



# Closing the Gap between Career Education & Employer Expectations: Implications for America's Unemployment Rate

Anthony S. Bieda

The Accrediting Council for Independent Colleges and Schools

December 2011

On the eve of the U.S. economy entering its third consecutive year with unemployment rates exceeding nine percent, an outcome that some have labeled “debilitating,”\* policy makers have strongly emphasized job growth and expansion of employment opportunities as ways to put citizens back to work. Assumed is a reasonable and logical correlation that more jobs and more employment opportunity necessarily equate to a lower unemployment rate, followed by economic expansion. However, other correlations, other than lack of job growth, may help explain the persistent structural unemployment that has beset the U.S. economy for nearly a third of a decade. Therefore, alternative strategies for economic recovery may merit consideration.

One set of factors of particular interest for this report is the relationship between unemployment and the availability of workers who hold at least minimum skill sets required for hiring consideration who are willing and able to commute or relocate to access employment opportunity. While either factor alone – appropriate skills or physical proximity – may be enough to explain structural unemployment in some circumstances, the combined impact of the two surely has much greater power in explaining a persistent unemployment rate that has spanned the entire geography of the U.S. for more than three years.

Inherent in the line of inquiry that is the basis for this report is an assumption that substantial job openings exist, but that the availability of qualified workers is deficient, either due to lack of appropriate skills, lack of physical proximity to the communities where the job openings exist, or both. Furthermore, until and unless the skills and worker proximity gaps are substantially closed, progress toward full employment based on job creation alone will produce unsatisfactory results, leaving a substantial segment of the workforce displaced from employment, and a substantial number of employers unable to throttle-up their enterprises to full productivity.

\*For the demographic slice of greatest interest to career education, the unemployment rates are more sobering: Millennials (born between 1981 and 2002) are the “largest and most diverse generation with more than two fifths non-white; unemployment for 20 to 24-year-olds stood at 16 percent in March 2010, while for those 25 to 29 the rate was 11.5 percent, more than double the level before the recession began. For teenagers, 20-something African Americans and Hispanics, and young people without a college degree, the unemployment rates spike as high as 28 percent.” (“Children of the Great Recession” by Ronald Brownstein, 2010, *The Next Economy*, Atlantic Media Group Inc., Washington, D.C.)

Regarding the proximity issue, writing in *The Next Economy*, Don Peck observes that “holding out for the perfect job is likely to turn out poorly for most people. In 2008, fewer people moved, as a percentage of the population, than in any year on record.” Peck speculates that Millennials are staying close to home because of the financial and emotional support available from family and friends. But he emphasizes the great variation in employment opportunity as a function of geography: 9 to 1 (employees to job opening) in Detroit and Miami compared to 2 to 1 in New York City, San Jose and Salt Lake City and 1 to 1 in Washington, D.C.

Skills and proximity gaps are not new phenomena that impact the rate of unemployment. Many recent scholarly works have examined and scrutinized these factors, giving their existence significance and validation. Adding 20 million post-secondary educated workers over the next 15 years “would make (the U.S.) educational attainment comparable with other developed nations, help meet the economy’s need for efficiency and reverse the growth of income inequality,” according to Anthony Carnevale and Stephen J. Rose, writing in “The Undereducated American,” June 2011. And more specifically to the gap in skills, the economists note that up until 1980 the U.S. produced post-secondary education graduates roughly in proportion to the needs of the economy, but the rate of growth has ebbed in the interim: “The rate of increase in college-educated workers slowed from 1990 to 2000, and even more from 2000 to 2010; it has failed to keep pace with employer’s demand for skilled workers.”

The degree to which these factors have persisted in the U.S. economy, a nation with unprecedented access to educational resources and the means for domestic mobility, merits further inquiry. Education attainment through open, subsidized enrollment at widely available post-secondary institutions and physical mobility through subsidized access to ubiquitous transportation infrastructure are among the premiere hallmarks of the country’s public policy achievements in the second half of the 20<sup>th</sup> Century. Apparently, those mitigations of the skills and proximity gaps have not been completely effective in forestalling the on-set and persistence of structural unemployment.

The purpose of this report is to specifically focus on the former factor – the employment skills gap – and leave the physical proximity conundrum to others. Furthermore, while placing educational opportunity appropriately, and providing timely access to its benefits, are variables worth scrutiny, this report is intended as a discussion of the quality, relevance and content of educational opportunity relative to structural unemployment. The expansion of information technology-based modes of delivering post-secondary education may have some impact on improving the availability of skills development across time and space; however, even if cyberspace education eventually reaches every household in the nation every day, the content must be appropriate and relevant if the skills gap is to be closed effectively and swiftly.

While many members of the post-secondary education community have at least tangential interest in the ability of the academy to deliver skills-appropriate candidates to the doorsteps of prospective employers, career education institutions (and the affiliated quality assurance agencies) as defined in federal statute have a special and pronounced interest because the placement of career colleges completers in jobs that match or closely match the student's chosen field of study is a matter of formal, institutional compliance. Placement in field, at its optimal, represents an objective, quantitative indication of student learning that is manifest in rule and regulation, both at the federal administrative level (regulations of the U.S. Department of Education, office of Post-Secondary Education) and in published accreditation standards. Most importantly, the direct linkage between education and skills acquisition leading to employment is an expectation with broad currency among funding sources, accountability monitors, employers and the greater community.

If any questions persist regarding the depth or strength of the education leading to employment expectation, they are how to enforce the expectation more precisely and effectively in the career education sector, and how to broaden its application to other colleges and schools so that more of the nation's post-secondary education infrastructure is guided by direct linkages to employment and workforce development.

The broad subject of 'accountability in education' drives much discussion and substantive research into institutional and organizational effectiveness. From pre-school through post-graduate education, the funders and governors of educational institutions want to be assured on a recurring basis that the resources invested are producing outcomes that align with mission, purpose and community expectations.

While a strong consensus exists on the merits of evaluating the effectiveness of educational enterprises, be they public, private, serving school-aged children or working adults, less than consensus prescribes how to determine if an institution is making substantial contributions to the acquisition of knowledge or skills by those enrolled. Some measurements have been applied to the quality and quantity of the inputs to the institution, such as funding per student, size of library resources, credential levels of the faculty, quality of facilities and equipment. But those variables may be somewhat unsatisfactory to those primarily concerned with the student-based outcomes produced by the education enterprise, irrespective of its access to resources, prestige or notoriety.

In the federal realm, accreditation of post-secondary education through peer review and evaluation plays a major role in establishing benchmarks for quality and therefore standards for accountability. Accreditation standards, prescribed in statute and regulation, typically address both inputs and outcomes. For purposes of this inquiry, salient research and findings of recent vintage more appropriately focus on outcomes as a primary means of institutional accountability. In that regard, the U.S. Department of Education requires all recognized accreditors to apply the following:

“... standards that address the quality of the institution or program in the following areas: Success with respect to student achievement in relation to the institution’s mission, including course completion, *state licensing examination and job placement rates*.” (34 CFR Part 602.16 (a)(1)).

While the regulation affords the institution and its accretor, in the case of traditional higher education, the flexibility to establish and evaluate student learning outcomes that are appropriate to its institutional mission and purpose, the regulation does not afford any college or university the flexibility to opt out of this requirement, as long as it intends to remain eligible to participate in federal student financial aid programs.

For accreditors of career colleges and schools, the standards of quality and integrity directly link educational outcomes to field-specific skills acquisition and subsequent employment:

“Every institution must have a mission... together with a set of objectives... that should be devoted substantially to career-related education. Each campus shall have an effectiveness plan that describes the characteristics of the programs offered, describes what types of data will be used for assessment, identifies outcomes, and states how continuous improvement will be made. The plan must contain these elements at minimum: 1. student retention rates; 2. student placement rates; 3. level of graduate satisfaction; 4. level of employer satisfaction; 5. student learning outcomes; and 6. graduation rates [when available].” (Section 3-1-100, *ACICS Accreditation Criteria*, Oct. 1, 2011)

Accreditors of more traditional but applied higher education have also embraced a closer connection between education and skills acquisition. The Association to Advance Collegiate Schools of Business (AACSB) has ‘borrowed’ from engineering education a requirement that each business major establish learning goals for its students, including such skills as “identifying and analyzing derivative instruments” or the time value of money. Writing in the *Chronicle of Higher Education* (April 14, 2011), David Glenn explains that it is difficult to assess “how long students retain knowledge and skills after graduation.” His article notes that some faculty were

initially skeptical of the accreditor's learning outcomes requirement, known as "assurance of learning," but now embrace the principle:

"In the last two or three years, we've really tried to see whether students are learning what we expect. They're not there yet, but I think we're on the right track," Axel Grossman, an assistant professor at Radford University told Glenn.

More entrenched and resistant to a direct, expressed linkage between educational outcomes and workforce development is fully traditional higher education. Attempts by quality assurance regulators (including regional accreditors like the Western Association of Colleges and Schools or WASC) to develop and apply benchmarks for retaining and graduating students met with the following recently:

"A whole lot of bad things happen when institutions become obsessed with retention and graduation rates," said one questioner. Another said a shift by WASC "to the arena of external comparisons would be a hard sell to faculty, concerned that a common set of metrics (like graduation or placement) would straightjacket their own assessment efforts." ("What's Good Enough?" By Doug Lederman, *Inside Higher Ed*, April 14, 2011).

With a policy foundation memorialized in federal regulation and a quality assurance ethic grounded in long-standing accreditation criteria, the expectation that post-secondary education should lead to employment appears to be resilient and substantial, if not universal. What remains less settled are the more fundamental issues cited above: 1. How to enforce the expectation more effectively with career colleges and schools? 2. How to broaden its application to other colleges and schools so that the nation's post-secondary education infrastructure is aligned with the outcomes of employment and workforce development?

Attempts to address those issues have produced research and commentary through a variety of forums and organizations recently. In aggregate, available literature suggests that many thoughtful and knowledgeable authorities are investigating remedies to the nation's structural unemployment that go well beyond creating more jobs and employment opportunities. Instead, the inquiries and implied strategies are focused on a better and more complete match between the skills acquisition of post-secondary students and the needs of employers with available job openings. Below is a summary of some of the salient publications in this regard, and the earnest interpretations of evidence by respected authorities:

"(For Millennials), the working world has become an inscrutable maze of part-time jobs, temporary gigs and full-time positions that abruptly dissolve into layoffs. 'If the jobless recovery drags on for three or four years, we will face large problems we have not faced since the Great Depression,' said former labor secretary Robert B. Reich. 'Young people are not going to form the attachments to work that their older sibling or parents had.'"

(‘Children of the Great Recession’ by Ronald Brownstein, *The Next Economy*, supplement to the *National Journal*, Summer 2010; Atlantic Media Group, Washington, D.C.)

Brownstein’s narrative suggests five “big fixes,” not including a greater rate of job creation, that could mitigate structural unemployment. One of particular interest is expanded access to education and skills development through community colleges that comes with a caveat: “These institutions are a powerful means of providing people with skills that improve marketability. However, for these colleges to fulfill expectations, they must ensure their programs are tied to hiring needs in the local workforce.”

Recent inquiry by the McKinsey Global Institute (*An Economy That Works: Job Creation and America’s Future*, June 2011) expressed skepticism that the U.S. could achieve full employment before 2020. More importantly, the authors are emphatic that “better matching of workers to jobs” must accompany sustained demand growth and more global competitiveness by U.S. companies. Among MGI’s key findings:

“Under current trends, the U.S. will not have enough workers with the right education and training to fill the skill profile of the jobs likely to be created ... suggesting a shortage of up to 1.5 million workers with bachelor’s degree or higher in 2020 ... and nearly 6 million Americans without a high school diploma are likely to be without as job.”

MGI indicates that some of the problem stems from the mismatch between post-secondary education choices and the skills sets required for employment:

“Too few ... choose fields of study that will give the specific skills employers are seeking. Shortages (are projected) for nutritionists, welders, nurse’s aides ... computer specialists and engineers.”

The report from McKinsey and Company is specific in its appeal for policies and initiatives designed to develop the workforce of the future, not just produce graduates or completers with general credentials. The researchers reiterate the theme that employers are not able to find employees with the skills required to fill available openings, in spite of rising levels of educational attainment in the U.S. and large investments by the federal government in education and workforce development.

The depth and breadth of the deficiency of qualified workers was given greater profile and urgency before the U.S. House Sub-Committee on Regulatory Affairs by Georgetown University economist Anthony P. Carnevale in July 2011. Referencing his report, *Help Wanted: Projections of Jobs and Education Requirements Through 2018* (June 2010), Carnevale explained his findings that by 2018 (less than seven years from now) the U.S. economy will fall short of educated

workers by at least 3 million by 2018 if measured by those with associate degrees or higher; it will fall short by 4.7 million educated workers if all post-secondary credentials are included.

Carnevale offers an interpretation of the significance of his findings:

“Our grandparents’ economy, which promised jobs for anyone who graduated from high school, is fading and soon will be gone. The share of jobs (requiring) post-secondary education will increase from 59 to 63 percent over the next decade. High school graduates and drop-outs will find themselves largely left behind as employer demand for workers with postsecondary degrees continues to surge.”

Even voices that have offered criticism of career education in general, and for-profit career colleges and schools in particular, have softened their perspective recently in recognition of the need to harness all of the nation’s resources to overcome structural unemployment and economic stagnation. Writing in the Washington Post on November 27, 2011, columnist Jay Matthews offered several reasons why career education is here to stay, including:

“For-profit colleges often have better graduation rates for the same kinds of students. U.S. Education Department data show students with two or more key risk factors — such as delayed enrollment, no high school diploma or full-time job — have only a 17 percent chance overall of getting a two- or four-year degree. Their chances are 24 percent at for-profit schools. That’s not a big improvement, but they are doing it with fewer tax dollars.”

The value of the career education sector has come under intense scrutiny by the investment community as well, in part because so much private capital is at risk in the operation of the publically-traded institutions. But even investment analysts have recently tempered their critique of career colleges, given the close linkage between workforce development and economic recovery:

“For-profit schools not only do a pretty good job of educating but they are much quicker at innovating and adapting to the needs of student and employers. For-profits are quick to introduce programs that are actually needed by students and employers. For example, Universal Technical Institute communicates with auto manufacturers and learns what it is they need from their workforce. They design curriculum based on what the employers tell them. Some are even introducing Android and iPhone applications to enhance the learning process.” (by Mariusz Skonieczny, “Attack on the For-Profit Education Industry,” *Seeking Alpha*, July 2011.

Giving greater definition to the types of skills employers demand of graduates from post-secondary education institutions, the Institute for the Future (Palo Alto) and the University of

Phoenix Research Institute identified six specific drivers of change in workforce development and discrete skill sets that align with the future workplace. In *Future Work Skills 2020*, (2011), IFTF discusses drivers as “big disruptive shifts that are likely to reshape the future landscape” and are deemed to be “most important and relevant to future work skills.” The skills sets range from sense-making and novel and adaptive thinking to cross-cultural competency and computational thinking. They represent a unique but compelling inventory of knowledge concentrations that cover a broad array of cognitive and social skills. More importantly, they reflect an understanding that any curriculum development must begin with an appreciation for the types of knowledge and skills attainment that are expected of the successful completer of the course, program or credential.

Sincere but rudimentary assumptions form the basis for much debate about how to remedy the nation’s chronic and uncomfortable level of unemployment. Great consensus has formed around the notion that high rates of unemployment are the primary if not the exclusive priority of policy makers, institutions and organizations that have stakes in the current state of economic anemia. Consensus of more modest proportions is attached to the notion that in order to remedy the economy, the country or the business sector or the government or all three need to create more jobs. While economic vitality is typically indicated by low unemployment rates, it is less clear that simply creating more jobs will result in acceptable levels of employment.

An alternative hypothesis explored in this report is the notion that at least some of the persistent, structural unemployment and under-employment that vexes the U.S. economy is related to a chronic lack of workers with the skills or mobility (or both) to fill a significant number of bona fide job vacancies. As the character and foundation of the economy in the second decade of the millennium has shifted in fundamental ways, jobs and occupations that were in greater abundance before the economic displacement of 2008 have gone away and are never coming back. Workers trained and qualified for those jobs, therefore, are unlikely to rejoin the labor force without substantial and significant post-secondary education.

All parties who have an interest in the effectiveness of post-secondary education to meet the new and emerging workforce needs – including funding sources, regulators, quality assurance authorities and the greater community – have reasonable expectations that education contribute to or result in job placement, regardless of the type of institution providing the education. The alignment of institutional purpose with workforce knowledge and skill acquisition is not foreign to many colleges and schools that have operated successful educational and training programs for decades in the U.S. How quickly or profoundly the

alignment and expectation will be applied ubiquitously to higher education remains to be settled.

#### About The Accrediting Council for Independent Colleges and Schools

*Founded in 1912, ACICS is the largest national accrediting organization of degree-granting institutions. We accredit professional, technical and occupational programs, and are one of two national accreditors recognized by both the U.S. Department of Education and the Council for Higher Education Accreditation with a scope that includes private postsecondary institutions offering certificates, diplomas and degrees from the Associate's through the Master's.*

*Colleges and schools accredited by ACICS are required to meet and maintain high standards of faculty qualifications, student retention and student placement.*

#### **SOURCES FOR "CLOSING THE GAP"**

**Brownstein, Ronald.** "Children of the Great Recession." Summer 2010. *The Next Economy*, Atlantic Media Group, Washington, D.C.

**Carnevale, Anthony P. & Rose, Stephen J.** *The Undereducated American*. 2011. Georgetown University Center on Education and the Workforce, Washington, D.C.

**Carnevale, Anthony P.; Smith, Nicole; Strohl, Jeff.** *Help Wanted: projections of Jobs and Education Requirement Through 2018*. June 2010. Georgetown University Center on Education and the Workforce, Washington, D.C.

**Davies, Anna; Fidler, Devin; Gorbis, Marina.** *Future Work Skills 2020*. 2011. Institute for the Future, Palo Alto, CA. For the University of Phoenix Research Institute.

**Glenn, David.** "Business Students, What Have You Learned?" April 2011, *Chronicle of Higher Education*, Washington, D.C.

**Klein-Collins, Rebecca; Sherman, Amy; Soares, Louis.** "Articulation Agreements and Prior Learning Assessments: Tools to Help 21<sup>st</sup> Century Students..." *Report by the Center for American Progress*, June 2011. Washington, D.C.

**Lederman, Doug.** "The Case For More College Grads." June 27, 2011. *Inside Higher Education*, Washington, D.C.

**Manufacturing Institute.** *Roadmap to Education Reform for Manufacturing: Results from the National Manufacturing Talent Development Roundtable*. December 2010. Washington, D.C.

**Manyika, James; Lund, Susan; Auguste, Byron; Mendonca, Lenny; Welsh, Tim; Ramaswammy, Sreenivas.** *An Economy that works: Job Creation and America's Future*. June 2011. McKinsey Global Institute, Washington, D.C.

**Skonieczny, Mariusz.** "Attack on the For-Profit Industry." July 21, 2011. *Seeking Alpha*, seekingalpha.com.