

Striving to be **TOP TIER** for **TALENT**

Average Isn't Good Enough

A Report of the Kentucky Business-Education Roundtable



A man in a blue polo shirt is pointing at a control panel on the left side of the frame. Two young people, a man and a woman, both wearing blue polo shirts, are looking at the control panel. The background shows a classroom or lab setting with various pieces of equipment and a window. The text is overlaid in the center of the image.

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EXECUTIVE *Summary*

Because Kentucky's economic future depends directly on our state's ability to produce and attract more talented workers for the modern economy, **we must strive year over year to improve our workforce preparation and our rankings** in critical measures of education. We must make aligning our workforce and education programs with real-life employment opportunities a top priority. We must capitalize on the progress made during the generation following Kentucky's massive education reform in 1990 and gain even greater ground in our competitive position.

We will do that by achieving four central goals:

1 Invest in pre-school — to give kids a solid start	2 Reinvent high school — to make a diploma relevant for the modern economy	3 Ensure every adult obtains a marketable degree or credential	4 Engage employers to define needed skills and develop talent supply chains
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This report defines what it would take to achieve Top Tier status — to be first in the nation in improving the alignment of our talent development systems with employment opportunities and among the top 10 states in critical measures of educational preparedness. It offers practical recommendations for gaining ground against other states. While some of these gains will take a generation to achieve, **we must take immediate action to address the current workforce challenges** that are stifling the creation of quality jobs for Kentuckians.

Our public and private education systems, along with our public and private colleges and universities, provide the foundation for cultivating and attracting the talent that Kentucky needs if prosperity is to be shared by all Kentuckians and the state is to enjoy economic gains. **We must look to these institutions as the critical pipeline that supplies talent** to Kentucky's employers and produces entrepreneurs who will create new enterprises in Kentucky.

This report addresses the challenge of striving for progress in a state with limited public resources. A smaller state government and **strains on public funds** caused by the pension crisis and Medicaid costs **will make progress even tougher**. Increased revenue resulting from economic growth and additional resources, wisely invested, will be necessary for Kentucky to enlist all employable adults in meaningful work, to avoid downstream costs (such as prisons, welfare, addiction), to build a higher quality public education system and to produce more and better talent for our economy and society.

We will report on specific indicators of engagement and alignment with the employer community, using metrics such as the number of industry groups forming talent supply pipelines in their regions and the nature of industry-based credentials being used in specific business sectors. **We also will measure and report on such critical indicators of education attainment and progress** as math and reading achievement and the percentage of children in quality pre-school programs.

Kentucky can and must make meaningful progress! Hardly anyone would have imagined in 1990 that by today, our high school graduation rate would rank in the top 10 among the states (89.7% compared to 84% nationally), nearly 50,000 high school students would be enrolled in dual credit programs to jumpstart their post-graduation education, and Kentucky would have moved to the middle tier of states in overall school performance.

However, we can't be satisfied. Our high school graduation rate means little if more than one-third of our students graduate without reaching proficiency in reading and mathematics. It's a rapidly changing new day in Kentucky's economy, and **we must adapt by producing a modern supply of talent**.

This Kentucky Business-Education Roundtable report's **call to action is two-fold: For employers to step up** and clearly engage in defining their employment needs and ways to meet them, **and for our talent suppliers** (schools, colleges, universities and others) **to strengthen their efforts to produce the talent we must have in the Commonwealth**.

Introduction

Kentucky must up its game if we're going to compete.

Workforce is the No. 1 factor in businesses' success and economic development decisions. But we are failing to educate and train enough people to be productive and responsible employees and contributors to their own well-being and that of the state. Kentucky also struggles to retain and attract talent to create the jobs of the future that will fuel prosperity and encourage younger entrepreneurs, emerging leaders and business owners to live and work here.

If the business community, elected officials, educators, families, public policymakers and advocates don't join forces immediately to make significant changes, Kentucky will become trapped in a downward spiral where economic competitiveness and growth will be almost impossible to achieve — for individuals and the state as a whole.

- A 2018 business survey shows that more than half of Kentucky employers are struggling to find workers with the skills they need.
- Recent scores on key academic measurements show us in decline relative to other states; 4th grade reading and math scores and the state's national ranking on both, although still respectable, have declined after years of improvement on the National Assessment of Educational Progress. In addition, too many students fail to perform well on Kentucky-only tests.
- With a 42nd-place national ranking in workforce participation, at 59.3% vs. a 62.7% national average as of September 2018, our workforce challenges discourage economic investments.
- Kentucky's education attainment levels trail much of the nation; 22.7% of Kentuckians age 25 and older have a bachelor's degree or higher compared to 30.3% nationally.
- Our per capita income of \$39,393 ranks 47th in the nation and is lower than all bordering states except West Virginia.
- Societal roadblocks diminish the capacity, and sometimes the willingness, of individuals to improve their skills or seek meaningful employment.

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If we are to change the direction of our state, it is imperative that we change our thinking, our focus and our work. It is not enough to strive for average. We must set an ambitious goal of moving Kentucky into the top tier of states, to be first in the nation in improving the alignment of our talent development systems with employment opportunities and among the top 10 states on key indicators reflecting education and workforce quality.

The challenges of doing this cannot be overstated, but Kentucky is up to the task. With hard work and a sustained commitment, we moved Kentucky from the bottom of national education rankings to a mid-level position in many categories — and even higher in some. But the fact that our progress has now slowed — and in some cases our gains have been reversed — requires a renewed commitment.

We must recognize that this is not the sole responsibility of educators. Employers, elected officials, advocates, families and policymakers in every part of the Commonwealth have a significant stake in this work and must be accountable for its results.

We must act now, but we will need a sustained effort over the next decade, and maybe longer. This is generational work that will require a long-term commitment and targeted investments. To set Kentucky on this path to progress, the Kentucky Business-Education Roundtable believes an aggressive course of action is needed. After researching the issues for more than a year, we offer an ambitious agenda for action.

This work addresses the challenge of striving for progress in a state with limited public resources. A smaller state government and strains on public funds caused by the pension crisis, rising Medicaid costs and limited revenue growth will make progress even tougher. Increased revenue resulting from economic growth and additional resources, wisely invested, will be necessary for Kentucky to build a higher quality public education system, to enlist all employable adults in meaningful work, to avoid downstream costs (such as prisons, welfare, drug addiction) and to produce more and better talent for our economy and society.

The Kentucky Business-Education Roundtable

The Roundtable is a group of public-and private-sector leaders who have come together to develop a long-term plan of action to fuel Kentucky's improvements in education attainment and workforce quality. The education, business and advocacy leaders comprising the Roundtable have a shared vision:

Kentucky's education and workforce systems will ensure individual, community and statewide prosperity by preparing students to become successful, productive and responsible citizens. All Kentuckians, regardless of age, location or situation, transition seamlessly to meaningful work.

Members of the Roundtable include:

Dave Adkisson, President and CEO, Kentucky Chamber of Commerce

Dr. Jay Box, President, Kentucky Community & Technical College System

Garren Colvin, CEO, St. Elizabeth Healthcare

Paul Costel, Kentucky President, JPMorgan Chase Kentucky

Nick D'Andrea, Vice President, Public Affairs, UPS

Terry Gill, Secretary, Kentucky Cabinet for Economic Development

Hugh Haydon, President, Kentucky Bioprocessing Inc.; Chair, Kentucky Workforce Innovation Board

Dr. Wayne Lewis, Commissioner, Kentucky Department of Education

John Megibben, Vice President, Messer Construction Company

Brigitte Blom Ramsey, Executive Director, Prichard Committee for Academic Excellence

Derrick Ramsey, Secretary, Kentucky Education and Workforce Cabinet

Kevin Smith, Vice President Kentucky Beam Bourbon Affairs, Beam Suntory

Dr. Aaron Thompson, President, Kentucky Council on Postsecondary Education

Mary Gwen Wheeler, Executive Director, 55,000 Degrees

The following served as Roundtable members while holding the positions indicated:

Hal Heiner, Secretary, Kentucky Education and Workforce Cabinet

Wil James, President, Toyota Motor Manufacturing Kentucky, Inc.

Robert King, President, Kentucky Council on Postsecondary Education

Dr. Stephen Pruitt, Commissioner, Kentucky Department of Education

Act Now

To Meet Today's Needs

Significantly accelerating our progress in education and workforce development is a make-or-break issue, one that will determine whether Kentucky thrives or remains mired among the worst performing states with citizens unprepared to compete for good jobs that can support their families in the decades ahead. Policy, program and financing changes designed to make a difference can be glacial in their development — and even slower to have a meaningful effect. But Kentucky cannot afford to wait.

The Kentucky Business-Education Roundtable's agenda calls for action at all levels of the education and workforce development continuum. There is no single solution, no silver bullet. We must attack the challenge at every point to have the maximum impact as quickly as possible. To address the current crisis facing employers and workers, steps must be taken now to ensure:

Kentuckians, regardless of age, location or situation, transition seamlessly to meaningful work and careers.

Target:

To move Kentucky's workforce participation rate to the Top Tier of states. As of September 2018, Kentucky's rate was 59.3%, 42nd in the nation. Achieving the Top 10 will mean improving to 67.8%.

Education and training programs must attract unemployed adult learners, veterans, individuals whose life's circumstances create obstacles to employment and others.

Immediate steps to begin meeting today's need

- Create and customize programs to attract more adults to academic/technical training programs.
- Focus on credentials in areas where good jobs are available and unfilled.
- Get the word out — target marketing and media campaigns to the people we need to reach.
- Strengthen advising and support services to ensure more adults not only enter, but complete training and education programs.
- Create a loan-forgiveness pool or other ways to relieve student debt, particularly if partnerships with business and industry are created. Employers might be encouraged to provide some form of match for a loan forgiveness program (reverse tuition assistance).
- Improve the management, alignment and accountability of state programs to get more adults into higher paying, stable occupations.

As this immediate work gets underway, longer-term strategies and actions must be developed to create and sustain the best system for providing a high-quality education for Kentuckians and producing a competitive workforce.

These should address four primary goals:

1 Invest in pre-school — to give kids a solid start	2 Reinvent high school — to make a diploma relevant for the modern economy	3 Ensure every adult obtains a marketable degree or credential	4 Engage employers to define needed skills and develop talent supply chains
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Goal 1



INVEST IN EARLY CHILDHOOD

We must start early. Basic habits and skills are created in the earliest years of brain development and socialization — well before kindergarten — but too many Kentucky children are not receiving the quality early care and education that will equip them to reach their full potential as adults. We must invest in high-quality early childhood programs to better prepare our children for success in life.

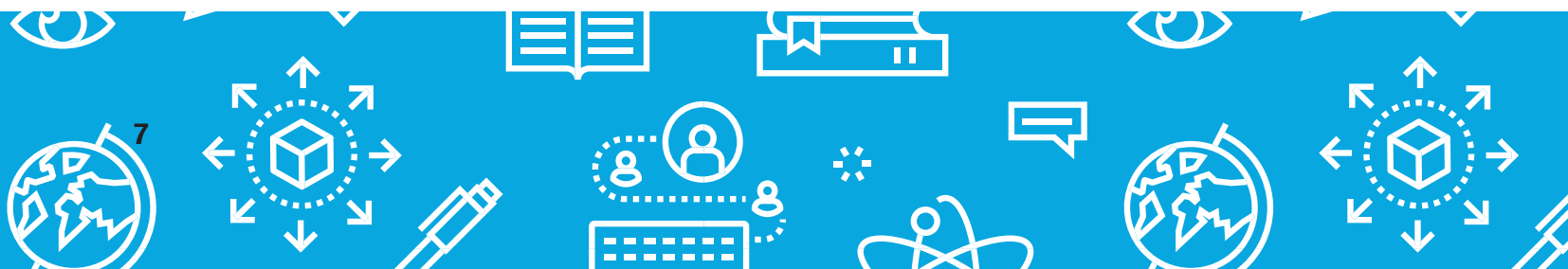
Target:


Increase the percentage of children prepared for kindergarten, currently at 51.4% based on Kentucky's screening assessment, with annual incremental improvements of 5%.

Move into the Top Tier of states in preschool enrollment of 3- and 4-year-olds. To reach the Top 10, we must move from 41.9% to 51.1%.

To do this, we must:

- Give more at-risk children access to high-quality preschool services that are staffed by providers who have high-quality professional learning opportunities, technical assistance and support.
- Coordinate resources and practices among all public and private early childhood providers and school districts.
- Ensure quality evaluation of early childhood programs.





Kentucky's children are falling short of learning reading and math at the levels they need to succeed.

Reading and math are the basic skills required for academic success, but Kentucky's children are falling short of learning reading and math at the levels they need to succeed. We must unite behind enhanced math instruction and a third grade reading guarantee or similar goal that can be conveyed to schools, parents and employers.

Target:

Increase the percentage of children achieving at least proficiency on state assessments of reading and math by the end of third grade by 5% annually.

Sustain or improve Kentucky's position among the Top Tier of states on National Assessment of Educational Progress (NAEP) in 4th grade reading and math scores. Based on 2017 NAEP scores, Kentucky ranks 17th among the states in 4th grade reading proficiency with a score of 224. To reach the Top Ten, the score must increase to 225.

Kentucky ranks 29th among the states in 2017 NAEP 4th grade math scores. To reach the Top 10, Kentucky's score would need to increase from 239 to 244.

To do this, we must:

- Support high-quality standards to ensure better student outcomes.
- Strengthen admission standards to teacher preparation programs and support professional learning for current teachers to ensure the highest quality classroom instruction.
- Develop early literacy programs that provide targeted early intervention for students who fall behind.

Goal 2



REINVENT HIGH SCHOOL

Targets:

- Increase the number of students who are college and career ready. If the proposed high school graduation requirements are adopted, college and career readiness will increase to 100% for the class of 2023. Percentages should approach 100% every year until then, but 2019-2020 will provide a baseline that must be established before goals are set for 2021 and 2022.
- Increase the number of Kentucky high school graduates who meet college-readiness benchmarks in English, reading, math and science. Although Kentucky has set different college-ready ACT benchmarks than the national ACT measures, the national measures would be used to determine Kentucky's efforts to achieve Top Tier status. (It should be noted that some states do not mandate that all students take the ACT, but all Kentucky juniors are required to do so. Kentucky students may voluntarily take the ACT again during their senior.)
- Increase the percentage of GED graduates transitioning to postsecondary education within two years by 5% a year.



More than one-third of Kentucky high school students graduate without reaching proficiency in reading and mathematics.

Percent of 2018 ACT Tested High School Graduates Meeting ACT College Readiness Benchmarks by Subject

	English	Reading	Math	Science
Kentucky	56% (31st)	43% (30th)	33% (34th)	32% (34th)
Nation	60%	46%	40%	36%

Source: ACT

Percentage Required to Reach Top 10

	English	Reading	Math	Science
Top 10	82%	65%	61%	56%

✓ To do this, we must:

- Eliminate achievement gaps between groups of students.
- Revamp high school graduation requirements to ensure a diploma has value for students and employers as an accurate reflection of levels of achievement and not just time in class.
- Expand school and career counseling to give students and parents information on postsecondary education options, career benefits and student debt as well as academic and behavioral guidance.
- Provide all high school students with the opportunity to achieve postsecondary credits or credentials.
- Provide more work-based learning opportunities for students.
- Engage postsecondary institutions and employers in ensuring high-quality dual credit and rigorous work-based learning opportunities in urban and rural areas.
- Accelerate efforts to attract, retain and adequately compensate high-quality teachers and allow differentiated pay (by subject area, geographic area or student mix).
- Create a culture of continuous improvement.

Goal 3



ENSURE EVERY ADULT OBTAINS A MARKETABLE DEGREE OR CREDENTIAL

Kentucky's colleges and universities continue to confer a growing number of degrees and credentials, but the time and expense create a significant burden for too many students. Meanwhile, an attitudinal bias against certain types of education can lead students into inappropriate postsecondary pathways. Greater awareness is needed of what postsecondary education means today — from technical skills training to academic degrees to postgraduate work — and the role it plays as a signature industry, one that produces talent and creates primary jobs. Higher education can provide higher incomes, more career options and greater ability to navigate the ever-changing global economy.

Targets:

- Increase the percentage of adults with a postsecondary degree or high value certificate and move Kentucky into the Top Tier of states in attainment of associate and bachelor's degrees.
- Establish Kentucky as a hub for research, talent development and entrepreneurship in key disciplines critical to Kentucky employers, regions and communities.



More than half of Kentucky employers are struggling to find workers with the skills they need.

Percentage of Adults Aged 25 and Older with Associate and Bachelor's Degrees or Higher

	Associate Degree	Bachelor's or Higher
Kentucky	7.8% (36th)	22.7% (47th)
United States	7.9%	30.3%
Top 10	9.8%	34.2%

Source: U.S. Census Bureau, American Community Survey.

✓ To do this, we must:

- Ensure greater levels of postsecondary completion and shorten the amount of time it takes a student to complete a course of study after the student's initial enrollment (time to degree).
- Advance online competency-based academic programming through a state mandate or by partnering with outside organizations.
- Align career pathways with high demand workforce areas to help students navigate easily to completion.
- Increase participation of GED-seeking students enrolled concurrently in career pathways programs in the Kentucky Community & Technical College System.
- Develop a coordinated, state-level initiative to improve access to high quality work-and-learn programs.
- Create greater transparency around college costs, student loans, savings plans and financial aid.
- Better integrate postsecondary institutions in state economic development efforts.
- Produce graduates with industry-recognized credentials and degrees (associate, bachelor's and higher) at a rate that puts Kentucky in the top 10 among states.

Goal 4



ENGAGE EMPLOYERS TO DEFINE NEEDED SKILLS & DEVELOP TALENT SUPPLY CHAINS

Structured and consistent employer engagement is a critical part of the workforce equation. The success of any business depends on the quality and skills of its workforce — and employers must take on a more active role to clearly define the skills they need and contribute directly to building a productive talent pipeline that meets businesses' needs while creating economic opportunities for Kentuckians.

🎯 Targets:

- Actively engage an increasing number of high-impact employers, trade unions and business associations in the development of credentials valued and endorsed by business and industry. Increase participation by 5% a year per employment sector.
- Enlist employers to provide internships, summer jobs, apprenticeships and other work-and-learn experiences for students at a rate that puts Kentucky in the top 10 among states.
- Expand the Talent Pipeline Management (TPM) model of employer-led identification of workforce needs and training and quality issues statewide to engage 25 employer groups in building talent pipelines for 75 high-demand positions.

✓ To do this, we must:

- Communicate the urgent need for greater engagement to employers via business and trade associations.
- Develop partnerships among employers and educators to identify needs and quantify progress in expanded employer engagement.
- Encourage employer involvement in TPM collaboratives in all regions and sectors; monitor and report on activities and outcomes.



Let's make Kentucky one of the Top Tier states in education and workforce.



Conclusion

The need could not be more urgent. If we do not act now we are condemning our state and our children to a future where struggles will be more common than success and where opportunities will be outnumbered by obstacles. That future cannot be acceptable to anyone who loves Kentucky.

We cannot afford to let complacency continue as the state's default position. We must address our immediate challenges and set our state on a path that will reverse the downward slide that is being fueled by a willingness to equate average with excellence. We can make meaningful, sustainable progress. We must come together and recommit ourselves to strive for a Top Tier performance in producing talent for Kentucky.

It is not enough just to say we want to do this, or even to recommend specific actions to achieve our goals. We must hold ourselves accountable, whether we work for a private business or a public agency.

Employers must actively engage in defining their employment needs, identifying ways to meet those needs and publicly report on their activities and outcomes.

Educational and training institutions must strengthen their efforts and work in productive partnership with employers to produce the talent the Commonwealth must have to succeed and publicly report on their activities and outcomes.

To ensure ongoing accountability for progress, the Kentucky Business-Education Roundtable will regularly measure and report on critical indicators that show whether Kentucky is, indeed, moving into the Top Tier of states.

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- U.S. Census Bureau, American Community Survey

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*A Report of the Kentucky Business-Education Roundtable
Convened by:*



Kentucky Chamber

Uniting Business. Advancing Kentucky.

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