
Re-Engineering Economic Growth

State Policy Recommendations for Kentucky's Career Pathways Initiative

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State Policy Recommendations for Kentucky's Career Pathways Initiative

Introduction

In his inaugural State of the State address, Kentucky Governor Steve Beshear spoke to the need to view the economic downturn as an opportunity to set new priorities in the state's education, workforce development, and economic development activities. He spoke of the need to create, attract, and retain "21st century jobs" and to "re-engineer Kentucky's economy from within." Gov. Beshear stated that Kentucky currently lacks the economic infrastructure to be competitive in a global economy, and that human capital development—education and job training—is a key to strengthening the state's ability to compete.

In few other states in the country is the connection between slow economic growth and the lagging education and skills of the population felt more acutely than in Kentucky. As in many states, Kentucky's manufacturing base has eroded steadily over the past 20 years, and low-road strategies that rely on relatively inexpensive labor and generous tax incentives have done little to offset the decline in wages and tax revenues. In a recent report from the University of Kentucky's Gatton College of Business and Economics, Kentucky's supply of educated and skilled workers was cited as the primary reason for the state to have been left behind economically by its more competitive neighbors (Troske, Jepsen, & Sanford 2008). The National Center for Higher Education Management Systems (NCHEMS) reports that Kentucky ranks 33rd in three-year graduation rates for Associate's degree students and 44th in the number of 25 to 34 year olds with an Associate's degree or higher. (NCHEMS)

These figures translate into economic consequences for the state. NCHEMS data show that Kentucky ranks 45th in the nation with regard to change in gross state product between 1997 and 2004 and 44th among states in terms of total taxable resources per capita and per capita income. Moreover, Kentucky will need to make do with fewer workers in the decades to come: NCHEMS reports that the state's working-age population will grow by only 4.4 percent through 2025, compared to a national average of 16.5 percent. (NCHEMS)

Their difficulty in gaining the education and skills needed to advance in the labor market has unavoidable consequences for the men and women in Kentucky's workforce. Kentucky ranks in the bottom ten states for household net worth and foreclosure rates (CFED 2008).

The University of Kentucky study also found that the state struggles to attract the sorts of innovative firms and cutting edge industries needed for economic growth, primarily because the infrastructure to ensure an educated and skilled workforce is not as robust as it needs to be.

Kentucky [is] very aggressive in its use of incentives. However, most [firms interviewed by the researchers] indicated that incentives were only useful in the last steps of the deal. Kentucky needs to overcome the other problems such as workforce development . . . before incentives even become an issue (Troske, Jepsen, & Sanford 2008)..

Incentives can't make up for poor quality of the workforce, and they don't always equate with economic growth. Tennessee and North Carolina have less attractive incentives but have experienced more rapid growth in recent years.

Despite these difficulties, Kentucky is among the leading states in terms of the extent to which it applies public resources to improving its workforce. Kentucky ranks 4th among states in percentage of TANF funds spent on training and 7th in percentage of Workforce Investment Act beneficiaries who receive training, providing a clear indication of the state's commitment to growing its economy by focusing on improving the education and skills of its least-fortunate citizens (CFED 2008). Kentucky is also among the leading states in keeping the cost of education low for its poorest families.ⁱ

However, if Kentucky's economy is to be re-engineered from within, as Gov. Beshear suggests, a critical first step is identifying a mechanism for integrating the key building blocks of economic growth—postsecondary education, economic development and workforce development.

Career Pathways

Since 2003, the Kentucky Community and Technical College System (KCTCS) has supported the development of multiple career pathways initiatives in all 16 of its colleges. These initiatives are designed to create regional partnerships of “community and technical colleges, adult education providers, employers, economic development and workforce investment boards, one-stop partners, human service agencies, and other stakeholder groups” (Workforce Strategies 2008). These partnerships match low-skilled workers with the training and education needed to fill high-wage, high-demand occupations. At the same time, by leveraging local resources and improving the alignment among economic development, workforce development and postsecondary education, the three critical building blocks of economic growth, Kentucky's Career Pathways are creating systemic change in the labor markets in which they operate.

Career Pathways do this by enabling colleges to become more responsive to labor market demand and by redesigning the way in which resources are aligned internally. Adult education and postsecondary academic requirements are brought into closer alignment, curricula are redesigned to meet the needs of an adult student population with competing demands on their time, and career readiness certificates are integrated into career pathways initiatives, to name only a few.

Between fall 2004 and spring 2008, career pathways in Kentucky have served over 7,100 students. Those students earned 3,659 credentials (907 Associate's degrees, 487 Bachelor's degrees, and 2,265 certificates). Retention, completion, and GPAs have been significantly higher for Career Pathways students than the overall KCTCS student population. While most Career Pathways students are in nursing and allied health, their outcomes are consistently higher than the rest of the students. In the 2007-08 academic year, the average nursing pathways student earned a 2.82 GPA, and 66 percent of them remained enrolled. These results compare favorably to nursing students who were not participants in a pathways program: they earned an average 2.81 GPA and had a retention rate of 59 percent.

While effective, the Career Pathways initiative would benefit from an overarching organizing framework to provide it with the intentionality needed to move it from a pilot to the centerpiece of the state's economic growth plan. Not yet clear is whether and how successes on the 16 campuses will translate into statewide, systemic reform in the manner required for sustained economic growth. Central to the work of Career Pathways is much of what KCTCS hopes to accomplish, as outlined in its *Plan for a Competitive Commonwealth: 2008-2020*, including creating seamless pathways between adult education and postsecondary education and enhancing the flexibility and adaptability of the state's workforce. What is needed is a more explicit link between Career Pathways and Kentucky's long-term economic goals.

State Policy Recommendations Regarding Kentucky's Career Pathways Initiative

The recommendations that follow build on the successes of the various Career Pathways initiatives in the 16 colleges, but they are intended to reposition KCTCS' initiative as an essential component the state's economic growth efforts. The emerging Workforce Competitiveness Initiative, launched by KCTCS in September 2007, is the prime example of such an effort. WCI expands on the Career Pathways work and would be well-advised to draw from its lessons. KCTCS is well positioned to leverage its relationship with other key state agencies in advocating for the policy recommendations below.

The recommendations are drawn, in part, from research into successful efforts in other states to direct postsecondary education, economic development, and workforce development—particularly through community colleges—toward a common purpose. Nevertheless, they are limited to actions that could be supported through state-level policy change, as opposed to college- or agency-specific policy changes (the subject of a companion report).

1. Use the Career Pathways network as a platform to help guide the emerging economic priorities articulated by Gov. Beshear.

1.1 Position Career Pathways as a critical strategy of the KCTCS Workforce Competitiveness Initiative and the critical link between the workforce and the Governor's vision for economic growth.

[Other states] coordinate efforts between themselves and workforce development officials, which is a significant contributor to their ability to attract and retain businesses. Second, they also indicate that they work closely with officials at the public universities and research centers to attract innovative and skilled workers (Troske, Jepsen, & Sanford 2008).

In a few short years, Career Pathways have demonstrated that the state's community and technical colleges are uniquely positioned to serve as the infrastructure that connects low-skilled workers to high-demand, high-growth occupations. Their emergence has been coincident with strong, clear messages from the state house that Kentucky is at increasing risk of falling even further behind unless the disparate goals of the state's various education, economic, and workforce agencies are better integrated. Career Pathways are succeeding at this at the local level, and with additional support they could serve as the statewide model for linking the education and skill development needs of the workforce with the state's economic growth needs.

1.2 Advocate for stronger integration of postsecondary education, economic

development, and workforce development functions within cabinet-level agencies, especially the Kentucky Cabinet for Economic Development.

Unless this responsibility is embedded and institutionalized at the cabinet level, even an expanded Career Pathways approach runs the risk of being one among several competing initiatives promoted by various state agencies. The clear frontrunner for this role would seem to be a re-tasked Cabinet for Economic Development—one that explicitly supports the integration of postsecondary education, economic and workforce development functions, delivered through the state’s community and technical colleges.

1.3 Support legislation that promotes long-term strategic economic planning that fosters sustainable growth in jobs and incomes (as proposed in HB718), and that sets measurable goals for postsecondary access for lower-skilled workers.

States and regions that have ignited economic growth have done so, in large part, by recognizing that economic growth requires a long-term plan, and that key players are to be held accountable for meeting benchmarks in that plan. Language that would have created such a plan was included in the recently proposed, but defeated, HB718, which would have required the development of a comprehensive, 20-year statewide economic development plan. While many details of HB718 proved too controversial for the bill to be brought to the House floor for a vote, its advocacy for a long-term strategic plan remains a valid question that should be reintroduced in a new bill.ⁱⁱ

2. Strengthen the current Career Pathways system.

2.1 Define Career Pathways as a key component of statewide systems change efforts to strengthen linkages between postsecondary education and state and regional economic development, especially in rural areas.

The primary reasons for the slow growth in Kentucky are the lack of skilled workers, the fact that Kentucky struggles to attract innovative businesses and skilled workers to the state, and the fact that these problems are particularly acute in the rural areas of the state. (Troske, Jepsen, & Sanford 2008).

Career Pathways have demonstrated their capacity to bridge gaps: not only between postsecondary education and the sometimes low education and skill levels of many adult workers, but also between postsecondary education and the skill needs of employers. In this capacity, the Career Pathways program acts as an essential intermediary in the state’s economic development efforts.

KCTCS should promote the intermediary function of Career Pathways programs as a key component in an economic development campaign designed to grow the state’s rural economy. The central message of such a campaign would focus on how Career Pathways programs have helped to expand the capacity of the state’s community and technical colleges to respond quickly and flexibly to emerging economic and workforce development needs.

2.2 Advocate for increased funding for student support services for Career Pathways students, including funding for increasing the capacity to provide academic advising and career counseling.

The term “non-traditional student” is quickly losing its value as a means of defining the typical community college student. Increasingly, the typical student enrolled in community colleges is older than 24, is a parent, and is holds down a job and maintains a household. These adult learners often outperform the “traditional” student, largely because they have returned to school with a purpose and focus often lacking in those just out of high school. However, these students tend to perform even better with a robust set of support services that can help them remain enrolled. These students frequently need non-academic advice and assistance: for example, finding dependable child care is one of the biggest challenges confronting adult learners, particularly at the lower-income levels.ⁱⁱⁱ Adult learners also need a range of academic supports and services, such as tutoring, financial aid advising, and personal counseling—available on and off-campus, during and outside of traditional business hours, from paid staff and peers. Quality career counseling is particularly important for adults who are trying to navigate their way to a credential.

KCTCS should advocate for an expansion of its Ready-to-Work initiative. Ready-to-Work is an exemplar, one of only a handful of such initiatives in the country, but if Kentucky is to build its economy by increasing the skills of its entire workforce, then it must face up to the reality that many in its existing workforce are working adults who simply cannot afford to hold down a job, maintain a course load, and take care of a family. They will need additional help. Ready-to-Work has demonstrated its ability to provide that help, but it will likely need additional resources to do more.

2.3 Increase efforts to integrate workforce, academic, and developmental education missions throughout Career Pathways colleges.

KCTCS’ participation in the Ford Foundation-funded Bridges to Opportunity Initiative enabled it to develop a broad base of career pathways among its community and technical colleges. Central to this initiative is the concept of “mission integration” among academic, workforce development, and remedial education. KCTCS is succeeding in these efforts and

is well-positioned to build on the lessons learned as it moves to integrate the Career Pathways programs into a broader workforce and economic development initiative.

It could be argued that KCTCS' mission integration successes have paved the way for the state to move on expanding its industry sector approach, keeping its community and technical colleges central to these efforts. The success of promising plans, such as those laid out in the Workforce Competitiveness Initiative, clearly hinge on colleges' ability to identify clear connections between academic credentials and jobs and between remedial bridge programs and credit-bearing coursework. KCTCS should continue to promote its mission integration efforts throughout its Career Pathways colleges.

2.4 Ensure that junctures in various Career Pathways components articulate with one another (e.g., avoiding a misalignment between state high school student assessment and requirements for entry into postsecondary education).

Too often there are gaps at critical junctures in the pathways leading from ESL, basic, or secondary education, to remedial education, to postsecondary education, and to the labor market. These gaps exist due to a host of reasons, but primarily because there is no overarching framework that could identify how and why these various stops along the way to the labor market should articulate with one another.

KCTCS should promote Career Pathways as the framework within which the goals, missions, and outcomes of comprehensive and well-articulated pathways are defined. KCTCS should take advantage of the recent reconstitution of the Kentucky Cabinet for Economic Development, with its focus on assisting communities in preparing for economic development opportunities, to promote improved alignment between completion requirements and entry requirements for each segment along the pathway.

2.5 Create and expand flexible financial aid strategies for adult learners.

Most federal education assistance is available only to students attending half time or more. Working adults seldom can maintain this pace of enrollment for more than one or two semesters. Moreover, requirements to demonstrate "satisfactory progress" toward completion can be a barrier for those working adults who can take only one or two courses at a time; the two-semester-per-year limit can be a problem for those trying to accelerate their way through programs.

Kentucky's Ready-to-Work Initiative acknowledges these difficulties, but its scope and mission need to be expanded beyond TANF recipients to include all low-income adult learners who return to college. One potential model is Arkansas' Workforce Improvement

Grant program, which defines full-time enrollment as three credit hours or more—a measure designed to accommodate the work and family schedules of workers who study. Eligibility is limited to students who are at least 24 years old, recognizing that traditional financial aid programs disproportionately serve younger students. Recipients can use grants to cover tuition and fees. The maximum grant is \$1,800 per year, with a total maximum per recipient of \$7,200.

3. Financing

3.1 Explore expanding Industrial Revenue Bond Issuance Program to include funding for career pathways-related training.

Kentucky's Industrial Revenue Bonds may be issued by state and local governments to help finance industrial buildings. Bond funds may be used to finance the total project costs, including engineering, site preparation, land, buildings, machinery and equipment, and bond issuance costs.^{iv} Several states, including Iowa, Kansas, and Missouri, have expanded the use of bonds to include training. For example, Iowa issues general obligation bonds specifically to finance job-training programs in high-growth industries. The bonds are sold and managed by the state's community colleges and are retired through a diversion of a portion (or all, depending on starting wage) of the trained workers state withholding tax. The Kentucky Cabinet for Economic Development may consider including career pathways training as an allowable use for its Industrial Revenue Bonds.

3.2 Explore the expansion of Food Stamp Employment and Training as a possible funding source for career pathways training.

Several states have modified regulations regarding how federal Food Stamp Employment and Training funds are administered, with some permitting community colleges to tap into these funds to help defray some of the education and training costs for Food Stamp-eligible students. While income levels low enough to qualify for Food Stamps would likely also qualify adult students for some types of state and federal aid (such as Pell grants), their less-than-half-time status disqualifies them for enough aid to pay for Career Pathways courses. Amendments to Kentucky's FSET rules in 2007 have opened the door for KCTCS to advocate for wider use of FSET among the state's community and technical colleges as a source of funding for Career Pathways.

4. Data

4.1 Continue to strengthen data-driven decision making through the use of a student tracking system.

KCTCS has adopted an impressive, data-driven student tracking system that enables it to provide faculty and department heads with near real-time assessments of the progress made by its Career Pathways students. The system also helps ensure that the workforce needs of local firms are met. Beyond using data to inform budgeting, KCTCS will need to continue to use data to guide practice and principles across each of its campuses. The multiple missions of community colleges make this task somewhat complex, but it is essential in getting the most benefit from the growing data capabilities.

One approach would be to assist each campus in creating a culture of inquiry through the development of cross-campus data teams. Campus representatives would come to better understand how other campuses are identifying career pathways data and data sources. These cross-campus teams could also begin to identify data trends associated with relevant student outcomes. KCTCS might also use data to revise assessment and placement score policies. Further, the data collected should be used to not only monitor progress but also to identify areas in which student services could be better targeted to meet the needs of underserved populations. While efforts on some of these fronts are underway, additional support is needed.

Conclusion

KCTCS's experience with designing and implementing Career Pathways has positioned the agency well to promote policy change that can strengthen the state's economy, increase the competitiveness of its workforce, and attract growth industries. Indeed, recent activity to embed the Workforce Competitiveness Initiative into the operations of its colleges builds directly from KCTCS' Career Pathways work.

More can be done. KCTCS needs to examine closely the outcomes of its Career Pathways efforts and their relation to operational challenges it has begun to identify in its Workforce Competitiveness Initiative. For example, there are fruitful lessons to be learned from the Career Pathways work around enhancing a college's workforce development positioning and its relations with business and industry leaders—a key operational challenge identified by the WCI. Similarly, data from the Career Pathways project could be mined to respond to another challenge identified by the WCI: building the business and industry community's awareness of the return on investment of workforce training.

In the past year, state leaders have begun to articulate a message that makes it clear that business as usual is bad for business in Kentucky. Calls for plans that create an integrated system of workforce development policies, education and training programs, and economic development funding streams reflect a deeper understanding of the resources that need to be marshaled in order to grow the economy.

One of Kentucky's key assets is its community and technical college system. Few states have comparable reach and depth among their two-year institutions. When compared to other states, Kentucky tends to rank high on those metrics concerning postsecondary education—aid for low-income students, keeping the cost of postsecondary education low, and degrees by race, to name a few (CFED 2008). And when compared to its regional neighbors, Kentucky fares even better on these metrics. The infrastructure for future growth—for economic growth, for income growth, for growth in the bottom line—is anchored in the state's two-year colleges and in the lessons learned from initiatives like Career Pathways.

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Endnotes

ⁱ See NCHEMS Information Center, www.higheredinfo.org

ⁱⁱ Interview with Jason Bailey, Executive Director of the Kentucky High Growth Initiative, June 10th, 2008.

ⁱⁱⁱ In 1999, 55 percent of all adult students and 59 percent of low-income adult students had dependent children. Fewer than 30 percent of postsecondary institutions offer on-campus child care. Institutions that offer child care have important gaps in services—child care is intended for institutions' employees, many child care centers have limited capacity and do not offer care during late-evening and weekend classes, or have age restrictions that allow toddlers but not infants or older children. See *Choy 2002*.

^{iv} See: Industrial Revenue Bonds Fact Sheet. Kentucky Cabinet for Economic Development. Downloaded May 1, 2008, from www.thinkkentucky.com/kyedc/pdfs/IRB_2005.pdf.