



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

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By

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S.B. 1931 RELATING TO EDUCATION

Chair Sakamoto and Members of the Committee:

Thank you for the opportunity today to present testimony on Senate Bill 1931, which proposes to establish a new educational workforce working group to examine and address a number of issues relating to education and workforce preparation. The Bill proposes to appoint a number of representatives from business and labor from selected industries, government, and education to serve on the working group, and calls for a report to be submitted twenty days prior to the start of the 2008 legislative session.

State and federal law has already established a similar working group, the Hawaii Workforce Development Council (WDC) that is comprised of representatives from business and labor from selected industries, government, and education. Each year, the WDC publishes a report that highlights the major workforce development issues facing the State, including a number of the issues the Bill requests the newly established working group to address.

As described in the 2007 Report to the Governor, Hawaii is facing a number of critical workforce development issues that must be addressed if we are to be successful in the changing global economy. These issues are well documented in the work from a number of sources whose work was drawn upon in the WDC 2007 report. As summary of the major issues, compiled by an inter-departmental team that I had the opportunity to lead, is attached.

There are a number of issues in the Bill that have not been the focus of recent WDC reports. Rather than establish a new work group to address these issues, a more efficient approach would be to request the WDC to prepare a supplemental report that addresses those specific issues.

In addition to the report of the working group, the Bill calls for the University to create a five-year plan, within each of the University of Hawaii system campuses, to ensure optimal use of technology for administration, data collection, and data sharing related to educational and workforce needs, and to create individualized student learning plans that will have a direct link to economic and workforce needs; with a report on the plans being submitted twenty days prior to the start of the 2008 legislative session.

University of Hawaii Board of Regents (BOR) policies and related Executive policies establish a systematic planning framework that calls for the development and periodic updating of campus

plans. The college plans are guided by the directions set in the overall University Strategic Plan and integrated with the University's budget development plan as called for in the Accreditation Standards established by the Western Association of Schools and Colleges. The current college plans were approved by the BOR in 2002 and run through 2010. Recently, the University conducted an in-depth analysis of the State's need for postsecondary education, including workforce and economic development through its Second Decade Project. The outcomes of this comprehensive planning initiative were used in the development of UH system priorities in the development of the University's 2008-10 Biennial Budget Request.

As called for in BOR policy, the Community Colleges' plans include a focus on the State's workforce development issues and needs. In the development of the plans in 2001, data on the major workforce issues facing the state were compiled, analyzed, and integrated into the plans approved by the BOR in 2002. This data and analysis also became a part of the Community Colleges' Perkins Act Plan, and the data used by the WDC to develop its annual plans and reports. This data continues to be updated, and was a source of some of the analysis that went into the development of the Community Colleges' and the University's 2008-10 Biennial Budget Request.

In addition to the specific campus plans, the University has also developed a comprehensive Strategic Plan for Information Technology that has identified critical instructional and administrative issues and developed campus and system implementation strategies designed to assure that the University can meet its evolving data collection and information technology requirements.

The development of well conceived plans that are integrated with the program review and budget development processes as called for by our accreditors and University policy is time consuming and labor intensive. The University's current processes involve dozens of people on each campus and took more than a year to complete. If the Bill is passed in its current form, it is beyond the capacity of existing staff to manage and complete the plans called for in the Bill, and for a report to be prepared for consideration by the 2008 legislature, and at the same time continue the implementation of our existing planning processes.

In addition, the Bill calls for the University to implement individualized student learning plans. It is our understanding that this terminology best describes a process used by special education to integrate the various education support services into a customized written plan developed by the parents and the schools special education team that specifies the student's academic goals and the method to obtain these goals. We believe that implementing such a requirement will be labor intensive, expensive and inconsistent with standards of good practice in educating adults in a postsecondary education setting.

A Job Quality Gap. Hawai'i's job quality gap results from higher-paying jobs in agriculture and manufacturing being replaced by lower-paying jobs in tourism-related service sectors. Hawai'i's per capita personal income fell from 100% of the U.S. average in 1970 to 79% of the U.S. in 2005 in terms of purchasing power, adjusting for the higher price-levels of our island economy. This decline is consistent with the growth in sectors such as retailing and food service that offer mostly part-time, low-wage jobs, which have trapped Hawai'i in a predominantly low-wage, low skilled workforce profile. In its 2007 Development Report Card, the Corporation for Enterprise Development ranked Hawai'i 49th in the nation for the cost of urban housing, 48th in home ownership, 47th for industrial diversification, 46th for crime rate, and 39th in involuntary part-time employment. These trends must be reversed by revitalizing the capacity of our business and entrepreneurial sectors to generate new, high-valued goods and services and higher-skilled jobs; all of which will require a better educated and trained workforce.

A Worker Preparation Gap. Too many of Hawai'i's people are not prepared for the types of higher-skilled jobs that are currently being created as a result of the State's targeted economic development initiatives. According to the National Center for Educational Statistics (NCES), Hawai'i's average graduation rate for high school freshmen (2002-2003) is about 64%, compared to a national average of 74%. NCES and Census data for 2000 show that only 34% of high school freshmen in the state will enroll in post-secondary education within four years, compared with 52% among the top states in this category. The community college first-year drop out rate in the state is nearly 20 percentage points higher than top states. Only 46% of Hawai'i college students will complete a bachelor's degree within six years compared with 64% in top states.

These gaps are related to a poorly performing education to work pipeline that is failing to ensure an adequate supply of educated and trained workers. At every point of the education-to-work process, Hawai'i under-performs the national average. For example, based on 2002 data (National Center for Public Policy and Higher Education), only 12% of 9th graders will finish high school and graduate from a post-secondary institution within 150% of the expected time, compared with 18% nationally and 29% for the best performing states.

Beyond the school-aged youth, an insufficient number of incumbent workers are entering post-secondary educational training to build their skills and earning potential. In 2002, only 3.6% of adults aged 25 to 44 were enrolled in a post-secondary education program, compared with 5.4% for the top ten performing states.

For Hawai'i's economic diversification to occur, the education to work pipeline must be replaced with one that is capable of producing a more talented and skilled workforce to meet the demands of our emerging knowledge-based economy. Far larger number of youths must remain in school and be better prepared and equipped to enter and complete post-secondary educational training. Similarly, Hawai'i's working adults (incumbent workers) need more opportunities to re-enter the training and educational pipeline to enhance their skills and talent.

A Worker Supply Gap. Hawai'i is also experiencing a worker supply gap as the baby boomers begin to leave the labor market. Hawai'i's situation is exacerbated due to the significant migration of its predominantly younger workers to the U.S. mainland and Asia in search of higher-paying jobs. This "brain drain" occurred during the past several decades. The 2000 Census reported that only 64.7% of Hawai'i's civilian population was in the workforce, compared with a national average of 66.0% and the top state, Minnesota, at 74.6%. An individual's level of education is a key variable. Only 36% of adults (111,000) with less than a high school diploma are in the workforce, and only 59% of adults (107,000) with only a high school diploma are in the workforce.

By comparison, approximately 78% of those individuals (62,000) holding an associate, baccalaureate, or graduate degree are participating in the workforce.

An estimated 28,000 jobs will need to be filled in Hawai'i each year through 2012, due to economic expansion and worker replacement due to anticipated retirements. Most of the jobs will require a higher level of education and training than that offered in high school. By contrast, an estimated 13,000 youths are graduating from high school (public and private in 2004) each year, and only 38% are going on for further education or training within the state. This gap is expected to widen after 2012, as the baby boomers begin to reach full retirement age.