

Workforce Policy: Employer Skill Needs and Inclusion

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Labor Market Problems

- Technology and Globalization: High Pay Only for Those with Skill! (General and Specific...)
- Employers: Can't Fill Them (Sub-BA)
- Workers: Can't Get Skills Needed for Them
- Evidence: High Vacancy Rates, Shortages for Employers; Stagnant Wages, Declining Labor Force Activity among Workers
- Suggests Labor Market Mismatch!

Is Mismatch Real?

- Skeptics/Cynics: Wages flat; On-the-Job training declining; Demand in middle of the labor market disappearing (“Polarization”)...Employers whining!
- But Still Some Validity: Wages rising, but pressures to keep them low; Skill Needs too high for OJT; Old v. New Middle...And Baby Boomers are Retiring!

Skill Need and Mismatch: Vary By Sector and Firm!

- Hi Skill Needs: Health Care, Mfg., IT, Transportation/Logistics, Retail (High End), Leisure/Hospitality
- Employers: Very Heterogeneous!
- Punch Line: Mismatch is at least partly Real!

Theory: Why Should Mismatch Exist/Persist?

- Market Mechanisms: Wages adjust, Workers invest and migrate to solve these problems!
- Employers invest too – General or Specific Training
- Problems with Adjustment Mechanisms: Market Failures and Inequities

Market Failures and Inequities: Limit Higher Education

- Weak Academic Skills
- Cost of College Rising, While State Subsidies Diminish
- Lack of Information about Colleges, Labor Market
- Lack of Connections to Employers
- Pressure to Work; Attend School Part-time

Additional Problems: Community and For-Profit Colleges

- Developmental Ed (Remediation): Awful
- Financial Aid: Credit v. Non-Credit
- Too Little Structure and Guidance/Counseling When Choosing Fields
- Prefer Liberal Arts to technical degrees/certificates; expect to transfer but most don't
- Community Colleges: Under-resourced but face wrong incentives to expand workforce programs
- For-Profits: Nimble but Hi Cost, Lower Returns

Results: Poor Outcomes

- Hi Enrollments, Low Completion Rates
- Completion in fields with little labor market value or low demand
- Weak Links to Employers
- Low Wages, Low Employment
- Hi Debt!

What About OJT? More Market Failures and Inequities

- Workers don't merit investments – Poor Basic Skills and Poor Work-Readiness; Hi Turnover
- Imperfect information/Biases by Employers
- High start-up costs/Lack of Coordination
- Rigid Wages

Solutions: Sector Partnerships and Career Pathways

- Workers/Skills That Employers Seek!
- Students/Workers Connect with Job Market While They Learn
- Partnerships: Risk/Cost Sharing among Employers
- Strong Evaluation Evidence of Success! PPV and Impaq Studies

Also: High-Quality CTE

- Not Old-Fashioned Voc-Ed
- No longer “tracked” – College and Career Readiness
- Strong Academics, Contextualized Settings
- Career Clusters, Pathways to Higher Ed and Jobs
- Examples: Career Academies, High Tech High, High Schools That Work, P-Tech

Also: Work-Based Learning

- Meet employers need for specific skills but students
- Meet worker need for income! Students More Motivated...
- Wage payments but below Market Levels – Employers Don't Bear Cost/Risks
- Best Model: Apprenticeship

But Challenges Remain

- For Whom: Don't Serve Those with the Greatest Needs (“Hard to Serve”)
- General v. Specific, Short-Run v. Long-Run
- Replicating and Scaling Best Models – Limits to What CCs and Employers Can/Will Do
- Uncertain and Dynamic Future Demand

Policies That Might Help

- Pre-K thru 12...Analytical and Communication Skills
- CTE: Early and For All; Alignment with Labor Market and Colleges
- CCs: Targeted Resources and Accountability (Federal Race to the Top?)
- Reforms in Financial Aid, Developmental Ed

Policies that Might Help (Contd)

- More Integration of CC and Workforce Systems – Career Counseling! (One Stops)
- More Apprenticeships! Tax Credits, TA
- Lifelong Learning

One More Thing: Focus on Labor Demand

- Employers: Hi-Road v. Lo-Road
- Hi Profits but Lo Productivity: Suggest Lo Road is Frequently Taken – Outsourcing, Offshoring, etc. (“Fissured Workplace”)
- But Hi-Road is a “Public Good”
- Governments: Commit to “Good Jobs Strategy,” with Incentives and Assistance