

Work Force Preparedness: Training 21st Century Workers on a Mid-20th Century Budget

by Jack Betts

This article on work force preparedness is the first of a new regular feature of Insight magazine that will examine demographic trends and the policy implications of those trends, especially as they affect state government but also other institutions such as schools, businesses, and health care systems. This particular installment examines North Carolina's projected work force needs in the early 21st Century and whether the state has adapted its policies to help fulfill those needs.

It's 10 years before the 21st century begins, and already North Carolina's work force of the future is in tatters. Consider:

■ Workers entering the work force in the year 2000 are in the 6th grade right now, supposedly enjoying the benefits of the fourth year of the state's much-heralded Basic Education Plan (BEP). In Raleigh, legislators facing reelection in the fall of 1990 worked hard to cut planned increases in the state budget and avoid tax increases—and made hefty cuts in the long-planned 1990-91 BEP expansion. Will these schoolchildren be any more prepared than the

class of 1990, whose SAT score averages were the worst in the country?

■ North Carolina will lose 75,000 textile jobs in this decade alone, and as many as 500,000 in textiles and furniture over the next 20 years, throwing a huge number of loyal workers with a strong work ethic onto the job market.¹ They won't be able to find comparable jobs, because they won't be trained to do the sort of work that the new work place will demand. For them, it may be menial labor or service work, or the dole.

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Will the state shift policy gears to provide the sort of intensive retraining necessary to keep these workers on the production line and out of the welfare line?

■ And what about those tens of thousands of North Carolinians who should be in the work force right now but are not because they have no marketable job skills—and may not even be able to read and write? North Carolina has more illiterate adults than the nation of Japan, notes job development expert George Autry, yet Japan has 95 million more adults than does North Carolina. The state's literacy and adult job training programs are not geared to recruit these potential workers, school them to the point that they can handle the work of the future, and turn them into productive citizens.²

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— BOB SCOTT

Will the General Assembly push for a new state policy that emphasizes training and retraining the state's work force to handle what's coming? Will the state take note of these and similar demographic trends and consider their implications for public policy?

So far, the answers to these questions are a resounding *no*, filed in triplicate. That's what worries policymakers like Bob Scott and a number of other North Carolinians who are preaching a sermon on the unbreakable link between education and economic development in this state. "Do you realize that if present trends continue unabated—and our present level of illiteracy holds—that within the next 10 years we as a state will have in essence educationally and economically disenfranchised fully a third of our state's adults?" asks Scott, governor from 1969-1973 and now president of the N.C. Community College system.³

George Autry, president of MDC, a firm spe-

cializing in economic development and work force preparedness in the South, puts it this way: "There is a declining pool of new entrants into the work force; and an increasing proportion of that declining pool is poor, it is minority, it is undereducated, it is immigrant. These are the people we are going to look to to pay for our national debt service, our bills for national defense, and our Social Security benefits."⁴

And Jim Hunt, governor from 1977-1985 and a prominent national advocate for educational reform, adds this view from his work as a member of the Commission on the Skills of the American Workforce: "We found that most firms in this country are competing in the international marketplace not by development of workers' skills, but by cutting costs and using less-skilled people to do the job," says Hunt. "There are two ways to compete in this economy. One is to take the work force and make it more skilled, more versatile, and more valuable. Or you can compete by cutting costs, and getting fewer skilled workers. Those employers are not thinking for the long-term. And they know it. If you press them, they will admit this can't go on forever."

New Strategies Needed for Education and Training

If North Carolina's economy is to remain competitive in the future, work force experts say, it will require a new sense of cooperation among the states, the federal government, local governments, school units, and businesses. These often-competing factions should develop plans and programs for the future economy—plans that include new strategies for economic development and new strategies for education and job training. Consider the findings of Donald Tomaskovic-Devey, associate professor of sociology at N.C. State University. In a spring 1990 report on human resources and economic development, Tomaskovic-Devey said, "With the internationalization of economic activity, North Carolina is no longer competing with Massachusetts or Ohio for branch plants, but with Mexico, Brazil, and the Philippines. Wages are low in North Carolina, but not nearly low enough to compete with the poverty of the third world. If North Carolina is to enjoy any comparative advantage in the national and international economy in the 21st century, the state must give a very high priority to the skills and basic training of its work force."⁵



Scott Hoffman

Four former governors gather with the incumbent on June 11, 1990 to promote using the community college system to prepare North Carolina's future work force. Shown here, listening to Sherwood Smith, chairman of the Commission on the Future of the North Carolina Community College System, are, from left, James B. Hunt Jr., James E. Holshouser Jr., Robert W. Scott, Terry Sanford, and incumbent Gov. James G. Martin.

That means the state must “redirect its economic development strategy from one based on surplus low-skilled labor to one that nurtures the skills of the local work force,” adds Tomaskovic-Devey. “The low-skill-low-wage development strategy was probably appropriate for the transition from an agricultural to an industrial economy,” but that transition took place long ago. The problem is that “future development cannot be based on surplus labor [that is] leaving agriculture and supplying low-wage-low-skill labor to branch plants of national and international firms.”

That system simply won't work in the new economy of the 21st century. Today, the unemployment rate is relatively low, and the U.S. Department of Labor is predicting a huge shortage of workers by the year 2000.⁶ The department predicts that the state will create 760,000 new jobs by the beginning of the new millennium, but that only 550,000 new workers will be available to fill them. That means that as many as 210,000 new jobs could go unfilled because there won't be enough North Carolinians—or immigrants from

outside the state—with sufficient education and skills to handle those jobs. In other words, it's not that there will be a lack of people. But because of the lack of salable job skills, the lack of training, and especially the lack of retraining for formerly employed workers, there will be a large number of jobs without workers to fill them.

Not surprisingly, the state Department of Economic and Community Development rejects Tomaskovic-Devey's thesis, even as it agrees with the call for work force preparedness training. “That study was based on too small a group of employers, and you cannot do that and get a true picture of what the economy of North Carolina is all about,” says spokesman Kenneth Rabb. The fact is, says Rabb, one in every five jobs created in the state in the last five years carries a salary of \$50,000 or higher. But, he goes on, “We're enormously concerned about work force preparedness. That's why Governor Martin appointed the Commission on Workforce Preparedness, and that's why the Secretary [James Broyhill] is chairing it.”

A Declining Work Force

There are several reasons for the decline in the size of the work force compared to past growth. For one thing, the population is growing only about a third as fast as it did in the 1970s, when the work force grew 3 percent a year thanks to rapid population growth from 1945-65.⁷ Over the next 15 years, growth will increase only at 1 percent a year, and thus there will be fewer new workers available to fill jobs than there were during the 1970s and into the early 1980s.

Of the new workers available to fill the new jobs, they will be different demographically than they have been in the entire postwar period. Increasingly, workers "are women, minorities and non-English speakers, traditionally less-skilled members of the labor force," writes Sheron K. Morgan, director of the Office of Policy and Planning in the N.C. Department of Administration.⁸ The new work force may also attract older and more highly-skilled workers back into the labor force as well as a number of immigrants who may already have needed work skills. But these new workers won't be sufficient to fill all the jobs.

Janice Kennedy-Sloan, vice president for student development services of the Department of Community Colleges, says it's time to focus on the needs of the potential work force as well as the needs of employers. "We know what business wants and needs," she says. "What do the folks need who could fill the jobs?"

For these reasons, the state's four living former governors and Gov. Jim Martin made a rare joint public appearance in Raleigh on June 11, 1990, ostensibly to promote the state's 58-campus community college system but really to hold a camp meeting about using the community college system to prepare North Carolina's workers to meet the economic job demands of the future.

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When his time came in the pulpit, Hunt related a recent conversation with a high-ranking official at IBM Corporation, who told Hunt that his plants had ceased hiring workers who only had completed high school and perhaps one or two courses at the community college level. "He told me that his plants were hiring only those who have an associate's degree or better," Hunt told the crowd.

The meaning was as plain as day: In the factories of the future, at least two years of college would be required just to get in the door, and the state had better redraft its educational and economic development policies to plan for the future. But unfortunately, the very ears upon which Hunt's voice should have fallen were not in attendance in appreciable numbers; most instead were down the street at the General Assembly, where the appropriations committees were wrestling with how to carve half a billion dollars out of the 1990-91 portion of the biennial budget to meet available revenues and avoid raising taxes for education and other state programs.

In an interview, Hunt expands on the critical need for worker training. Few employers, Hunt says, give much credence to a high school diploma these days. "About 90 percent of the employers we talked to said the high school diploma made no difference to them. They counted it only as an indication that the kid would stick it out, as a measure of their potential work ethic." North Carolina's active work force, on average, has completed 12.3 years of school—below the national average of 12.6 years of school. But by the year 2000, most new jobs will require much more education. Four out of five new jobs will require about 13.5 years of schooling. Tomaskovic-Devey also found in his survey that North Carolina natives have less schooling than workers who move here from other states, and that of 306 North Carolina employers surveyed, most value the skills of native North Carolinians less than those of immigrants. Employers also find that the largest barrier to future business expansion is the shortage of skilled labor, and that a key problem for employers is finding workers who can read adequately.⁹

To Scott, the obvious answer lies in beefing up funding for community colleges without doing damage to the universities or to the public schools. The state's community colleges "represent the best—if not the only—hope this state has to forestall the economic equivalent of a Hurricane Hugo" through the education system. Community colleges, in Scott's view, are "going to have

to do it—educate the under-educated, train and retrain the low- or semi-skilled, retool the work forces of the business community in much the same way as a manufacturing company retools its machines to do a new job.”

And to do that, the community colleges need money. The Commission on the Future of the North Carolina Community College System has recommended boosting spending on the system by \$135 million over current operating funds (the department’s budget in 1989-90 was \$426 million).¹⁰ But the legislature has pared away much of the planned spending increases on public schools, which also need more funding. This does not go unnoticed by those in academia or business. “We have all read and followed the drama being played in Raleigh these days concerning the budget shortfall,” says Scott. “The heroes and villains can be pretty much whomever you choose to believe is at fault. But the bottom line is being reached in the community college system. And the state is about to pay a price it can ill afford to pay . . . and from which it will take years to recover . . . [T]he only question is whether the state’s leadership has the will to do what has to be done. So far, I don’t see much of that will in tangible ways—only lip service.”

Lack of Leadership Part of the Problem

Tomaskovic-Devey, whose study has stirred debate not only over worker preparedness but also over the state’s economic development policies, says, “The business community is taking this much more seriously than do legislators.” His study noted that 80.4 percent of 306 N.C. employers in a survey were so concerned about preparedness issues and related questions involving the quality of life in North Carolina that they were willing to support higher taxes if necessary. That finding was backed up in dramatic fashion during the 1990 short session of the legislature, when the state’s most powerful and well-known business lobby joined in a unusual call for higher taxes. North Carolina Citizens for Business and Industry, a statewide chamber of commerce, joined with four other groups—the Public School Forum of North Carolina, the N.C. Association of County Commissioners, the N.C. School Boards Association, and the N.C. League of Municipalities—to urge the General Assembly to take whatever steps were necessary to support “initiatives

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—THE NEW YORK TIMES

aimed at strengthening the economic competitiveness of our state,” including the state’s educational programs. “While it is not simple to pinpoint an easy solution to the revenue problem, all of our organizations believe that some form of increased tax revenue should be considered and acted on in this session. That is especially true if the alternative is draconian cuts in ongoing initiatives or passing along the state’s financial crisis to local governments,” the five groups said in a joint statement.

But not every business group agreed with the call for higher taxes. The Raleigh lobbyist for the National Federation of Independent Business opposed the call, saying that small businesses were more concerned about tax increases than they were about funding for education or other programs. “Our tax load is more than heavy enough. We simply can’t afford full BEP funding at this time,” Susan Valauri said in a June 28, 1990 press release. Legislators must have agreed, for they chose to cut the rate of budget increases rather than raise revenues.

At the same time that the legislature was avoiding increases in taxes, *The New York Times* was weighing in with one of its periodic looks at problems in North Carolina, particularly in educational achievements.¹¹ The *Times* noted that North Carolina “symbolizes more than any other state the contradictions of a region increasingly split between metropolitan areas that prospered in the Sun Belt boom of the last two decades and rural areas left behind.” Politicians predictably objected to the article, some of them calling it “a hatchet job,” *The Charlotte Observer* noted editorially. Yet, the *Observer* went on, the *Times* was correct in pointing out how poorly the state was faring—and why. “This isn’t news,” noted the *Observer*. “But what has given it new urgency is

Characteristics of North Carolina Job Growth and Work Force Growth

Job Growth

# of new jobs available by 2000:	760,000
# of new workers available by 2000:	550,000
# of new jobs that could go unfilled:	210,000

Reasons for Shortfall in Work Force

% Annual growth in work force 1990-2005:	1%
% Annual growth in work force 1970-1980:	3%

Who Will Fill New Jobs in 2000?

- Women who have not previously worked
- Minorities seeking to move up in work force
- Hispanics and other non-English-speaking workers
- Immigrants, especially those with work skills
- Older workers rejoining the work force

Source: U.S. Department of Labor; N.C. Department of Administration; N.C. Department of Economic and Community Development

he said. Rep. David Diamont (D-Surry), chairman of the House Appropriations Committee (and himself a school teacher), added, "Education is like human resources. You could always put more money into it. As a high school football coach, I could have 15 assistant coaches and I'd still put in for a sixteenth if I thought I could get it. But that doesn't mean more money would mean improvement."

Other legislators were painfully aware that the 1990 legislature was putting off inevitable—and tough—decisions for the 1991 regular session, both in funding public schools and in financing work force preparedness programs. House Majority Leader Dennis Wicker (D-Lee) says part of the problem was that legislators did not yet realize the importance of work force preparedness issues. "You don't hear as much about it inside the beltline as you do outside the beltline," he says.

the realization that low levels of education will no longer attract even the industries that have placed us on the bottom rungs of the nation's wage scale. Even the consultants touting our affordable wages to industry warn about the lack of a skilled work force. If you want to know what business groups and chambers of commerce really think, look at their complaints about the quality of workers they've been getting from the state's high schools."¹²

On the day that editorial was published, the state House of Representatives was unveiling a new budget scheme that basically followed a similar plan in the Senate—no new taxes for education, and severe cuts into planned expansion of education programs. Yet most legislative leaders wanted to avoid talks of the education programs that would not be funded, and instead cast the decision in terms of paring away at budget fat. Senate Majority Leader Ted Kaplan (D-Forsyth) tried to put the best face on what the legislature was doing. "Our goal really is to cut the bureaucracy more than cut things out of the classroom,"

"But pretty soon our community colleges are going to be in the same shape our public schools are in, and the reason is that they don't have the money they need." Wicker had plans to sponsor a big increase for community colleges but didn't push the bill in the 1990 session "because it'd be an exercise in futility. I fully expect the next session [1991], when we'll have the time and the revenues to talk about education big-time, to be the turning point on education and worker training."

That can't come too soon for some experts. Michael Vasu, professor of political science and public administration at N.C. State, worries that the state is not providing the leadership the issue needs. "Someone really does need to pay attention to this," says Vasu. "State government is not hearing what the business community wants. We need a different kind of work force from what we're getting from traditional vocational education programs. We need a larger concept of vocational education than just bricklayers and carpenters. We need people who can

do decimal fractions, who can handle digital readouts. We need a whole new conceptualization of work force training."

Vasu and Andy Frazier, director of the Governor's Commission on Workforce Preparedness, have examined business needs and weighed them in relation to what the public schools are producing. More than half the state's employers are dissatisfied with the schools, Vasu and Frazier found, and they say the evidence is clear that North Carolina's future "will hinge in important ways upon all students in the educational system; however, much of our economic future will depend upon the forgotten half of our student population [who do not pursue post-secondary education]. These will be the 'human capital' upon whom we base a major portion of our economic hopes. But even if we are successful in reforming elementary and secondary education, public school reform only solves a small part of the immediate problem with our work force"—the fact that most of our workers for the next 15 years already are out of school and in the job market. Too many of these workers "are functionally illiterate by today's standards," and many more may be considered functionally illiterate in the future. The best answer may be a new set of strategies that encompasses "a continuum of education and training services that begin in early childhood and continue throughout an adult's working life," Vasu and Frazier say.¹³

The final report of the Governor's Commission on Workforce Preparedness, appointed by Gov. Jim Martin to hold a series of statewide hearings and to develop plans for preparing future workers, will be released in November 1990. Proponents of work force preparedness hope they can use that report as a springboard for action in the 1991 General Assembly, which will have to tackle ways of making up for funding cut in the 1990 session. Political observers expect the 1991 session to enact at least one new tax—and perhaps a package of new taxes including an increase in tobacco taxes—to pay for education programs and for worker training programs. But there's no guarantee that the 1991 session will do what the 1990 session failed to do, and Bob Scott often wishes that funding schools and worker training programs were as easy as building new highways—as evidenced by the 1989 General Assembly's adoption of a \$9 billion paving program. "If our leadership showed half the creativity at coming up with funding for education that it shows for highways, we would not be in the

penny-pinching mess we're in today," says Scott. "I have the feeling that if this state goes down the road to economic stagnation, it'll be on a six-lane highway." □□

FOOTNOTES

¹Daniel D. Mahoney, Managing Director, DRI/McGraw-Hill, "North Carolina in 2010: Discussion of Major Trends," presentation to the Office of Policy and Planning, N.C. Department of Administration, Feb. 23, 1990.

²A number of recent studies have faulted state and federal literacy and job training programs *not* for their content, but for the fact that so many citizens need literacy and job training and so few of them get it to the point that they are able to hold a full-time job. For more on literacy problems in North Carolina, see Barbara Barnett, "Poverty and Education: A Costly Problem in North Carolina," *North Carolina Insight*, Vol. 11, Nos. 2-3, April 1988, pp. 106-121. For more on job training programs, see Bill Finger and Jack Betts, "Off the Dole and Onto the Payroll: Do Job Programs Get People Out of Poverty?" *North Carolina Insight*, Vol. 11, Nos. 2-3, April 1988, pp. 64-93.

³Robert W. Scott, remarks to the Southeastern N.C. Rural Leaders Program, Pembroke State University, Lumberton, N.C., May 15, 1990.

⁴George B. Autry, remarks to the Governor's Commission on Workforce Preparedness, Raleigh, N.C., April 11, 1990.

⁵Donald Tomaskovic-Devey and Rosemary Ritzman, *Back to the Future? Human Resources and Economic Development Policy for North Carolina*, Department of Sociology, Anthropology and Social Work, N.C. State University, Spring 1990, p. 4.

⁶*Workforce 2000: Work and Workers for the 21st Century*, Hudson Institute, Indianapolis, for the U.S. Department of Labor, June 1987. For a regular update on employment forecasts, see also *Outlook 2000, the Occupational Outlook Quarterly*, published by the U.S. Department of Labor's Bureau of Labor Statistics, Washington, D.C.

⁷*North Carolina's 21st Century Workforce*, Labor Market Information Division, Employment Security Commission of North Carolina, 1989, p. 6.

⁸*Listening to the Future: Workers in a Changing World*, Office of Policy and Planning, N.C. Department of Administration, June 1990, p. 6.

⁹Tomaskovic-Devey and Ritzman, generally.

¹⁰*Gaining the Competitive Edge: The Challenge to North Carolina's Community Colleges*, a report of the Commission on the Future of the North Carolina Community College System, MDC, Inc., February 1989, p. 33.

¹¹Peter Applebome, "In North Carolina, the New South Rubs Uneasily With the Old Ways," *The New York Times*, July 2, 1990, p. A1.

¹²"A 'Hatchet Job'? Legislative Ax, Not New York Times, Should Worry N.C.," editorial, *The Charlotte Observer*, July 5, 1990, p. 12-A.

¹³Michael L. Vasu and Andy Frazier, *Workforce Preparedness for Economic Development: Report on the 1989 North Carolina Business and Industry Survey*, a joint initiative of the N.C. Department of Administration, the N.C. Department of Economic and Community Development, and the Office of the Governor, 1990, p. 14. For further information on how business people view work force needs of the future, see *America's Choice: high skills or low wages!*, prepared by the Commission on the Skills of the American Workforce, the National Center on Education and the Economy, Rochester, N.Y., June 1990.