



REINVENTING NEW ENGLAND'S RESPONSE TO WORKFORCE CHALLENGES

Cathy E. Minehan

No issue is more critical to New England's growth than the quality of the region's workforce. New England has a tradition of prospering not because of its raw materials, which are less abundant than those of other regions, but because of its stock of skilled entrepreneurial workers. With the advent of the "knowledge" economy of the 1990s and the new century, this regional advantage can only become more important.

New England's prosperity has depended upon the region's success in providing education to those whose occupations involve "thinking for a living." Now, and for the foreseeable future, prosperity will depend on providing access to thinking skills for a wider group of the population.

During the summer, unemployment rates in New England hit record lows, and we began to hear that businesses could expand even faster if only more skilled workers were available.

To be sure, things hadn't developed into a bubble situation as in the late 1980s when the loss of manufacturing jobs was completely obscured by the growth in construction employment, and overbuilding sowed the seeds of the difficult recession to come in the early 1990s. No, New England

job growth this time around has occurred in a broad range of service, construction and even some manufacturing industries. The region has been healthy because of its diversity, but it also has been straining to bring in the skills needed to keep its industries competitive.

More recently, however, the prospects for continued strong growth, both nationally and regionally, seem challenged. International currency and debt crises threaten New England's export businesses, and surveys show that business confidence, especially among manufacturers, has declined. Credit spreads have widened, posing the threat of a reduction in business financing.

This is not to say all is doom and gloom. The U.S. and New England economies remain sound. In the aggregate, they have been operating beyond most estimates of potential for some time. A cooling breeze was needed, but the risk that this breeze could turn into something stronger seemed to grow a bit with the arrival of fall.

So what does this increased risk of slower growth mean for New England's workforce? Does it mean that supply will come back into balance with demand? Or does it mean that we must work even harder to ensure that the quality of the region's workforce meets current and future needs? I would argue the latter.

In the economy of the past, slowing growth or recessions meant job destruction surpassed job creation in the aggregate, and unemployment rose. As growth picked up, however, job creation dominated and the unemployed returned to work, often to the same jobs in the same industries. In the new knowledge-based economy, however, the combination of competitive pressures and technological change means that the worker whose job is destroyed in a downturn may not

find that job re-created or his service needed when growth picks up. New England's job markets are going through more than "cyclical buffeting." They are experiencing significant structural change.

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In every sector, from manufacturing to services to construction, businesses have to be smarter, more technically proficient, more efficient and more effective at what they do. They cannot afford to retain the workers of the past during a downturn or to rehire them when strong growth resumes. Rather, the premium on high skills will grow no matter where we are in the business cycle. Thus, the challenge to workforce development remains and even grows, particularly as the last to be hired in the current economy—the unskilled and those coming off welfare—are likely to be the first affected by slowing growth. The skill development needs of these and other workers will be extensive, but we must find a way to meet those needs if we are to be successful both economically and socially.

New England boasts an enormous array of world-class colleges and universities and, in every state, considerable resources are focused on improving elementary and secondary education. Also in every state, there is concern about the ability of public education to meet the standards needed in the workplace. Moreover, there is a sense that segments of the working-age population remain disconnected from both education and the working world—even as skilled workers are becoming increasingly important.

How can New England ensure that the educational opportunities on its doorstep work to the advantage of New England residents and businesses? That is the heart of the workforce development challenge.

Connecting education and work

A program I have become familiar with as chair of the Boston Private Industry Council has elements that might be useful in broader workforce development. The School-to-Career effort sponsored by the Private Industry Council for the past five years or so links the classroom with internships in specific business areas—

medical technology or financial services, for example—and redesigns the high school curriculum to take advantage of these real-world learning experiences. Students learn the relevance of, say, biology or geometry in a much more hands-on way when they see in the workplace what they've learned in class.

Many Boston high schools are now creating smaller learning communities within the large district high schools and calling them "career pathways." This naturally leads to increased attention on the individual student. Teachers also become aware of workplace needs—often through summer programs and on-site visits—and can adjust curricula to the standards of employers. And the interdisciplinary knowledge required for success in the workplace encourages teachers to work in teams. Supervisors in the workplace play a key role, and so the School-to-Career initiative has expanded to provide evaluation tools to help them as well.

School-to-Career efforts are not cheap. The Private Industry Council employs 40 to 50 staffers whose job is to ensure that the connection between the school, the student and the employer is strong and beneficial to all.

But the program does succeed in creating a more highly skilled workforce. How do we know? Take the case of the New England Medical Center, which over the past several years has employed more than 50 School-to-Career students in various technical jobs. All these students—without exception—have gone on to college or university training. They are mostly minority, inner-city students from Boston public high schools. During the same period, their peers had less than a 50 percent rate of post-high school education.

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The New England Medical Center students have seen the connection between education and work—and have realized that higher skills equate with better jobs and higher income. Additional statistical evidence shows that School-to-Career students are absent less frequently and get better grades than their peers, and at least hold their own on the challenging new standardized tests being introduced into the Boston Public Schools. The program was intended to involve a large concentration of Hispanic and African-American students, and more recently has attracted many Asian applicants. It seems that word has gotten around that School-to-Career is also the way from school to higher education.

A relevant experience

Some would argue that School-to-Career runs a risk of “dumbing down” the high school experience by focusing on technical education rather than the liberal arts. But I believe that School-to-Career lends relevance to the educational experience and responds to the need among many students to have a hands-on experience as well as an intellectual one. Moreover, the income earned in the process is a powerful incentive as well; employers will not keep a student on if he or she is not learning and performing on the job.

How is the School-to-Career program pertinent to the broader consideration of higher education and workforce development?

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Both high school *and* college students would benefit from a closer linkage between the classroom and the workplace—and not just at the community college level, but in New England’s more renowned houses of learning as well. The application of lessons learned in the workplace lends relevance and direction to college education.

How many parents bemoan the return of college graduates to the home with no clear sense of career direction? How many employers find recent college graduates relatively clueless on how to apply their education to solving the challenges of the modern workplace? And how many students who must work to pay the increasing cost of a college education would be far better off if that work was linked to their educational experience rather than perhaps waiting tables at a local restaurant?

Finally, while I believe deeply in the value of a strong liberal arts education for the undergraduate, the thinking, writing and analytical skills developed in a liberal arts curriculum can be enhanced, not diminished, by application in the world of work.

To better prepare the New England workforce of the future, higher education must be more open to applied learning strategies in the college classroom and to extending the classroom to the workplace and the community.

This could be pursued proactively in several ways. First, colleges and universities could be urged to give positive recognition to applicants’ School-to-Career activities and other work-based learning as part of the admissions process. Second, schools of education could train new teachers in the use of the workplace as a learning experience. And finally, professors could be urged to

visit workplaces to develop lessons for the college classroom and strategies to extend teaching to the workplace.

Business cycles are a fact of life. But the need to increase the quality and quantity of New England’s workforce will remain—and indeed become more important—regardless of where we are in the cycle. If the region is to grow and thrive, we must work to ensure that *all* graduates of New England’s high schools and colleges can successfully enter that workforce.

Cathy E. Minehan is president of the Federal Reserve Bank of Boston. This article is adapted from Minehan’s remarks at a New England Board of Higher Education conference on higher education and the workforce, which was held in Boston in October 1998.

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