

Sen. Dereck Kilmer Speech on Education: AAUW Lobby Day- 1/24/2011

I've been asked to say a few words about higher education. I want to start out by talking about our economic development and workforce challenges as a state and to lay out where we're going and where we need to go.

I think everyone in this room understands that our economic recovery can't be based on bricks and mortar investments alone. Washington's workers, employers and future competitiveness depend on investments in people – in workers and their skills.

First let's talk about four challenges that we face

#1. Living in an increasingly global economy means the rules of the games have changed.

There's a popular presentation on the internet called Shift Happens (which I practiced saying on my entire drive here) that lays out some of the shifts we'll see in our economy as a result of global competition. Let me detail just a few of the statistics from that presentation.

- If you're one in a million in China there are 1,300 people just like you. In India there are 1100 people just like you.
- The 25% of the Chinese population with the highest IQ is greater than the total population of North America. In other words, they have more honor kids than we have kids.
- If you took every single job in the US today and shipped it to China it still would have a labor surplus.

We cannot be complacent. We are in a battle – not just with Oregon and Idaho – but with Ireland and India and China..

2. Second, we're seeing economic and demographic changes that have brought about significant skills shortages.

In my day job, I work for the Economic Development Board Pierce County. At the EDB we meet with about 200 businesses each year – we always ask “What's causing heartburn?” Even in this difficult economic environment, we still hear from a number of businesses who are having trouble finding the skilled workers they need.

Don't believe me?

Let me back it up with some facts.....

Intuit in King County currently has 100 openings.

Of the thousands of Microsoft employees in Washington, just 8 percent were educated in our state.

According to the state's Workforce Training Board, among firms attempting to hire last year, 1 in 5 reported leaving the position unfilled because they couldn't find qualified applicants. Even in this economy!

We've got acute problems in construction, in manufacturing, in the health care arena.

And these problems are only getting worse. For example, the average Boeing employee is 50 years old. With the passage of the new health care law, it is expected that we will see 400,000 Washingtonians show up in our health care system for the first time. Do you think our current nursing challenges might be exacerbated?

To meet the needs of tomorrow's economy – and even of today's demand -- we're going to need replenish the talent pipeline.

3. The third challenge is one of demographics as well.

We all acknowledge that we need to train people for jobs in the year 2020 that don't even exist today. But at the same time, we also need to acknowledge that 80% of the workforce of the year 2020 are people who are employed today.

In other words, young people alone cannot meet the economy's demand for skilled employees with college certificates and degrees. Currently, 1.4 million working age adults in Washington (one-third of today's workforce) have no formal education beyond high school. This is equal to the sum of the next 10 years of high school graduating classes across the state. The race to be globally competitive will be lost if the state relies solely on recent high school graduates.

Over the next 10 years, the largest and fastest growing age group in the state's population is adults 25 to 35 years old. These adults will be in the workforce for the next 30 years, and too many are stuck in low wage jobs, not fully contributing to a strong, vibrant economy.

It is essential to improve educational attainment among these under educated adults to meet the knowledge and skills demanded by the state's economy.

So, what are we doing about these challenges and what should we be doing about them?

First, the state needs to target limited higher education dollars toward regions and fields that will lead to jobs

Washington's long-term competitiveness depends on the state's ability to meet the demands of growing economic sectors. Right now, we simply aren't producing degrees to meet our economy's demand. According to the HEC Board, current degree production only meets
Sixty-five percent of the need in the medical professions and
Fifty-six percent of the need in computer science.

Washington has the highest concentration of people with four-year engineering degrees of any state in the nation. But guess what? Our colleges and universities produce among the fewest engineering degrees in the nation.

So where are all these engineers coming from?

Somewhere else.

So, why does this matter?

It matters because we need to prioritize our higher education investments so our kids can get relevant training that can help them get jobs here in our state

Part of that means getting rid of the financial disincentive to invest in high demand areas. Historically, this state provided the same subsidy to a college or university if they provided a degree in philosophy, political science, literature or if they provided a degree in computer science, nursing or engineering.

With respect to Plato and any elected officials in the room, we need more engineers than we need philosophers and political scientists. But it's a lot more expensive to provide a degree in those higher demand fields.

So, now the state is providing a differentiated subsidy, providing the institutions with more funding for degrees that will lead to a job. I expect that you'll even see the state move to performance contracting or other accountability models to ensure that we're buying the degrees that we need to compete.

But other than simply focusing our higher ed dollars more, there's another key lesson. We need stop reducing the amount of higher ed dollars. If we are going to educate more people to higher levels as our economy demands, the state needs to stop treating higher education as its rainy day fund.

Research tells us that the jobs of the future will increasingly require postsecondary education. In fact, according to a recent national study, 67% of the job openings in the next decade will require some post secondary training.

Three years ago, our state acknowledged this, establishing a goal of producing 40 percent more degrees and certifications annually by 2018. That goal, the state said, was critical if we were going to compete globally.

The state then proceeded to cut the hell out of higher education and reducing the number of enrollments slots.

Let me be specific.

2,741 enrollment slots have been cut since 2007. At a time of high demand, we're actually funding fewer opportunities.

State funding for each full-time student reduced 14% since 2009. In the community and technical college system, per student funding has fallen by \$1,000.

The data is particularly stark when it comes to our state's four year universities. Since the 2007-09 biennium state funding for Washington's public baccalaureate institutions has been cut by nearly \$500 million. Our current funding for 4year universities is at the same level as it was in the 1999-01 biennium.

The Governor's proposed 2011-13 budget would cut an additional \$360 million in state funds from our institutions (a nearly 50% reduction in state support since 2007-09) leaving support of the universities at approximately \$1 billion as part of a proposed \$32.1 billion state budget.

For perspective, the public baccalaureates received a little over \$1 billion in General Fund state support in the 1989-91 biennium when total spending was \$12.7 billion.

By the end of the 2011-13 biennium the state share of the cost of educating a student at our institutions will have dropped from around 70% a decade ago to approximately 30%.

That's the wrong direction.

These cuts have real impacts

- Enrollment reductions
- Program eliminations

Larger classes

Longer time to degree

- Fewer STEM degrees
- Fewer educated citizens

As you spend your time in Olympia today and as you communicate with your legislators over the course of the next several months, let me suggest a simple message for you to communicate to legislators.

Enough.

Enough of treating higher education like the state's rainy day fund.

Enough of cutting the solution.

Enough.

Over the courses of this legislative session, we'll all be grappling with this. The Governor is expected to put forward request legislation to make some changes to state appropriation and to tuition.

When we do Q&A, I can talk a little bit about what we expect to see in that bill, but it's important that, regardless of how the discussion shakes out, we work to optimize around three things.

First, we need to preserve quality.

I don't want students to pay to go to a college with fewer class offerings, bigger classes, fewer student services.

I don't want students to have to spend an extra quarter or year in college because of budget cuts.

And I don't want students to invest money in an education that's not good enough only to see their jobs go to someone from out of state.

There's a reason the business community has gotten engaged in this conversation. They're tired of hiring people from out of state.

Second, we need to preserve access. We need to be bringing more students into our colleges and universities. We need to be producing more degrees. The trend line isn't looking good. And it will look even uglier if, given further budget cuts, universities have an incentive to simply take more students from out of state in an attempt to pad their thin budgets.

Third, we need to preserve affordability.

That means having tuition and financial aid policies that don't lock the door for Washington's students based on their personal finances.

Only 76% of enrolled students eligible for state financial aid are now receiving it, compared to 93% in 2009.

And unfortunately, that will get worse if we pass the Governor's proposed budget. Passing that budget means leaving 22k students who qualify for the state need grant on the outside looking in.

Last spring, I met with a woman studying at Tacoma Community College. She was studying to become a nurse and was on the need grant. She was balancing school, a part time job, and a family. She told me that she was struggling to cover it all and that need grant helped her make ends meet. She said that it had opened the door to her to attend college, to get a job, and to support her family. She had such pride in what she had accomplished. And we – as citizens of Washington who invest in the need grant -- should absolutely share in that pride.

Passing the Governor's budget also means dramatically reducing one of the core financial aid programs for the middle class – state work study. When I was a student, I was on work study. . . . I mostly washed dishes in the college dining hall. My wife is convinced that I picked up an enormously transferable skill.

But it helped. It helped me pay for college.

As we approach this budget and as you approach your legislators, I hope you send the message that we must increase financial aid and retention support. Financial barriers are the number one reason why Washington residents don't access college. We can do better.

I'd like to leave you with something president John F. Kennedy once said.

He said "Let us think of education as the means of developing our greatest abilities, because in each of us there is a private hope and dream which, fulfilled, can be translated into benefit for everyone and greater strength for our nation."

So, if I could summarize, we've got some real challenges, but hopefully, we can chart a way forward that will strengthen our nation and our state.