

A Skilled Workforce: Competing in a Global Economy Through the Utilization of a Career Readiness Certificate

A White Paper

December 7, 2004

Background

Funding, raw materials, infrastructure and land are no longer leading factors as to where global corporations will grow and locate. Companies are now looking at today's workforce. For Missouri to grow in this global economy, it is essential to develop a comprehensive package of incentives to attract out-of-state companies as well as reduce in-state attrition. With the workforce being a primary concern of business, Missouri's economic development portfolio must contain an effective and measurable system to communicate to others about the skills of its great workers.

During a House Financial Services Committee hearing in July 2004, Federal Reserve Chairman Alan Greenspan said the growing inequality in U.S. incomes largely reflects differences in workers' education and job skills. He said the pay gap shows the "skill premium" commanded by higher educated, better-trained workers. Without changes, he predicts the workforce will be increasingly divided between those able to earn and those struggling to get by. "This represents a major problem of matching skills of workers to the technological base of the economy, which I believe is an education issue and requires that we address it as quickly and broadly as we can," Greenspan said at the hearing.
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Abstract

In reviewing Governor-elect Blunt's plan to improve the quality of life in Missouri, "A New Direction", it is agreed that Missouri must implement strategies focused on results. Businesses judge the education and workforce development systems from a pragmatic perspective — "Will the individuals educated in this community be ready and able to work and have the skill my jobs require?" A lack of job skills is an obstacle in either obtaining or maintaining good paying jobs. Additionally, there are a large number of individuals employed and unemployed who cannot perform the basic math and reading skills required for higher paying jobs. To compete in a global economy, Missouri must be able to identify and correct skill gaps in its workforce. By doing this, we can be very aggressive about attracting and retaining family-supporting jobs. This approach will also enable Missouri to compete with other states such as Indiana, Louisiana, Kentucky and Virginia who currently identify skills in their workforce.

Introduction

For our state to compete globally and locally, Missouri needs an *action-oriented* strategy that would be a foundation to the new administration's economic development agenda. Its centerpiece would be a ***Career Readiness Certificate*** that includes a systematic approach to measure, monitor and improve workforce skills in Missouri. By demonstrating a documented inventory of the state's workforce skill levels, Missouri will convince more out-of-state companies to move to our state. With this approach, Missouri can also reduce in-state business attrition and encourage new Missouri-based business ventures to develop companies here. In addition, Missouri can be more competitive with our neighboring states in regards to business growth.

Proposed Solution Utilizing WorkKeys by ACT, INC.

The ***Career Readiness Certificate*** is an official recognition of a person's skill level. It can be administered at the school level, the unemployed/underemployed level or by companies who are seeking to evaluate the skill levels of their current employees. This initiative will provide a common language among education, workforce development and business. It will certify the skill level a person possesses when seeking a new job or career advancement, will help to evaluate the skill levels of persons leaving high school or college, and will enable business to be confident of skills in the people they hire or promote. Another important element of this system is the ability to correct any skill gaps identified. These gaps can be corrected in an educational environment, a career center, a business setting or in a person's home.

The Missouri Training and Employment Council in its 2004 Missouri State of the Workforce Report has specifically recommended the ***Career Readiness Certificate*** system. The report strongly recommends that economic and workforce development professionals create and implement a "recognized Career/Work-Readiness Certificate," using the nationally known WorkKeys[®] system by ACT Inc. Work Keys has already been utilized in many areas of Missouri and is used nationally to coordinate and focus workforce development initiatives, allowing businesses to identify applicant pools and increase job satisfaction by matching candidates to jobs for which they are qualified.

WorkKeys is a job skills assessment system measuring "real world" skills that employers believe are critical to job success. These skills are valuable for any occupation—skilled or professional—and at any level of education.

WorkKeys has been developed by ACT, an international leader in educational assessment and workforce development services for nearly 45 years, best known for the ACT Assessment[®] college entrance exam.

The ***Career Readiness Certificate*** will be awarded to individuals achieving a specific assessment score in three critical skill areas: reading for information, applied mathematics and locating information. The assessments can also be used to pinpoint areas for individual training needs. The certificate is a

standardized credential that indicates the recipient has achieved the foundation skills to learn and perform new tasks as they relate to common jobs identified by the business. Individuals can be awarded a portable readiness certificate in one of three levels: Gold, Silver and Bronze based on their assessment scores.

Certificate Levels

- **The Gold Certificate** Demonstrates the foundation skills required for 80% of the jobs profiled in the ACT WorkKeys national database*
- **The Silver Certificate** Demonstrates the foundation skills required for 65% of the jobs profiled in the ACT WorkKeys national database
- **The Bronze Certificate** Demonstrates the foundation skills required for 30% of the jobs profiled in the ACT WorkKeys national database

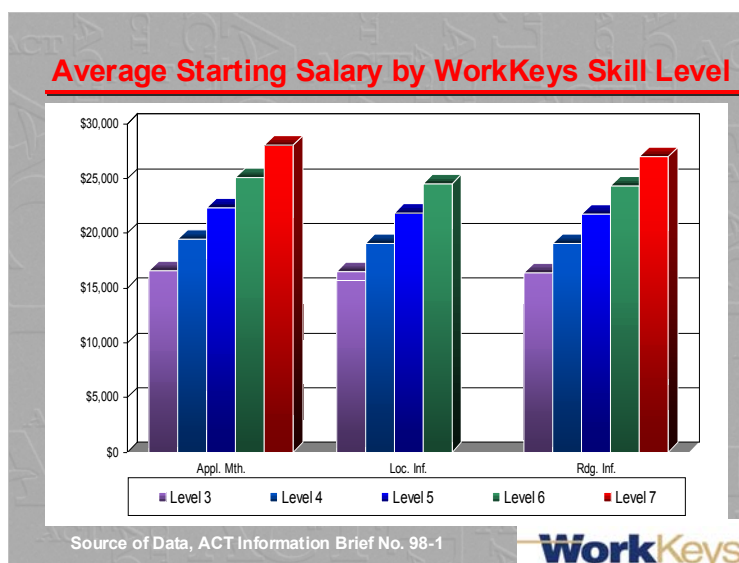
** Presently the WorkKeys national database contains over 9,000 occupational profiles*

Suggested Approach to Building Missouri's Career Readiness Certificate Program

- ✓ Become a key initiative in the new administration
- ✓ Identify initiative leadership
- ✓ Integrate certificate into economic development strategies through partnerships with education, workforce development, labor, and chambers of commerce
- ✓ Continue coordination with Missouri Training and Employment Council
- ✓ Enlist support from grass-root organizations that will assess individuals, provide training, and promote use of the certificates
- ✓ Enlist support from business
- ✓ Maintain records for individuals who have obtained or are seeking certificates
- ✓ Use existing ACT WorkKeys service providers to market the importance of the certificates to individuals and businesses
- ✓ Develop a media campaign

Projected Results

In an effort to attract more family-supporting jobs, it is important to see the correlation between a better-prepared workforce and higher wages. As evidenced in the “Average Starting Salary” chart, those individuals functioning at higher levels of math and reading make more money. (See attachment B for examples) The *Career Readiness Certificate* will demonstrate a return on investment by assisting the state in identifying and building a skilled workforce inventory and will help community development efforts by addressing issues such as:



Demonstrating Missouri’s qualified workforce through a systematic approach to measure, monitor and improve workforce skills and provide a common language of skills identification among business, labor, workforce development and education.

Reducing duplication and the associated costs with the variety of assessments used throughout business and government by using a standardized certification process.

Retaining jobs and reducing the unemployment rate by making it easier for job applicants to obtain jobs where their skills match business’ needs.

Matching certificate skills with job skills so businesses will experience reduced training time of employees and increase retention of existing workers. As a result, training costs will decrease or can be used to train current employees for more highly skilled jobs within the organization.

Helping people to correct skill gaps and enabling them to obtain jobs with family-supporting wages.

Decreasing costs in hiring practices by reducing recruitment and turnover expenses. The business’s pre-employment programs will be utilized less, generating a cost savings on such activities as:

- Advertising
- Interviewing
- Background checks
- Testing
- Training
- Processing

Conclusion:

With the workforce being a primary concern of business, Missouri's economic development portfolio must contain an effective and measurable system to communicate the skills of its great workers. As part of a key economic development initiative, it is proposed that Governor-elect Blunt implement a ***Career Readiness Certificate*** that addresses a systematic approach to measure, monitor and improve workforce skills in Missouri. The projected results could be:

- ✓ A qualified workforce
- ✓ Decreased costs in hiring practices
- ✓ More jobs and reduced unemployment
- ✓ A portable credential validating job skills

In order to demonstrate a new *action oriented* administration, we encourage Governor-elect Blunt to introduce the ***Career Readiness Certificate*** as a new economic development tool for Missouri. He would stress that for Missouri to compete in both global and regional economies, the ***Career Readiness Certificate*** would provide a systematic approach to measure, monitor and improve workforce skills in Missouri. ***Career Readiness Certificate***, as recommended by the Missouri Employment and Training Council, will be a collaborative effort between the state, business, workforce development and local WorkKeys service providers.

- *For additional resource information see Attachment A*

Attachment – A

CERTIFICATE PROJECTS IN OTHER STATES

Kentucky

The Kentucky Community and Technical College System (KCTCS) and the Cabinet for Workforce Development (CWD) introduced this statewide certificate. <http://www.kctcs.net/kec/>

President's Report

Board of Regents Meeting
April 27, 2001

Somerset Community College
Somerset, Kentucky

- **The Employability Certificate** - In response to the growing need by Kentucky's business community for a certificate documenting workforce skills, the Kentucky Community and Technical College System and the Kentucky Cabinet for Workforce Development have developed the Kentucky Employability Certificate using ACT's WorkKeys System. The Employability Certificate will be offered at two levels, Gold and Silver. Three WorkKeys assessments (Reading for Information, Applied Math, and Locating Information) will be used for each of the certificate levels. The Gold Employability Certificate at the WorkKeys Level 5 will qualify individuals for 80 percent of the jobs profiled nationally. The Silver Employability Certificate at the WorkKeys Level 4 will qualify individuals for 50 percent of the jobs profiled nationally. The Employability Certificate has been endorsed by the Kentucky Workforce Investment Board and the Workforce Alliance. Ashland Inc. Foundation has contributed \$120,000 to support this initiative.

Indiana

At least 30,000 workers and unemployed Hoosiers will have their skills assessed and 1,800 job categories at Indiana companies will be profiled – with the goal of matching them up – under the Energize Indiana economic-development plan. <http://www.in.gov/gov/energize/>

Virginia

A large network of service centers throughout the state provide services to many businesses. <http://www.vccs.edu/workforce/news/archives/sept04.htm>

Michigan

A statewide certificate developed by the Michigan Council on Technical Excellence, chaired by Lt. Governor Dick Posthumus, and endorsed by many throughout the business community. <http://www.michigan.gov/mdcd/1,1607,7-122--24347--,00.html>

Louisiana Work Ready! Certificate

Issued by the Governor's Office for the Workforce Commission and endorsed by the business

http://www.laworkforce.net/workready/WR_index.htm

Other Programs Currently in Development:

Washington – The proposed *Workplace Skills Certificate* is designed to provide Washington educators and businesses with a portable credential that documents transferable skills across a broad range of job categories. The program will create a credential based on objective, standardized, certifiable assessment results that clearly indicates work skill levels needed for a majority of jobs and occupations.

Kansas – Another statewide program in development, the *Kansas Career Readiness Certificate* program is designed to officially recognize individuals who are doing what any business-education partnership wants them to do — achieve the high skill levels needed in today's economy.

Illinois – A proposed *Workforce Readiness Certificate* program would use WorkKeys to profile career paths with designated businesses in the central Illinois area. It is designed to provide clear and meaningful information to businesses, individuals, educators, and trainers on the readiness of individuals to successfully enter or re-enter the workforce.

Attachment – B

SAMPLE: JOBS WITH FAMILY-SUPPORTING WAGES

	Annual Wage – Range*	Annual Wage – median base salary	Certificate Level**
Chemical Technicians (Chemist I)	\$36,974-\$45,213	\$40,491	Gold
Computer Systems Analysts (Systems/Application Security Analyst)	\$58,341-\$89,254	\$75,694	Gold
Executive Secretaries and Administrative Assistants *** (Administrative Assistant I)	\$26,494-\$32,764	\$29,399	Gold
Electronics Engineering Technicians (Electrical Engineering Technician I)	\$30,597-\$39,279	\$35,018	Gold
Machinists (Machinist I)	\$27,542-\$35,349	\$31,189	Gold
Office Clerks *** (General Clerk I)	\$22,000=\$27,600	\$24,600	Silver
Nurse Aide *** (Certified Nursing Assistant)	\$20,900-\$24,500	\$22,500	Silver
Retail Sales ***	\$20,100-\$27,500	\$24,000	Silver
Dishwasher ***	\$19,000-\$23,000	\$21,600	Bronze
Fiberglass Laminators and Fabricators (Assembler I) ***	\$21,500-\$27,000	\$23,900	Bronze
Refuse Collectors ***	\$15,000-\$23,000	\$19,000	Bronze

* Source: www.salary.com (Info is average for U.S. workers)

** Source: <http://www.act.org/workkeys/analysis/occup.html>

Based on the highest level that would be required by a business
Jobs on Missouri's top 30 position openings according MERIC
