Home > State economies tied to ‘upskilling’ of workforce: Help for incumbent workers includes use of micro-credentialing, greater investments in community colleges

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Marysville, Ohio, is home to the first Honda manufacturing plant in America. It opened in 1979 with 64 workers assembling the company’s Motocross motorcycle. Auto production soon followed. Now in its 40th year of production, the original plant, along with several nearby operations, employs 13,000 workers in the northwest part of the state.

Ohio Rep. Jon Cross, whose district lies just north of the Marysville plant, has visited the facility and seen the work being done there. “It’s highly technical, highly skilled,” he notes, more of what one might expect at a tech company rather than a car manufacturer.

More and more, that is the reality of work in manufacturing and other sectors of the Midwest’s economy — the result of advances in technology, automation and robotics. For states, that means economic growth depends in part on having a highly skilled, adaptable workforce able to keep up with the fast pace of change.

According to the U.S. Bureau of Labor Statistics, as of June, there were 1.5 million job openings in the Midwest (see map for state-by-state data), and many businesses say they can’t find enough people with the necessary skills to fill the vacancies that they have.

Parts of this region, too, have among the lowest unemployment rates in the nation; Ohio’s is actually a bit over the national average, but it’s still only 4.2 percent.

“That basically means we’re at full employment, and that’s really great for the economy,” Cross says. “But the downside is that businesses are [struggling] to grow and find new employees.

“Where are these new employees going to come from?”

The answer to that question, in Ohio and other states, is more complicated than simply relying on new high school or college graduates. “Colleges are not pumping out enough people to fill the new positions that are going to be available in our workforce in the next three to five years,” Wisconsin Sen. Dan Feyen says about the labor market challenges in his state.

“So we need to make sure that we can take people within our existing workforce and put them in jobs where they can excel.”

With that challenge as a backdrop, legislators are re-evaluating their state workforce systems and policies, while looking to invest in new strategies that help with the retraining or “upskilling” of incumbent or unemployed workers.

In Ohio and Wisconsin, for example, lawmakers are exploring the idea of “micro-credentialing”: a path for individuals to earn a workforce credential that typically takes less than a year to complete, at a relatively low cost. In Indiana, the state’s network of public community college is placing a much greater emphasis on support for adult or returning students.

“We still need to serve the 18-year-old, that young adult coming out of high school,” says Sue Ellspermann, president of Indiana’s Ivy Tech Community College, which has 18 campuses across the state. “But the recognition is that
Indiana, like most Midwestern states, cannot meet their attainment goals and expectations of employers without a very strong adult strategy."

**New Ohio goal: Award 10,000 ‘micro degrees’ every year to workers**

More than 27 million U.S. adults have completed some college but lack a credential or degree, and more than 63 million Americans between the ages of 25 and 64 have no education beyond high school. In the Midwest, state educational attainment rates — the percentage of 25- to 64-year-olds who have a postsecondary degree or credential — ranges from 43.3 percent in South Dakota to 54.8 percent in Minnesota.

Attainment rates matter because an increasingly higher percentage of U.S. jobs requires some kind of education or training beyond high school. For state policymakers worried about the gap in the number of available jobs vs. the number of qualified job applicants, the good news is this: There is a large pool of potentially new postsecondary degree earners. The issue is how businesses and policymakers get this population to seek degrees or certificates that boost workforce skills.

Part of the policy solution in Ohio, Rep. Cross believes, should be improving workers’ access to micro-credentials. Gov. Mike DeWine agrees. His goal for the state is to have 10,000 workers complete some kind of micro degree every year. With that objective in mind, Ohio legislators appropriated $30 million a year in the state’s new biennial budget for micro-credentialing, and in September, the state launched a new program called “TechCred.”

Under TechCred, employers will get reimbursed up to $2,000 for the costs associated with a worker earning a credential in a high-demand field. The credential must be industry-recognized and technology-focused, and take less than one year to complete.

“We want to help businesses do that — retrain employees, upskill them and get them in better positions that lead to better pay,” Cross says. “And then the businesses can backfill entry-level positions. It’s all about trying to get more people into the workforce and filling more jobs.”

Cross is the sponsor of legislation, HB 2, that would codify TechCred in state statute. The bill also provides the same tuition reimbursement for individuals to pursue an industry-recognized micro-credential in a high-demand field, and it encourages the creation of industry sector-partnerships to better develop and target training programs to match business needs. (As of early December, versions of HB 2 had passed the House and Senate.)

Like Cross in Ohio, Feyen sees micro-credentialing as a useful tool in helping Wisconsin close its skills gap. This year, he sponsored a micro-credential bill that would create a $2 million grant program for nonprofits and colleges or universities to provide education in high-demand fields to upskill the state’s unemployed and underemployed workers.

That legislation, SB 14, is modeled after a pilot program at Lakeshore Technical College in eastern Wisconsin. Seeing the success of that program, Feyen wants to take it statewide. “It keeps our workforce more educated and ready to take on new challenges,” he says, “and it keeps companies moving in the right direction.”

According to Feyen, his micro-credentialing bill would complement several larger initiatives already under way in Wisconsin, including Fast Forward, which began in 2013 and has since provided millions of dollars in job-training grants to employers and technical colleges. One particular emphasis of this upskilling and retraining of workers, he says, should be technology. In Wisconsin, businesses will need an additional 3,000 workers with these skills over the next three to five years.

“The digital world is not going away,” Feyen says. “It’s just getting more advanced all the time, so we need to make sure there are programs in place that our employers have access to get training for their employees to keep pace.”

**Indiana’s community colleges adjust to meet needs of adult students**

According to the U.S. Department of Education’s National Center for Education Statistics, one-quarter of American workers possess a postsecondary non-degree credential, such as a certificate, certification or an occupational license. Certificates have become the fastest-growing postsecondary credential awarded in the United States; more than 1 million are awarded each year, according to Georgetown University’s Center for Education and the Workforce.

“When people get degrees or certificates from community colleges, that tends to be a good investment and pays
off,” says Paul Osterman, co-director of the MIT Sloan Institute for Work and Employment Research.

Improving the quality of community colleges, he adds, should be a fundamental objective of any state’s overall plan to improve its workforce. Long before she became president of Indiana’s Ivy Tech Community system, Ellspermann understood the central role of two-year institutions in job training and workforce development — particularly for non-traditional students. A former state legislator and lieutenant governor, she had a hand in the development of programs that her community college now delivers to students across the state. One of these is Next Level Jobs, which started in 2017.

There are two major components of the Next Level Jobs:

1) Workforce Ready Grants, which provide free community college to adult-age workers who receive certificates in a high-demand job in one of five high-growth sectors: advanced manufacturing; building and construction; health and life sciences; IT and business services; and transportation and logistics.

2) Employer Training Grants, which reimburse employers up to $50,000 for the costs related to training workers in high-growth sectors (the same sectors identified for Workforce Ready Grants, plus agriculture).

With each of these grant programs, Indiana is attempting to get workers into higher-wage jobs. Crucial to the success of Next Level Jobs is the partnership between businesses and community colleges. Meanwhile, Indiana’s community colleges have developed programs of their own to help adult students. One example is Ivy Tech’s Achieve Your Degree program, a school-business partnership that offers employees the opportunity to receive a community college education at minimal cost.

“I think of it as tuition reimbursement 2.0,” Ellspermann says. Working with employers that provide tuition assistance, Ivy Tech defers student tuition and then seeks payment directly from the business. Currently, 180 companies use the program to upskill their workers.

“In a 3 percent unemployment pool, there are not a lot of unemployed adults out there to bring in, so if [businesses] want a more skilled workforce, they are going to have to use their own employees and skill them up to be even more productive and more valuable for the organization,” Ellspermann says. “To the extent that they can work with their community college and postsecondary system, it’s a win for all. But they need to look at ways to shift the burden of the tuition off the employee and find a way to make it easier for the employees to come back [to school].”

The job of the community college, she adds, is to reinvent itself to help meet the needs of these workers/students. Recognizing that 25 percent of its students have dependent children, for example, Ivy Tech has created a Single Mother’s initiative to help parents persist in higher education — not only through targeted academic supports, but with wraparound services as well.

Ellspermann points to other examples of helping adult workers/students: 1) the use of stackable credentials, which provide individuals with short-term certificates while creating a pathway to an associate’s degree; and 2) more scheduling options, such as the availability of eight-week-long courses.

“Adults have a much more challenging time doing college in the way we have [traditionally offered it],” Ellspermann says, adding that the eight-week model for courses has led to greater success among these learners. Along with investing more in community colleges, Osterman says, states can partner with businesses and provide new incentives for companies to train or retrain workers. (Evidence points to a decline in employment-based training activity, he notes).

“The problem is not the lack of good ideas or best practices [on job training],” he says. “The problem is scale and resources and the willingness to insist on quality. ... Those are the issues [policymakers should] focus on.”
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