



Employer engagement in career education

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Opportunity America is a Washington-based nonprofit promoting economic mobility – work, skills, careers, ownership and entrepreneurship for poor and working Americans. The organization's principal activities are research, policy development, dissemination of policy ideas and working to build consensus around policy proposals.

INTRODUCTION

Chairman Guthrie, Ranking Member Davis, members of the subcommittee, thank you for the opportunity to appear before you today. My name is Tamar Jacoby, and I'm president of Opportunity America.

Opportunity America is a Washington think tank and policy shop promoting economic mobility – work, skills, careers, ownership and entrepreneurship for poor and working Americans. Our principal activities are research, policy development, dissemination of policy ideas and working to build consensus around policy proposals. Among the issues at the top of our agenda: working-class decline, workforce education, community college reform, career-focused charter schools and immigrant entrepreneurship. We also spearhead a coalition of employers and employer associations focused on promoting workforce development.

Together, these activities – our research, our coalition, our convenings of employers and educators across the country – give us a unique window on the new landscape of career education emerging in America today. My principal interest in this brave new world and the focus of my remarks this morning: the many different ways employers are stepping up to provide or help provide workforce education.

A NEW LANDSCAPE

It's often argued that employers do very little workforce development, certainly, the argument goes, less than they did in years past, seeing it as a responsibility of government, educational institutions or workers themselves. In fact, according to the Georgetown University Center on Education and the Workforce, employers spend some \$590 billion a year on what the center calls "formal and informal training" – considerably more than two- and four-year colleges, which together spend some \$407 billion a year, and far more than the federal government, which spends roughly \$18 billion.¹

The lion's share of this company-provided instruction goes to college-educated workers and managers, and overall, the critics aren't wrong – it behooves business to do more. But a growing number of employers are waking up to the value of investing in their middle-skill workforce – employees with more than a high school diploma but less than a four-year college degree.

Programs are proliferating across the country. They come in all shapes and sizes – short-term, long-term, at the company, at a college, provided by a community-based organization or a venture-funded edtech startup. And the employers taking up the challenge hail from all manner of firms: large and small, in virtually every sector of the economy. The sheer variety of offerings can be hard to take in – truly a thousand flowers blooming.

I'm going to zero in this morning on three exemplary programs. It wasn't easy to make the choice. But I've focused on what I see as one end of a spectrum of employer engagement.

The continuum starts with companies that provide primarily information and advice – information about labor needs at their company, trends in their industry, changing

technology and the like – to high schools, colleges, workforce boards and regional economic planners. At the other end of the spectrum are companies that are active participants in providing career education: offering instruction at the company, providing opportunities for work-based learning, maintaining a formal or informal earn-and-learn program.

Advice and information are important – critically important. But the three examples I've chosen fall closer to the other end of the spectrum: companies providing instruction or working closely with educators that provide it, equal partners in shaping content or delivery or both.

WALMART ACADEMIES

In February 2015, Walmart made news by announcing that within a year every employee at the company would get a raise to at least \$10 an hour. But arguably the more important part of the 2015 announcement went largely unnoticed: that the nation's largest private employer was starting to offer on-the-job instruction to employees.

Three years later, the culture of workforce development is deeply entrenched at Walmart. The company won't reveal the full price tag, but its dual commitment to higher wages and education cost the firm \$2.7 billion from 2015 through 2016. All employees participate in career education – hourly associates, store managers and everyone in between. One of the programs with the biggest payoffs is for frontline supervisors – the hourly worker who manages the produce or apparel department – and those just one grade above them on the organizational flow chart, the first tier of salaried managers.

Courses are taught at regional instruction centers known as "academies." There will soon be 200 academies nationwide: in each case, a suite of classrooms, usually inside a store or nearby. Managers learn all day every day, on company time, for two to six weeks. Content includes retail fundamentals – merchandising, inventory, basic accounting procedures – but also how to motivate your team and have "difficult conversations" when problems arise. Workers spend perhaps a quarter of the day in a classroom, the rest out on the shop floor practicing what they've learned. A lot of thought goes into the curriculum – it's developed by pedagogy experts and updated regularly. But the delivery is deliberately casual: conversation, rather than lectures, led by former Walmart managers coached as "facilitators." Every academy also has 100 tablets and a state-of-the-art virtual reality headset that students use to rehearse difficult conversations and responding to incidents and accidents in the store.

Walmart doesn't disclose information about outcomes, but spokesmen say the program has a significant effect on employee retention rates – perhaps a 10 percent increase for those who go through an academy and a similar 10 percent bump for the associates they supervise. The company says it also sees increased worker engagement and customer satisfaction.

Walmart's size and reach make it unique. Few if any other U.S. companies can provide instruction to 20,000 employees a week, with all programs at all levels consistent across 200 delivery outlets. But a growing number of firms, large and small, are beginning to offer something similar – some kind of in-house career education.

UPS too schools middle-skilled workers – drivers and supervisors – with a similarly research-driven, well-honed curriculum that makes use of webcasts and 3-D simulation. A growing number of large and medium-sized construction contractors maintain classrooms and practice labs on site, offering proprietary skills and safety instruction to new hires and incumbent workers. And countless companies nationwide waking up to the need for career education see the value of an approach that combines classroom learning with hands-on practice in a real-world work environment – the key ingredient of apprenticeship, applied in these other cases to shorter, less structured or less technical programs.

Bottom line: Walmart is leading the way, but it's not alone. A growing number of trailblazing companies are offering career education, on site and on company time, to middle-skill employees.

TOYOTA T-TEN

Toyota discovered the skills gap early on, almost as soon as the company began making cars in the U.S., and the firm has long been a pioneer in the field of career education. The Toyota advanced manufacturing technician program is considered by many to be the gold standard in its industry – and this committee has heard from several representatives of the 300 companies that now offer Toyota AMT preparation. But AMT is not Toyota's only gold-standard workforce education initiative. The Toyota Technician Training & Education Network, or T-TEN, schools young people in state-of-the-art automotive diagnostics and repair, and it too is a nationally renowned and respected effort, often cited as its industry standard.

Toyota itself provides no formal instruction. The concept at the heart of both programs, AMT and T-TEN, is collaboration with a college, usually a community or technical college. This sounds simple enough, but it can be surprisingly difficult in practice. Thousands of companies across the U.S. partner with community colleges to provide career education. But these relationships vary widely: from meaningful and effective to perfunctory – one or two annual check-the-box meetings. The challenge Toyota faced: how to build a national network of meaningful relationships, dealers and colleges in every region of the U.S., that are consistently high quality but also flexible enough to ensure that the skills being taught at every college match up with the skills in demand in the local labor market.

The T-TEN system, now in its third decade, links 36 colleges nationwide to nearby Toyota and Lexus dealerships. Toyota keeps each campus stocked with cars – often 30 to 40 late-model cars – and expensive diagnostic tools. It also provides curricula and teaching materials – the same curricula and teaching materials used at Toyota's own professional education centers. But arguably most important, the company provides standards – a highly structured program, demanding metrics and rigorous, ongoing review.

Texas State Technical College knows first-hand how exacting the standards can be. It recently went through the process of being certified to remain in the T-TEN network. Schools must commit to maintaining a stand-alone Toyota program, where staff and students focus exclusively on Toyota preparation. Instructors must be Toyota-certified "master level" technicians. And there's an arduous process – it can take up to two years –

for earning approval to participate in the program: many layers of assessment, review and revamping before the college is admitted to the club, all overseen by the company and a national network of other Toyota instructors.

Texas State Technical College made the cut, one of just four schools in the state, and it maintains a fairly typical two-year program. Each year, students spend two semesters at college, then a semester on the job at a dealership – a coop job that pays market wages. (At some colleges, it's the week that's divided between school and work, but Texas geography doesn't permit that.) A standard school day involves two hours in class and four or five hours on the shop floor, practicing that day's lesson on late-model Toyota engines and brakes. Most TSTC students graduate with college certificates, and it's possible to earn an associate degree, but more important to many are the highly regarded industry certifications, issued by Toyota and the National Institute for Automotive Service Excellence, that come with the college credential. Between 90 and 95 percent of those who finish the program land a job at the dealership where they interned. Starting salary: around \$30,000 a year, rising to \$85,000 and above if technicians continue learning on the job and qualify as master technicians.

The concept at the heart of the T-TEN program, as at Walmart Academies, is classroom learning closely coordinated with hands-on practice on the job. This is hard enough when classrooms and job site are under the same roof, as they are at Walmart – and much harder for Toyota, where the program rests on close working relationships between each college and several dozen local dealerships.

The company leaves nothing to chance – and this is the secret of its success. Early in the certification process, local dealers are surveyed to determine their labor needs. Dealers receive instruction on how to manage interns and structure the on-the-job experience. College personnel are required to visit partnering dealerships; most communicate regularly between visits. College and company work together to grade students. And dealers are required to join the college's T-TEN advisory board, which meets at least twice a year to consider changes to the program.

What's critical: not just the regular communication between educator and employer, but communication at the right level – ground level – between two parties with knowledge of the student and enough technical expertise to talk about the skills required to be successful on the job. This is the ingredient that differentiates T-TEN from the check-the-box employer relationships all too common at many community colleges. Toyota itself couldn't fill this role – it's too far away. But the company makes the granular collaboration possible with its rigorous requirements and support system.

SPIRIT AEROSYSTEMS

My last example is also a partnership between a company and a community college, but with a twist. It's a case of an employer working with the nondegree division of a college to offer a job-specific career education program less than a semester long. Many of those who enroll are older, "nontraditional" students. Most don't aim to earn degrees. Call it "unbundled community college" – students learn the skills they need for a job, unbundled from what they need for a college certificate or degree.

Spirit AeroSystems, a Boeing spinoff based in Wichita, Kansas, makes cutting-edge airplane parts for defense contractors and commercial customers worldwide. The firm opened a plant in rural North Carolina in 2010, lured in part by an incentives package that included state-funded workforce education at a nearby community college. The state brokered the relationship between Spirit and Lenoir Community College, a small locally rooted school with no experience preparing students for aerospace manufacturing. But both company and college leapt at the opportunity, and nearly a decade later the partnership is flourishing, though the state subsidy ended years ago.

The college's first instinct was to launch a credit-bearing program: a two-year sequence of courses that led to an associate degree. But as company and college worked together to find the right fit, they agreed this wasn't the best solution. The school's noncredit "continuing education" division is more flexible and nimble. Unlike the credit division, it doesn't have to answer to an accreditor or a faculty committee, so it's more able and more willing to respond to an employer partner's changing labor needs.

Lenoir also found that many students preferred an unbundled option. As new research shows, this is a growing trend nationwide: students who return to community college to take just one or two specialized courses likely to help them move up on the job, then leave without a credential, wasting no time getting back to work.²

Traditional community college educators are often skeptical of nondegree offerings. Among their concerns: Are programs well-rounded enough, teaching more than the specific skills needed at a single company? And can students who later decide they want a degree build on what they learned in the noncredit course, using it as a stepping stone to a credential?

As the Lenoir-Spirit partnership has evolved, the college has worked to address both issues – often in ingenious ways. Meanwhile, the collaboration has exceeded expectations at both the company and the college.

The original program, "aerospace manufacturing readiness," attracted workers from across the region for a 120-hour course. Personnel from the company and college collaborated closely on every aspect of the offering, customizing curriculum, hiring faculty and screening students – day-to-day, ground-level cooperation much like the consultation that makes Toyota T-TEN so effective. When the plant was fully staffed and the state subsidy ended, company and college agreed to split the cost of continuing the relationship – now instruction geared primarily to existing Spirit employees who must refresh what they know every year or couple of years to stay current on industry certifications.

Since 2010, Lenoir has prepared 922 students to work in aerospace manufacturing, 746 of them hired by Spirit. More than half of the workforce at the plant has come through the college. And this year, Lenoir launched a new program building on lessons learned from its collaboration with Spirit: a 13-week "manufacturing academy" backed by several companies in the region.

Supporting firms participate actively, helping pay for tuition and scholarships and committing to interview graduates. Students who complete the program earn four industry

certifications, including Manufacturing Skills Standards Council recognition as a certified production technician – and Lenoir has recently made provision to grant college credit for these credentials. Academy graduates who come back to school later in life can apply their industry certification toward a degree – the equivalent of roughly two-thirds of a semester.

This is an important breakthrough: a first step toward bridging the divide between degree and nondegree programs. For students, it can be the best of both worlds – the flexibility of a nondegree program but also, eventually, credit for what they've learned. And Lenoir now offers several degree programs that build on topics covered at the academy – in aviation management, computer integrated machining and computer engineering, among other subjects.

No one knows how many programs of this kind – employers working closely with community colleges to offer unbundled career education – exist across the U.S. Nor is there a reliable count of nondegree students nationwide. But many institutions report that the trend is growing and that when it works well, it's a triple win – for the college, the company and students.

CONCLUSION

These three examples hardly exhaust the wealth of career education programs that active, engaged employers are working to promote across the U.S. today.

What these three examples show: no one size fits all. A few common best practices stand out. The first is combining classroom learning with related on-the-job experience. Second, close collaboration between educators and employers at the right level who can translate changing labor needs into effective pedagogy. Third, industry-recognized credentials to ensure that students are learning skills valued across an economic sector – among other stratagems. But this is a transitional time – the experimentation and innovation are far from over.

This ferment raises many questions for policymakers. Should government be helping to jumpstart or sustain programs, if not with funding then with other forms of assistance? Recent administrations have championed one model – traditional apprenticeship – and rightly so. But should government also be showcasing other successful templates more likely to be within reach for a broader range of companies? Should federal financial aid be available for a wider variety of educational programs? Should policy do more to accommodate unbundled community college?

It's beyond the scope of my remarks to address these questions. The good news I bring is that many employers are stepping up, providing or partnering to provide innovative career preparation. The challenge for the future: to encourage and sustain this activity, even when the business cycle turns down and labor markets are no longer as tight as they are today.

¹ Anthony P. Carnevale, Jeff Strohl and Artem Gulish, *College Is Just the Beginning: Employers' Role in the \$1.1 Trillion Postsecondary Education and Training System*, Georgetown University Center on Education and the Workforce, February 2015, <https://files.eric.ed.gov/fulltext/ED558166.pdf>.

² Kathy Booth and Peter Riley Bahr, *The Missing Piece: Quantifying Non-Completion Pathways to Success*, LearningWorks and WestEd, October 2013, http://www.learningworksca.org/wp-content/uploads/2012/02/MissingPiece_Web5081.pdf; and Kathy Booth, *The Ones That Got Away: Why Completing a College Degree Is Not the Only Way to Succeed*, LearningWorks and WestEd, September 2014, <https://www.wested.org/resources/the-ones-that-got-away-why-completing-a-college-degree-is-not-the-only-way-to-succeed/>.