

EDUCATION AND ECONOMIC SUCCESS

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On behalf of the Midwestern Higher Education Compact and the Midwest office of the Council of State Governments I thank you for the opportunity to be with you today and to partner with Kansas in your important education to workforce initiative. In keeping with the theme for this initiative my remarks today are titled “Education to Economic Success.”

As you know, the demographic and economic challenges our country will face over the next 25 years will affect the Midwest more dramatically than the rest of the nation. The Midwest has historically prided itself on the strength of its educational institutions and its role as both the nation’s breadbasket and its manufacturing center. We have already seen how the contraction of the manufacturing sector—in particularly the automotive industry—has hit the Midwest particularly hard. Technological advancements in agriculture have increased production yields exponentially, but have also reduced significantly the role of the family farm. As if that were not enough, the combination of low population growth and the impending retirement of 20 million baby boomers in the Midwest will challenge even the healthiest economies as states struggle to provide the services required of an aging citizenry with a smaller workforce.

The issue is not about higher education. It is about sustaining an economy. It is about ensuring an adequate supply and an appropriate talent level of a workforce to sustain an economy in an age of global competitiveness. If you think that the U.S. and its states will continue to

be the world's economic leader by doing what we have always done consider this:

In a June 12, 2006 *Newsweek* article 'How Long will the World Lead America,' Fareed Zakaria wrote this:

Queen Victoria's Diamond Jubilee, held in London on June 22, 1897, was one of the grandest fetes the world has ever seen. 46,000 troops and 11 colonial prime ministers arrived from the four corners of the earth to pay homage to their sovereign. The event was as much a celebration of Victoria's 60 years on the throne as it was of Britain's superpower status. In 1897, Queen Victoria ruled over a quarter of the world's population and fifth of its territory all connected by the latest marvel of British technology, the telegraph, and patrolled by the Royal Navy, which was larger than the next two navies put together. The New York Times gushed: "We are part.....of the Greater Britain which seems so plainly destined to dominate this planet."

The Zakaria article goes on to say that:

Americans have replaced Britons atop the world, and we are now worried that history is happening to us. History has arrived in the form of the three billion new capitalists, as Clyde Prestowitz's recent book puts it, people from countries like China, India and the former Soviet Union, which all once scorned the global market economy but are not enthusiastic and increasingly sophisticated participants in it. They are poorer, hungrier and in some cases well trained and will inevitably compete with American and America for a slice of the pie."

A Goldman Sachs study concludes that within 40 years, China will be the largest economy in the world, replacing the U.S., and that since 1991 the U.S. has slipped from second to 15th in the world in the proportion of the youth population going on the colleges and universities.

The extent to which the nations of the world are “catching up” to the United States on postsecondary participation and attainment has been analyzed by the National Center for Public Policy and Higher Education. Pat Callan, Center President, states the following in his overview of *Measuring Up 2006*:

The expansion of a knowledge-based global economy has raised the bar for higher education in the United States—particularly in light of the rapid growth of college opportunities in many other nations. These nations have made their greatest gains in college access and attainment more recently than the United States has. One consequence is that the comparative educational advantage of these countries rests with their younger adults and workers. As the baby boomers in this country reach retirement age, a key challenge for the United States—and each of the 50 states—will lie in our collective ability to improve rapidly the educational opportunities and achievement of our younger Americans.

I visited China in 2002. At that time an official with their Department of Education told me that “Job One” in China is to educate their citizenry. Well, today we know that the number of college graduates in China will increase from 50 to 90 million in seven years. Now that’s commitment and results.

In addition to global competitiveness, is the issue of an aging population. It is almost cliché to talk about the “aging” of America’s workforce, but nowhere can the implications of this phenomenon be seen more dramatically than in the Midwest. More than one quarter of the nation’s population—78 million Americans—are moving toward their retirement years. The sheer massiveness of this demographic shift is unprecedented in our nation’s history. As these individuals leave the workforce, they will take with them an enormous cache of knowledge and experience. It is an understatement to suggest that the nation will be challenged to replace this wealth of talent.

At the same time, the diversification of the American workforce is no longer concentrated in pockets of the nation's coasts and urban centers. Communities throughout the Midwest have, in recent years, welcomed significant numbers of migrants and immigrant families seeking safer environments, improved economic opportunities, and better environments to raise their children. These new faces, together with members of growing African- and Hispanic-American communities, constitute an increasing proportion of the region's future workforce. A significant majority of the young people in these communities will be the first members of their families to attend college.

Although historically the Midwestern states have enjoyed an advantage in postsecondary performance, the region's advantage is shrinking. An analysis of the National Center's data for the MHEC states reveals areas of concern, particularly in the area of student preparation, college completion, and college affordability.

We simply must find ways to open the doors of higher education to more people, regardless of their financial means. Without higher education, students miss out on the opportunity to better their lives, and the states in which they reside forego the opportunity to increase their social and economic capital by "growing their own" current and future workforce.

Each of our states will face unique challenges in the years ahead. These challenges may come in the form of population changes, fiscal limitations, competing budgetary priorities, or other significant issues. In this time of challenge, individual states and their colleges and universities can seize the opportunity to create innovative solutions through collaboration.

What has not changed, however, is the strength of our educational system and the payoff the results from an investment in human capital. But even in this area our regional competitive advantage is shrinking as other countries in the world recognize the need to invest more heavily in education to secure their respective economic futures.

So allow me to quickly offer some possible action steps:

- Prepare more high school students for college.
- Educate a larger portion of 25-50 year olds.
- Provide incentives for older adults to continue working part-time.
- Match education to jobs for the future, but not at the expense of a good liberal education.
- Encourage or provide incentives for colleges to collaborate to offer what student's need anywhere, anytime.
- Encourage or provide incentives for colleges to even more closely collaborate with the private sector for education and research.
- Remove regulatory and budget control barriers to permit higher education entities to fully use their intellectual capital to engage in research and leading edge instruction.
- Develop accountability measures that focus on growing the economy rather than focusing on inputs of cost.
- Develop leadership coalitions of government, the private sector and education to provide vision and strategies to more fully educate the workforce.

We encourage all of you this afternoon to engage in thoughtful dialogue around these issues. We also encourage our states throughout the region to engage in interstate cooperation and resource sharing to help meet their individual and collective goals of developing educational and economic capital.

Thank you again for the opportunity to partner with you in your effort.