

**Testimony by Dr. Scott Ralls**  
**President, North Carolina Community College System**  
**To the U.S. House of Representatives Small Business Committee**  
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Mr. Chairman and members of the committee, thank you for the opportunity to appear before you today.

My name is Scott Ralls and I am president of the North Carolina Community College System. I represent a system of 58 colleges that provides education and workforce training to almost 900,000 North Carolinians annually – approximately one out of every eight adults in our state.

Our system originated as an innovation to foster statewide economic prosperity through workforce development. In the 1950s, North Carolina was per capita one of the poorest states in the nation with an economy limited to tobacco, textiles and furniture production. During that time of economic challenge, Governor Luther Hodges proposed two education innovations to foster economic diversification and widely shared prosperity in our state – innovations that were at first met with skepticism.

The first was the development of a research and development park, located in what was then a pine forest between three notable universities. Today known as Research Triangle Park, this area hosts one of the fastest growing technology economies in the country.

The other innovation was a system of Industrial Education Centers located around the state. These centers were created for the sole purpose of training North Carolinians for jobs they had not previously performed. They subsequently promoted the location and development of businesses not previously in existence in our state.

Our current system of community colleges, the most comprehensive in the nation, emerged from this innovation – as did a mantra frequently repeated in our state that “Education is Economic Development.”

Over the last half century, a variety of workforce development innovations have occurred through our system. These innovations have helped lift our state to a better economic position and provided a foundation for meeting the workforce needs of both small and larger businesses. They have also better equipped our citizens and our communities to deal with today’s very significant economic challenges.

For example, we were the first state in the nation to provide customized job training to businesses as an economic development strategy. Our customized training program has since grown significantly in terms of both sophistication and capacity, last year providing training to 251 companies and 19,556 North Carolinians. It is frequently referred to as the best economic development incentive our state offers.

Historically, attention around this program has involved larger companies and sophisticated training for new jobs in growth industries. Current examples include the aerospace structures training for Spirit Aerosystems in the eastern end of our state; the bioprocess manufacturing training for the Novartis vaccine facility in the Research Triangle; and the new energy jobs created through the Siemens gas turbine facility in Charlotte.

But in recent years, our focus has turned increasingly not only to companies creating jobs, but also companies making significant technology and productivity advances that sustain jobs. Increasingly our “bread and butter” has become our state’s smaller manufacturers and export-oriented companies.

Companies like Motion Sensors, Inc., a small family-owned business in the coastal northeastern corner, turned to one of our colleges to provide the training support necessary to gain AS9100 certification. Gaining this coveted quality management certification for aerospace in October opened the door to significant new sales opportunities for the small company.

Our colleges not only provide the skills training that support the world-class workforce our companies need to advance and grow, but they also provide counseling and business development training that budding entrepreneurs need to create new business opportunities. We do this through 58 Small Business Centers that provide free entrepreneurial counseling and training at each of our colleges. Last year these efforts contributed to the creation of 743 new small businesses in North Carolina.

One of those was owned by Nadine Cobb, a previously laid-off accountant living in the northwest corner of our state – an area that has been economically ravaged by both textile and furniture lay-offs. Through a partnership in our state supported through the Workforce Investment Act – Growing America through Entrepreneurship or GATE -- Nadine gained additional accounting skills plus the entrepreneurial training and business plan assistance she needed to start her business. She is one of nine recent new business owners in her distressed rural county to start a new business through this assistance.

Nadine’s experience exemplifies something that we firmly believe, that the road to North Carolina’s economic recovery runs right through the middle of our Community College

System. And our data confirms this claim. Since the recession began three years ago, total enrollment at North Carolina community colleges has surged by 28 percent.

Consequently, our system faces significant simultaneous challenges – providing meaningful workforce development opportunities in an economic environment with significantly less job opportunity, and meeting head on the challenge of a surge in students who queue up in our registration lines. Significantly increasing student success and program completion rates is our primary strategic focus, and achieving those goals in an environment of both exploding demand and declining budgets, offers a whole new level of challenges. These challenges are presenting opportunities for innovation like never before.

A greater focus on industry certifications and licensures is part of the answer because they help us address the simultaneous challenges of workforce opportunity and program efficiency. First, industry-defined certifications mean something. When our students gain industry-recognized credentials along the way to associate degrees or diplomas, they enter an ever challenging job market with more industry-defined firepower to go with their educational credentials. Recent research indicates that approximately 27% of workers with certificates – credentials short of an associate degree – earn more than the average bachelor’s degree recipient.

Industry certifications also help us innovate to address the efficiency challenge. Community colleges often partner with businesses to address their workforce skills requirements one employer at a time, typically by creating one new degree or training program at a time. However, when employers collaborate to clearly define their skill targets, as the National Association of Manufacturers Certification model does, it provides us a clear target to focus our efforts and a framework to work across multiple degrees and training programs.

That is what is happening now in North Carolina. Faculty members across multiple colleges are redesigning curriculum standards in over 80 different degrees, using the NAM-endorsed Skill Certification System as a model. Building on a foundation of core academic and personal effectiveness competencies that cut across industries and multiple degrees, we can layer or “stack” core technical workplace competencies and industry certifications.

Bottom line, we can be even more responsive to industry with clear employer certification targets, while achieving efficiencies across previous “slivers” of degree programs. This curriculum innovation, what we refer to in North Carolina as our Super Curriculum Improvement Project, is our most significant recent curriculum redesign.

Current economic realities mean that our workforce development innovations can no longer be about just adding new programs. Instead, it means redesigning existing

programs, refocusing budget priorities and integrating across program areas so that students do not fall through cracks in previously siloed program areas. We're now working harder to integrate requirements across program areas to insure our students have greater math competencies as well as the knowledge of energy efficiency –skill areas we believe will be critical for jobs in the future.

In addition, this year our system implemented a new state funding model for our colleges. Like families across the nation dealing with the recession, we too prioritized our limited resources. By weighting funding for lab-based sciences, health care, technical education and training for recognized industry credentials, our aim is to not only better fund programs that can cost more to provide, but also to move forward program areas that we believe will propel North Carolina's economy.

While direct federal funding is only one percent of our community colleges' budgets, these funding sources are an incredibly important resource for us to move our innovation models forward. Perkins funds are the only professional development resources our colleges receive that enable our faculty to attain and train for technical certifications. And like other community colleges across the nation, our colleges are hopeful for the potential grant resources of the Trade Adjustment Assistance Community College and Career Training program that offer the potential to significantly move our innovation models forward.

In North Carolina, these new models are increasingly breaking previous program silos – such as silos that can exist between degree and non-degree programs, or between State and Federally funded programs. For example, in our Basic Skills and Literacy programs that receive both federal and state support, we have a new effort called *Basic Skills Plus* that enables students in GED programs to participate in pathways that combine GED preparation, developmental education opportunities and occupational training for industry certifications and licensures.

With the support of our state's workforce development system and Workforce Investment Act funds, we collaboratively created a training program called JobsNOW. This program combined various training resources and accelerated opportunities to enable individuals impacted by job loss to simultaneously attain a Career Readiness Certification, an industry certification, occupational license or other meaningful occupational training, and employability skills such as interviewing and team work – all within six months or less. During the past two years, almost 20,000 North Carolinians have enrolled in the JobsNOW program and attained more than 17,000 industry certifications, licensures and Career Readiness Certificates.

Last winter, I met one of the program participants while touring one of our mountain colleges. At a makeshift outdoor pipefitting training lab, a most unlikely looking “college” student named Tim Price stopped me to say thanks, a thanks I pass on to you today.

A big, burly mountain of a man, all layered in his work clothes, Tim wanted to say thank you because, as he said with emotion in his voice, for the first time in several years both he and his family were feeling economic hope. Years earlier, Tim had been one of the many victims of the furniture company layoffs in our state, and his immediate family had faced several medical challenges that would have been difficult for someone of any economic circumstances. A couple of months ago, I called Isothermal Community College to check on Tim, and was delighted to learn he had recently been employed as a pipefitter with a North Carolina-based energy company making \$16.40 an hour with medical coverage for his family.

Tim’s story illustrates something that I have heard that one of our greatest champions, Melinda Gates, has been known to say – that the line between poverty and middle-class today runs through our nation’s community colleges. I believe that, and I also believe it is why our mission and our focus on innovation in workforce development have never been more important for our citizens, our communities, our state and our nation. Thank you.