



# Back to Basics

**Strengthening Adult Basic Education in Wisconsin**



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### Acknowledgements

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### The Center on Wisconsin Strategy

The Center on Wisconsin Strategy (COWS) is a non-profit, nonpartisan “think-and-do tank” dedicated to improving economic performance and living standards in the state of Wisconsin and nationally. Based at the University of Wisconsin-Madison, COWS works to promote “high road” strategies that support living wages, environmental sustainability, strong communities, and public accountability.

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### Introduction

**B**asic skills—things like computer literacy, fundamental math concepts, basic writing, financial literacy, and English language skills—are integral to a worker’s success in most any job. While Wisconsin’s K–12 schools provide most young people with the foundation of skills needed to participate meaningfully in the labor force, some students inevitably fall behind. Those who are unable to master basic skills before they graduate, or who fail to obtain a high school credential at all, are at a serious disadvantage when it comes to job opportunities.

The same holds true for non-native English speakers for whom language is a barrier to moving into decent jobs. And those who are not proficient in English and lack basic skills—as is often the case among immigrants who did not complete high school in their country of origin—are particularly disadvantaged in the labor market.

Knowing that skills advance along with educational attainment, we can infer from Table 1 that building skills pays off in terms of wages. In Wisconsin, the median wage for high school dropouts—those workers most likely to lack basic skills—was just \$11.07 per hour in 2005. The acquisition of secondary-level skills, as measured by high school certification, boosted median wages by more than \$3 an hour, and some college but no degree pushed the median higher, but only slightly. In fact, Table 1 makes clear that the real payoff in terms of wages in Wisconsin comes with the skills acquired at the associate degree level; at \$16.94, the median wage for holders of those degrees is \$5.87 an hour greater than it is for high school dropouts. Table 1 also shows that the median wage for workers who possess an occupational associate degree in Wisconsin is about a dollar better than the U.S. median.

Basic skills deficits not only hinder workers’ job mobility, but business’ productivity and efficiency suffer when employees lack the competencies needed to perform job duties well or take on new responsibilities. The National Association of Manufacturers, for example, recently found that 40 percent of manufacturers cannot implement productivity improvements largely because of limited reading, writing, math, and/or communication skills among their employees.<sup>1</sup>

Having a workforce in solid command of basic skills will continue to be critically important in Wisconsin, as the state undergoes some major economic and demographic changes over the next several years.

Table 1

### Median Wages by Education for Workers 26 and Over, Wisconsin and the U.S., 2005

	Wisconsin	United States
Dropouts	\$ 11.07	\$ 9.83
High School	14.23	13.11
Some College, No Degree	14.70	14.83
Associate Degrees	16.94	16.17
Occupational/Vocational	16.93	15.95
Academic	16.95	16.55
Four-Year College Degree or More	22.65	23.32

Source: COWS analysis of CPS ORG data.

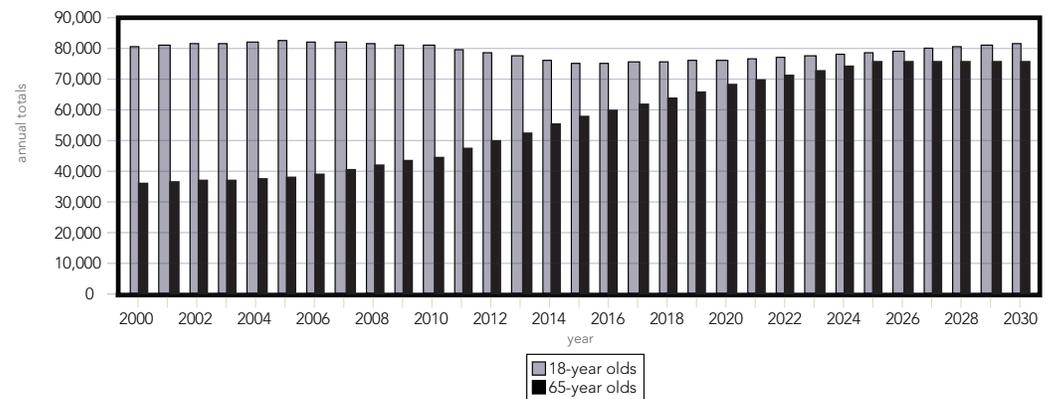
## Wisconsin faces tighter labor markets and a growing immigrant population

In the next decade and a half, Wisconsin's economic landscape will shift dramatically as the population ages and the baby boomers begin to retire. According to the Wisconsin Department of Workforce Development (DWD), the number of 65-year olds in the state will approach the number of 18-year olds starting in about 20 years, as Figure 1, below, shows. As a result, there will be more retirees and fewer new labor market entrants in upcoming years. This, along with Wisconsin's already high rate of labor force participation,<sup>2</sup> means that employers will have to find ways to build the skills and productivity of the existing workforce. This is true for highly-educated members of the labor force as well as the vast majority of workers in the state—nearly three quarters, in fact—who do not possess a four-year college degree (see Figure 2).

Indeed, developing the skills of workers without a bachelor's degree or higher is especially important given that occupational openings and skill shortages in the state are projected to be strongest in jobs not requiring a four-year degree. In fact, it is expected that 77 percent of all job openings in the state over the next decade will not require a four-year college degree.<sup>3</sup> This includes jobs in the rapidly growing service sector as well as in the higher paid manufacturing and construction sectors, where serious skills shortages are emerging as an older, highly skilled labor force begins to retire.

Figure 1

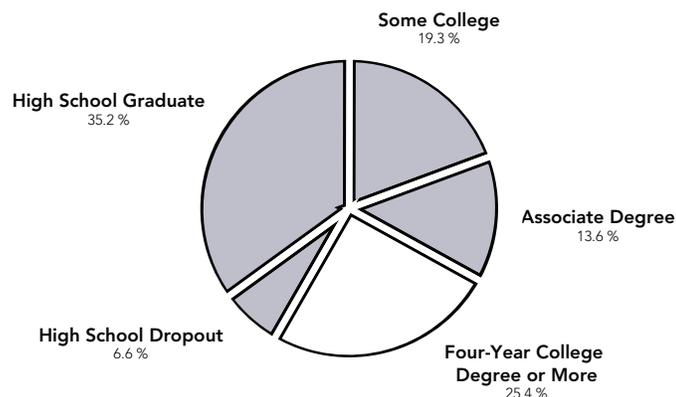
### Population of 18- and 65-Year Olds, 2000–2030



Source: Wisconsin Department of Workforce Development, Office of Economic Advisors, 2006.

Figure 2

### Share of Wisconsin Workers, Ages 18-64, by Education, 2005



Source: COWS, State of Working Wisconsin 2006.

Although not large enough in number to offset the retiring baby boomers, a growing immigrant population is also contributing to the changing face of Wisconsin's workforce. Between 1980 and 2004, the Hispanic population in Wisconsin grew by 176 percent; Hispanics now account for 4.4 percent of the state's population. The Asian share, now 1.6 percent, more than doubled over 1990–2005.<sup>4</sup> Many immigrants enter the labor force unable to speak much English and lacking a high school credential (not to mention a four-year college degree) from their home country—impediments, clearly, to their meaningful participation in Wisconsin's economy.

The strength of Wisconsin's economy in coming years, then, will continue to depend on workers who do not possess a four-year college degree. Many of these workers, however, lack the basic skills needed to access quality jobs or keep the state competitive.

## Too many Wisconsin workers lack basic skills

**A**necdotally, we know that many Wisconsin employers are concerned about a lack of basic skills among workers. A rural Wisconsin manufacturer's recent comment about the workforce is telling: "A high school degree is no guarantee that they can read a ruler." The empirical data on basic skills is imperfect, but the information we do have suggests a serious workforce development challenge in the state—especially among people of color, who are disproportionately at risk of lacking the competencies needed to succeed in the labor market.

**High school completion rates have increased in Wisconsin over the years, yet a substantial share of working-age adults in the state still do not possess a high school degree or GED.**

- Nearly 16 percent of adults 16 years and older—fully 571,673 Wisconsinites—do not hold a high school diploma or GED and are not enrolled in school.<sup>5</sup>

**There is a substantial gap in high school completion rates between whites and students of color:**

- In 2006, 93 percent of white 18–24 year olds in the state had a high school credential, compared to just 81 percent of non-whites.<sup>6</sup> This gap, in part, can be attributed to the growing number of immigrants in Wisconsin, many of whom did not complete high school in their native countries.
- According to the 2000 Census, about one in three, or nearly 40 percent, of Latinos 25–74 years old in the state has not completed high school.
- In the 2003–04 school year, the high school graduation rate for black students in the state was only 66 percent, compared to 95 percent for whites.<sup>7</sup>

**A growing immigrant population faces language and skill barriers to education and employment:**

- Nearly 100,000 working-age adults in Wisconsin (three percent of the population) report that they do not speak English very well.<sup>8</sup>
- Again, many immigrants did not complete high school in their countries of origin, which means they may lack fundamental reading, writing, and math skills in addition to having limited English language skills.

**High school completion is no guarantee of mastery of basic skills:**

- In 2001, 30 percent of students entering two-year technical colleges in Wisconsin required "remedial" education courses in reading, writing, and math.<sup>9</sup>
- In the same year, 11 percent of students entering the state's four-year colleges needed remediation in math, while nearly seven percent needed remedial courses in English.<sup>10</sup>

Taken together, these figures point to a shortage of basic skills among our workforce—a problem that is likely to intensify as our labor pool continues to tighten and grow more diverse.

## Adult education funding in Wisconsin stagnates

A number of programs are in place in Wisconsin to teach basic skills to working-age adults. These programs fall under the broad category of Adult Basic Education (ABE) and include Basic Skills, English as a Second Language (ESL), Adult High School, and Workplace Adult Basic Education (WABE). As the figures cited above make clear, the need for these programs in Wisconsin is strong. Yet our investments in ABE programs have remained stagnant in recent years, and are low relative to many other states. (All figures reported here have been adjusted for inflation.)

In Wisconsin, ABE programs largely run through the Wisconsin Technical College System (WTCS)<sup>11</sup> and are supported by a combination of federal, state, and local funds. Taken together, funding from these sources totaled about \$16.2 million in 2006, as Figure 3 shows. A more detailed explanation of funding at each level follows.

At the federal level, funds flow through the Adult Education and Family Literacy Act (AEFLA) to support ABE programs in the states. AEFLA funds are distributed by formula to states based on number of adults (16 and older) in each state who do not have a high school diploma and are not enrolled in school. As noted earlier, about 16 percent of Wisconsin adults fell into this category. States must match 25 percent of their federal contribution with state or local funds (but many states contribute significantly more). In Wisconsin, the WTCS is the recipient of AEFLA funds, and distributes these dollars to the 16 technical college districts across the state and, to a lesser extent, to community based organizations (CBOs) and correctional facilities.

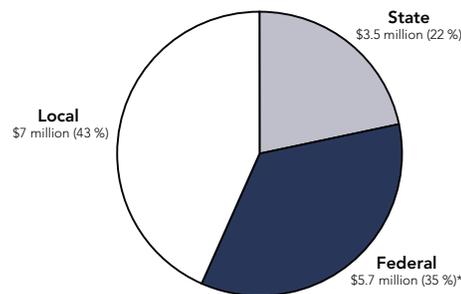
Federal AEFLA spending in Wisconsin has not moved much over the last decade, as Figure 4 illustrates. Adjusting for inflation, federal funding climbed slightly in the late 1990s and has fallen a bit since 2002 to its current level of about \$7.5 million. Of that, approximately \$5.7 million is available as Basic State Grants—about \$5 million to the technical colleges for comprehensive basic skills programs and another \$720,000 to CBOs for outreach programs.<sup>12</sup>

The AEFL Act requires a maintenance of effort (MOE) from the technical college districts: each district must contribute 90 percent of its fiscal commitment from the second preceding year. In 2005–06, Wisconsin’s districts’ MOE totaled about \$7 million—roughly the level it has been at in constant dollars since the late 1990s, as Figure 4 shows.

At the state level, adult basic education is funded through general purpose revenue (GPR) which, like federal AEFLA dollars, is allocated primarily to the college districts by the WTCS. The WTCS distributes the majority of GPR funds to the districts by formula (71 percent) and the rest through a competitive grant process (29 percent). To be eligible for formula funds, districts must meet MOE requirements. Commonly, competitive grant funds require a 25 percent local cash match. As is evident from Figure 4, state-level investments in adult basic education programs have also stagnated since the late 1990s. Adjusting for inflation, investments topped \$4.5 million in 1997–98. In 2005–06, the state will appropriate \$3.5 million in GPR funds to the WTCS for ABE grants.

Figure 3

### Sources of Adult Basic Education Funding in Wisconsin, 2006

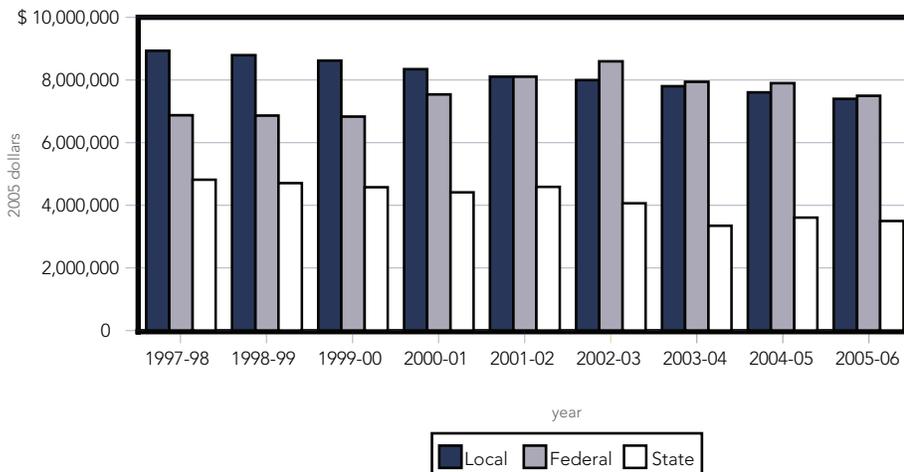


**Note:** Does not include AEFLA dollars for Corrections Education, State Leadership grants, and English Literacy and Civics Education.

**Source:** Wisconsin Technical College System.

Figure 4

### Adult Basic Education Funding for Wisconsin, 1997–2006 (2005 Dollars)



Source: U.S. Department of Education Budget Office and Wisconsin Technical College System (converted to 2005 dollars).

## Wisconsin's overall and per-pupil spending on adult education lags

Does Wisconsin invest enough in adult basic education? Taking local AEFLA MOE and state GPR monies together, Wisconsin will spend about \$10.5 million on adult basic education in 2005–06<sup>13</sup>—not much more than the federal AEFLA allocation it receives. This is significant because federal AEFLA dollars are a marker of need, allocated as they are to the states based on the number of people eligible for adult education services. Table 2 shows that Wisconsin's investments lag behind states in the Midwest and elsewhere. Minnesota, for example, spent \$34.4 million on adult basic education in 2003—84 percent of total AEFLA funding in the state, and five times its federal allocation. Michigan invested \$89 million the same year, more than five times federal AEFLA spending in the state, while Iowa better than doubled its federal allocation.<sup>14</sup> Of our neighbors, only Illinois invested less than the federal government spent on its programs. Washington, included here because it has roughly equal numbers of people eligible for AEFLA programs as Wisconsin, spent \$25.8 million on adult education in 2003—almost three times the level of federal funding it received.

Is the level of intensity of Wisconsin's adult basic education programs adequate? Evidence suggests that low-cost, low-intensity education and training programs are less effective than their higher-cost, more comprehensive counterparts.<sup>15</sup> In other words, success in adult education programming is better guaranteed by spending more money per pupil. Table 2 makes clear, however, that Wisconsin falls behind other states on this measure as well. In 2003–04, 29,132 residents were enrolled in AEFLA programs in the state (only five percent of the qualifying population) which means Wisconsin spent about \$360 per pupil. On average, states spent \$597 on each adult education participant in 2003–04,<sup>16</sup> while some of our neighbors invested much more. For instance, Minnesota spent \$778 on each of the 44,220 students it served, while Iowa dedicated \$708 to each of the 12,242 students enrolled in its AEFLA programs. And Washington easily out-spent and out-served Wisconsin, investing \$643 on each of the 40,193 students enrolled in its adult education programs.

In sum, Wisconsin's overall investment in adult education programs is stagnant and relatively low, while its per-pupil spending pales in comparison to some states. Given the persistent need for basic skills instruction among our workforce, and the vast number of adults in the state who are eligible for but not receiving ABE services, these trends should be reversed. True concern for Wisconsin's economic health should translate into a willingness to invest what it takes to provide the foundation of skills that all workers need.

Table 2

**Adult Education Eligible and Enrolled Populations, Federal and State & Local Expenditures, Wisconsin and Peer States**

	Number Eligible (2000)	Number Enrolled (2004–04)	Federal Expenditures (FY 2003)	State & Local Expenditures (FY 2003)	State & Local Per-Enrolled Student Expenditures (FY 2003)
Wisconsin	571,673	29,132	\$ 7,904,045	\$ 10,500,000	\$ 360
Illinois	1,658,924	124,404	23,035,499	16,227,265	130
Iowa	290,684	12,242	4,207,542	8,662,364	708
Michigan	1,181,580	48,273	16,016,869	89,105,973	1,846
Minnesota	421,699	44,220	6,684,475	34,388,000	778
Washington	571,042	40,193	9,054,774	25,837,723	643

**Source:** U.S. Department of Education, Office of Vocational and Adult Education, and Wisconsin Technical College System

**Opportunities to strengthen adult basic education in Wisconsin**

Improving workers’ job opportunities and productivity will require sizeable investments in adult basic education. Wisconsin will need to spend more money to reach more of those in need of ABE services. But simply enrolling more ABE students is not enough; to ensure that our programs pay off in the labor market they must be as intensive as possible, meaning that more resources must be spent on each student enrolled. To be most effective, these resources should support efforts to more closely connect adult basic education with work and good job opportunities in the state. Expanding workplace adult basic education and integrating ABE with associate degree training are two key ways to strengthen these connections. A more detailed set of recommendations follows.

**1. Increase overall and per-pupil spending on adult basic education.**

Just a small fraction of the 571,673 adults eligible for AEFLA services in Wisconsin currently receive them. Washington, with approximately the same number of adults eligible for ABE programs as Wisconsin, served many more people—about 11,000 more, in fact—than we did in 2003. It also spent over \$15 million more on its programs than Wisconsin did. Clearly, a sizeable increase over what we currently invest is needed to reach more of those eligible for basic skills instruction in the state.

We know that intensive education and training programs generate bigger labor market rewards than their less comprehensive counterparts. We also know that intensive programs typically require a bigger per-pupil investment than those that are less extensive. Currently, however, Wisconsin invests just \$360 on each ABE student in the state, far below what some of our peer states spend (only Illinois spends less). If Wisconsin were to serve double the number of adults it does now at Minnesota’s investment level (\$778 per student), we would need to contribute approximately \$45 million annually—clearly, a substantial increase over what we currently spend. In addition to a boost in local-level investments, a sizeable and sustained financial commitment from the state would be needed to make this happen.

## 2. Expand workplace adult basic education.

Thousands of workers need to boost their basic skills but—because of family responsibilities, transportation limitations, or additional jobs—simply do not have time beyond regular work hours to pursue education and training. For these workers, Wisconsin’s Workplace Adult Basic Education (WABE) program is a convenient and effective way to access skills development because, as the name implies, instruction is delivered at the worksite. Further, under the WABE program, technical college staff engage employers and labor to deliver workplace-specific training. Because the instruction is tied to the jobs at the locations where it is delivered, it is viewed by employers and workers as particularly pertinent and practical.

Despite its popularity, the state dedicates just \$400,000—a fraction of its \$3.5 million annual ABE investment—to WABE grants. Investments in WABE have not increased, even to adjust for inflation, since the mid-1990s. To date, nearly 21,000 workers in firms across the state have accessed basic skills instruction through WABE.<sup>17</sup> Thousands more could benefit if Wisconsin were to make a significant increase in program spending. In addition, the state should support technical colleges’ efforts to reach more companies and workers through the WABE program. For example, where practical, grants should be structured to reward technical colleges that use them to provide consortium training so that instruction costs are spread across several employers, reducing expenses for individual firms.<sup>18</sup> This is particularly important for small and mid-size firms that may not be able to afford to purchase training on their own.

## 3. Integrate adult basic education and occupational training.

Wisconsin’s associate degrees, especially our occupational associate degrees, offer a very strong pay-off for the workers who hold them (see Table 1). Clearly, Wisconsin’s technical college system produces significantly more occupational associate degrees than other states, and generates strong wages for the holders of those degrees. However, ABE students traditionally do not transition to or complete occupational associate degrees at very high rates.<sup>19</sup> As a result, we should work to greatly expand programs that integrate ABE instruction with training for occupational degrees. Madison Area Technical College, for example, has been running a joint Certified Nursing Assistant/ESL program since 2004 and is seeking grant funds to develop Dental Assistant, Welding, and/or Machine Tooling programs that incorporate vocational ESL. Support for these and similar initiatives will help to move more Wisconsinites with limited skills into a position where they can benefit from the labor market payoffs occupational training can provide.

### A Closer Look at Integrated Programs

#### **Washington’s Integrated Education and Basic Skills Training (I-BEST):**

The I-BEST program combines adult basic education, including ESL instruction, with workforce training. Instructors from each field coordinate curriculum and co-teach to provide students with literacy education and workforce skills. The ESL curriculum is tailored to language that will be needed to do the job for which the student is training. A 2005 study found that ESL students enrolled in I-BEST were five times as likely to earn college credits and 15 times as likely to complete occupational training than non-enrolled ESL students over the same time period.<sup>20</sup>

**Arkansas’ Workforce Alliance for Growth in the Economy (WAGE):** Like I-BEST, WAGE tailors adult basic education to prepare students to enter particular career pathways. The WAGE curriculum includes 112 basic skills competencies deemed essential by Arkansas’ employers, while teaching skills needed for careers in business, education, paramedics, manufacturing, nursing, and welding. Participating employers allow adult educators to assess skill and literacy requirements for particular jobs so they can contextualize competencies to local labor market realities.

### Workplace Adult Basic Education Benefits Workers & Employers

Meriter Health Services established a “Diversity Initiative” in 2001 to respond to demographic changes in South Central Wisconsin. As part of that comprehensive initiative, Meriter has partnered with Madison Area Technical College to offer English as a Second Language courses to its immigrant employees on site. The following quotes reflect the impact this has had:

*“The changing workforce which is now coming to Meriter Hospital for employment is speaking English as a second language more frequently than in the past. As a result, to attract and retain these valuable employees Meriter is now offering onsite English classes to assist our coworkers in developing skills necessary to provide extraordinary service to our patients and residents. One employee was overjoyed to receive her United States citizenship with help from the Meriter ESL class.”*

**Bruce Babcock**  
Educator, Meriter Human  
Resource Development  
Department

*“The opportunity to improve my English through ESL class gives me a tool to improve my own life.”*

**Andres Sousa**  
Meriter Food and Nutrition  
Department

## Endnotes

1. *The Skills Gap 2001: Manufacturers Confront Persistent Skills Shortages in an Uncertain Economy*, National Association of Manufacturers.
2. Wisconsin has a 70 percent labor force participation rate, compared to 66 percent for the nation as a whole. *The State of Working Wisconsin 2006*. The Center on Wisconsin Strategy.
3. *Wisconsin Projections 2004–2014, In Brief*. Wisconsin Department of Workforce Development, Office of Economic Advisers, [http://www.dwd.state.wi.us/oea/long\\_term\\_projections/lt\\_brief.pdf](http://www.dwd.state.wi.us/oea/long_term_projections/lt_brief.pdf), 2006.
4. *The State of Working Wisconsin 2006*. The Center on Wisconsin Strategy.
5. U.S. Census 2000.
6. *Measuring Up 2006: The State Report Card on Higher Education*. The National Center for Public Policy and Higher Education, Report # 04–4.
7. *The State of Working Wisconsin, 2006*. Center on Wisconsin Strategy.
8. U.S. Census, 2000.
9. Jenkins, Davis and Katherine Boswell, *State Policies on Community College Remedial Education: Findings from a National Survey*. The Education Commission of the States, Center for Community College Policy, Summer, 2002.
10. Ibid.
11. While the vast majority of ABE funds the WTCS distributes go to the technical colleges to deliver programs, WTCS also allocates funds to literacy councils and other community based organizations to provide adult basic education services.
12. Additional dollars are allocated under the AEFLA for Corrections Education, State Leadership grants, and English Literacy and Civics Education.
13. Unlike most states, the bulk of these funds will come from the local technical college districts. According to the U.S. Department of Education, in FY 2003, 47 percent of states reported that the majority of their funding for AEFLA programs was contributed at the state level, 33 percent relied most heavily on federal sources, and five percent—Wisconsin included—reported that local government contributed a majority of their funds. Many perceive heavy reliance on local funds as a strength. As one WTCS representative noted, “we are one of the most exemplary states in terms of the local programs owning the programs via cash support.”
14. U.S. Department of Education, *State Administered Adult Education Programs, Fiscal Year 2003*. Note that the Michigan State Legislature has approved massive cuts to the program since then and the state now contributes just about \$22 million of its own funds on AEFLA programs.
15. Burt Barnow and Daniel Gubits, “Review of Recent Pilot, Demonstration, Research and Evaluation Initiatives to Assist in the Implementation of Programs under the Workforce Investment Act,” in *The Strategic Plan for Pilots, Demonstrations, Research, and Evaluations, 2002–2007*.
16. Department of Education, *State Administered Adult Education Programs, Fiscal Year 2003 Expenditures*.
17. WABE grants are financed by state GPR funds—no federal dollars are directed to the program. Information provided by the Wisconsin Technical College System, 2006.
18. In rural districts where employers are more spread out, consortia training may not be practical or feasible.
19. Julie Strawn, Center for Law and Social Policy, presentation, June 2006.
20. *I-BEST: A Program Integrating Adult Education and Workforce Training*, Washington State Board for Community and Technical Colleges, Research Report #05–2, December 2005.