credential are not clamoring to take the equivalency test. Only about four percent attempt the test each year, with one percent of the test-takers passing it. At this rate, it will take 100 years for the current non-high school pool to attain the goal of a basic credential, assuming no additional dropouts during that period of time. In the meantime, the high costs of inadequate education continue to mount.

To put the magnitude of the problem in perspective, the current number of adults without a high school diploma or GED in America is more than the population of the entire state of California. If current trends continue, the cloud of under-education will become a tornado capable of undermining the U.S. economy.

As the storm gathers momentum, adult education programs that are designed to serve as gateway system to further education and work are funded at levels inadequate to serve the need. The current funding of \$570 million in WIA Title II is not enough to meet the current enrollment, much less the growing demand. Total enrollment in WIA Title II adult education programs was three million in 2003. Of that number, 1.2 million were enrolled in English as a Second Language programs and 442,000 were enrolled in adult secondary education or GED preparation programs. The meager federal funds are allocated to states with a minimum requirement of a 25 percent state match. Some states do not provide funding over the match that is required. The Office of Vocational and

Adult Education reports that although states provide 75 percent of the total funding, the majority of the funds come from less than 10 states.

Can the nation and individual states afford to leave behind a significant number of working-age adults to fend for low-wage, low-skilled jobs at a time when the workforce demands skills that are acquired only through postsecondary education and occupational training? Can we expect the adult workforce to compete for jobs in the new economy when they weren't prepared for the old one?

The lack of an adequate education for millions of adult Americans has a staggering impact on our ability to thrive economically, socially and civically, and holds severe economic consequences for states, our nation and our ability to compete in the global marketplace. With 80 percent of the current workforce projected to be in the workplace over the next 20 years, and with jobs requiring skills that can only be acquired with at least two years of college, an adult education system that prepares vast numbers of people for enrolling and succeeding in postsecondary education and occupational training is urgently needed.

If more U.S. adults attain a high school diploma or GED and acquire more education and training, many benefits will accrue.

Personal income and employment will increase with higher levels of education.

- Nearly 29 million adults in the U.S. with a high school diploma or less live in families whose income is below 200 percent of the poverty line. The percentage living in poverty decreases as education levels increase. The earning power of dropouts has been in almost continuous decline over the past three decades. Currently, sixty-one percent of adults with less than a 9th grade education earn less than a living wage, compared to 17.5 percent with some college, and 8.9 percent with a bachelor's degree.
- The more you learn, the more you earn. The average income for those at the 12th grade level, no diploma, is \$22,319. This can be compared to individuals with some college, no degree, at \$34,644, and climbs to \$54,532 for individuals with a bachelor's degree.
- Participation in the workforce is highly correlated to education levels. Between 1997 and 2001, more than 25 percent of all dropouts were unemployed for one year or longer, compared with 11 percent of those with a high school diploma or GED (American Youth Policy Forum, 2006). Forty-three percent of working age adults with less than a high school education are currently not in the workforce, compared to about 21 percent of adults with some college not working. Only 15 percent of adults with bachelor's degrees are not participating in the workforce.

As personal income and education increase, our children will benefit.

- Studies show that the two most important factors that affect children's educational attainment are the education level of the mother and the income level of the family.
- Children's performance in reading, math, and general knowledge increases with the level of their mothers' education.
- About 18 percent of America's children live in families earning less than \$20,000 annually.

Individuals with higher levels of education and higher incomes live longer, healthier lives.

- High school dropouts have higher rates of heart related diseases and diabetes and require an average of \$35,000 in annual health-care costs, compared with \$15,000 for college graduates (Teachers College, Columbia University, 2005).
- The U.S. death rate for persons with fewer than 12 years of education is 2.5 times higher than for those with 13 or more years of education (Alliance for Excellent Education, 2003).
- Health-related losses for the 600,000 high school dropouts in 2004 totaled at least \$58 billion, or nearly \$100,000 per student (Columbia Teacher's College, 2005).

Individuals with more education are less dependent on public assistance, and are less likely to be incarcerated.

- The incarceration rate in the U.S. has increased from 146 per 100,000 residents in 1980 to 515 per 100,000 in 2005 (NCHEMS, 2007). In 2005 almost 1.6 million people were behind bars in the U.S.
- Some 75 percent of state prison inmates and 59 percent of federal inmates are high school dropouts. Recidivism rates are inversely related to education program participation while in prison.
- The U.S. would save \$1.4 billion a year in reduced costs associated with crime if the high school completion rate for men ages 20 to 60 increased by just one percent (Columbia Teachers College, 2005).
- The cost to the U.S. public for crime and welfare benefits for male dropouts ages 25 – 34 is \$24 billion a year (American Youth Forum, 2006).
- America could save between \$7.9 billion and \$10.8 billion annually in spending on TANF, food stamps and housing assistance by improving the educational attainment of those who currently do not complete high school.

- Single-mother high school graduates are 24 percent to 55 percent less likely to go on TANF than single-mother high school dropouts.
- If one-third of all Americans without a high school diploma acquired some postsecondary education or training, the savings would range from \$3.8 billion to \$6.7 billion for TANF, \$3.7 billion for food stamps and \$0.4 billion for housing assistance (Columbia College of Social Work, 2005).

Higher personal income results in higher state per capita income and increased tax revenues.

- It is estimated that if all U.S. residents with some college or less were to complete an associate degree, the U.S. would experience an increase in personal income of \$848 billion.
- Achieving such an increase in personal income, along with increased tax revenues, will require states to invest in adult and postsecondary education at significantly greater rates.

Kentucky is an example of how increased investments in adult education can make a difference. In the early to mid 90's, Kentucky's per capita income was 79 percent of the national average. The state ranked 49th in high school completion and GED attainment, with one in four Kentuckians lacking a high school diploma or GED. The state ranked in the bottom ten in the on-to-college rate as well as the number of adults with college degrees. The ability of the state to compete for new and expanding business was difficult given that about 800,000 of the 2.5 million working-age adults had not completed high school and had few prospects of further education. More than 80 percent of the people taking the GED reported incomes below \$10,000, and about half were unemployed, reflecting the stark realities of low education attainment.

A key outcome of the KY Higher Education Reform Act in 1998 was to dramatically increase the on-to-postsecondary rate to 800,000 students by 2020. The goal could not be achieved without significant investments to help more adults complete the GED and enroll in postsecondary education and occupational training. To that end, the Adult Education Act passed in 2000, along with strategies and goals to dramatically increase the number of people enrolling in adult education programs across the state. The Kentucky General Assembly increased the appropriation for adult education from \$10 million in 2000 to \$22 million in 2005. The increased investment in adult education was necessary to recruit and serve greater numbers of adult students, and help them successfully transition to postsecondary education. Four million was earmarked for a communications campaign targeted to working-age adults. The results are encouraging, with enrollment in adult education increasing from 50,000 in 2000 to 125,000 in 2005. The number of GED completers enrolling in postsecondary education has risen from 12 percent to 20 percent within five years. The investments Kentucky made starting with the Kentucky Education Reform Act in 1990, to Higher Education in 1998 and Adult Education in 2000 have played a role in raising the per capita income to 84 percent

of the national average. Kentucky Adult Education reports the potential increased earnings for the 9,757 GED graduates in 2005 alone will generate more than \$1.5 billion in personal income over a 20-year period.

The Kentucky story provides evidence that changes in public policy and increased investments in education can make a difference to individuals as well as to the state and the nation. It also seems clear the reverse can be true. If we do not take immediate action to improve the educational attainment of adults, our current and future workforce will not be able to compete with other countries for high skilled, high wage jobs of the 21st century. As a nation, we know the issues, and we understand the consequences. The question is if we have the public and political will to redirect much of the available resources to promote and support adult education and training, or will we continue along the present path to putting out fires? Time will tell.

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