Welcome, you're listening to Poverty Focus. This podcast series produced by The Center for Poverty Research at UC Davis brings together experts in their fields to discuss new poverty research and public policy. I'm Ann Stevens, Economist and the Director of The Center for Poverty Research. It is my pleasure today to speak with visiting scholar Harry Holzer.

Holzer is Professor of Public Policy at the McCourt School of Public Policy at Georgetown University. He's previously served as a faculty director of the Georgetown Center on Poverty, Inequality, and Public Policy. He's a fellow of the American Institutes for Research, the Brookings Institution, and at Harvard's program on inequality and social policy.

Today, we will discuss low-wage jobs and opportunities for low-wage workers to advance. Harry, thank you for joining us today.
>> Thank you, ma'am. It's a pleasure to be here.
>> So you, you've written a lot over the years about how to improve the skills and the labor market outcomes of disadvantaged workers.

If you had to start with one policy or opportunity to promote for these workers, what would it be?
>> Well, my research interests focus a lot not so much on, on the K through 12 or Pre-K through 12, but on high school and college preparation for the labor market.

So I think that would be the first place I'd go. I would do a couple of things. Number one, I would make sure that students in high school have more exposure to the labor market more career preparation and orientation. I'll build pathways of work based learning, apprenticeships, things like that.

And at the college level I would also try to expand and improve the links of the colleges to the labor market the resources devoted to labor market preparation and maybe even the incentives that the institutions have to pay attention to all of that.
>> You, you mention the incentives of institutions to connect to the labor market which raises the question of, are those incentives lacking?

And really, a bigger question, which is what are the barriers to expansion of these types of policies you're talking about?
>> Well, everybody will tell you that there's not enough money. And I think-.
>> Right.
>> it's true that the institutions that low in, income people attend. Which are overwhelmingly the two-year colleges and the really lower tier four-year schools those places are under-resourced compared, and I'm, and I'm not, the, the for-profit schools are, are a separate issue.

>> Right
>> But they are under-resourced relative to the flagship schools and things like that. On the other hand, in the United States today we spend about $200 billion a year in, in public money on higher ed and you can argue we're really not getting our money's worth for that.

When you look at the fraction of people especially from low income backgrounds that we send off to community college that never finish a credential. And you know that from your work.
>> Right.
>> Just as I do from mine. The credentials people get often don't have labor market value.

And I think, right now, so I, and, and I do believe that the two year schools and these lower tier four year schools, they are starved for resources. But at the same time, often the money they have is not necessarily spent well. I've talked to a lot of community college presidents and administrators, and you ask them, why don't you expand teaching capacity in the high demand areas?

The health, health tech areas. A lot of them say it's too expensive. We get a limited subsidy from the state. The subsidy is for seat time. It's not for outcomes. And we simply can't afford to do that. So I wouldn't mind targeting more resources towards these schools, but also we need to make sure the money is spent on the kinds of activities that the labor market does value.

And some of that has to do with accountability and its sentence for the institutions, going hand and hand maybe with the resources that they get.
>> That's interesting. My own thinking about this, I, I look at, accountability is talked about a lot now, increasingly in higher education, not just K through 12.

And I think often the way we, we're starting to set up accountability systems is very much tied to a traditional four year college approach. And measuring outcomes and progress and completion there. Do you think that is, is related to this problem? That it doesn't quite fit for other types of higher ed?

>> That's right. That's right. The National Conference of State Legislatures has a website where they track higher ed accountability. And, and at this point at least half of the states are doing something at higher ed, you know, and then taking small steps as they should. But it's all based on academic outcomes.

And none of it's based on labor market outcomes. And, and I think it needs to be a mix of the two. Whenever you do accountability, you have to do it very carefully. Otherwise, you create incentives for these schools to cream, you know, just to sort of drop all the lower achievers who, whom they're admitting, we don't want that to happen.

But it reflects this broader problem traditionally the community colleges do see themselves only in an academic light, a stepping stone to the four year schools. We now expect them to take care of our work fe, workforce issues as well. You know, what-
>> Right.
>> what used to be handled by the department of labor has shriveled up to almost nothing.

Today, workforce policies basically give someone a Pell Grant and wish them good luck in college. So we send off a lot, and that's part of the reason why the outcomes are so bad. But the schools have, always have an identity crisis about the multiple hats that we expect them to wear.

And, and some of them are much better at one than the other. I think there's some evidence-
>> Mm-hm.
>> that the community colleges, the closer they're located to a four year school, the more they view themselves as the stepping stone to that school. And-
>> Right.
>> and if we want them to wear multiple hats we need to give them the resources to be able to do that.

But also the incentives, because right now, I think, I think the colleges have very little incentive to expand teaching capacity in the high demand areas, to really provide the services, that a lot of lower income students. And, and of course, we also know that the students themselves come with many barriers.

I think nationwide, 60% of community college students end up in remediation.
>> Right.
>> Remediation-
>> Right.
>> is a disaster. Hardly anybody makes it out of remediation. If somehow, they avoid that, or they get out of it they wanna do health tech, another chunk of students simply can't pass anatomy.

>> Right.
>> All of that has to be looked at, and what kinds of services might really help these students. And, and, and of

course, the other point that I made before part of the reason we have to put so much emphasis in America in college is that high school is so lousy.

And high school doesn't prepare-
>> Mm-hm.
>> anybody for anything in the labor market that employers would work for. In contrast to some of the European countries, like Germany for instance, where employers know that a high school graduate is not only going to be able to read and write well, but can do technical work, problem solving.

That has value to them, and so they are willing to pay for that. American employers have no reason to believe that, and that's, it goes back to a, a long and very bad history on vocational education.
>> Right.
>> And tracking and all that. But there are higher quality versions of career technical education and work based learning and I, I think we really have to explore those as well.

So that everyone in America doesn't have to believe, I have to go to college to, to have some, some decent earnings.
>> Right. Could you say a little bit more, I know you, you've talked and written a bit about both the high quality career technical education and career pathways that try to make those connections from K-12 into college, could you just explain a little bit about how those programs work, and-.

>> Sure.
>> what they can do?
>> So, so historically, voc-ed was very much the weaker sister, the weaker alternative. And it was very much either or. Either you did college prep or you did voc-ed. So consequently a lot of low income parents, minority parents, said your kid gets to go to college, my kid has to take voc-ed and has a dead end future.

The high quality versions number one, don't exclude college going. In fact, you could take AP classes, do college prep, and still get some career preparation. They aren't just for a limited number of students, you know, si, since some places, in some of the districts of California, like the Linked Learning Program, everybody gets some career exposure and then even some career training.

So you no longer shunt it off to the side, and those programs have a lot more project-based learning and applied learning, people often call it contextualized learning, where maybe students with weaker achievement do better learning in math, in the context of an applied project. And, and when it works well, that's a good thing.

Now, the best model that we have, that we've tested, is the Career Academy Model. Career Academy Models are, are a school within a broader high school, so you might have a, an academy on healthcare, or on IT or finance.
>> Mm-hm.
>> You take classes in the broader college, you take AP English and biology, but then you also take classes within your academy.

The students get some real world labor market experience even while they're in high school, and, and what we have found is that this is the one program, you know, a lot of these training programs have terrible track records-
>> Right.
>> when you evaluate them. Career academies are quite successful even for at risk young men which is the hardest group-

>> Right.
>> to have, to have impacts on, even eight years after the random assignment of the process, these young men are still earning close to 20% more, and even after they switch fields. One of, one of the concerns about career education work based learning is that it's too narrow.

So, you're being trained for a specific sector. Maybe there's strong demand in health care today but it may not be tomorrow. Or what about all the students who will decide that they want to do something else tomorrow. And the fear is the training is too specific for that sector.

But the career academy folks, even when they leave the sector they still get pretty strong impacts which is suggesting they're learning something broader, more general about how labor markets work. And, and-
>> Right.
>> it seems to be. And so that's a good model. And there's many models out there, but they haven't been rigorously tested yet.

But, but I have some hope about this. And, and I think the stigma that used to be applied to voc-ed, I think is weakening. And even in, in the low income and minority communities, you know,. It, it's, it's, I mean, a disaster for America that there's so many low-income young men, especially African-American men who got the message early on, if you go to college there's nothing for you out here.

And so subsequently they fall behind and really believe there's nothing for them and a lot of young men who are rotting in prison today really could've gotten some serious technical training. And, and, so I, I think-
>> Right.
>> people are realizing that a, the stigma associated with voc-ed is narrowing.

The governors of a lot of states are starting to view CTE as a piece of their economic development strategy.
>> Right.
>> I think that's mostly a positive thing.
>> Yeah. That's interesting. But I think the, the flip side of this issue of stigma is the issue of getting more good information out to everyone in the system.

So to the students, to their parents, to policymakers. Can you think of examples or approaches to really spread this information that there are alternatives to a traditional four year academic college track and, and how do you think we sort of spread that information? Which I think as you note is a good way to, to push back against the stigma.

>> I, I think a lot of it often happens at the level of the school. So here in California you have, you have the linked learning models.
>> Right.
>> And linked learning models are usually district wide. So every student in the school gets some exposure to careers, the career information.

>> Mm-hm, mm-hm.
>> And maybe a little bit of, of, and, and it doesn't restrict you. It's not, people on the right used to think oh, some federal bureaucrat is gonna play on your life. It, it's not like that.
>> Right.
>> And, and you get career exposure and there's nothing that says you have to stay within that career.

But I think, and, and, and we need to learn more about how those models work in, in all of this area. We find some little gem and then we have a hard time replicating it and scaling it up, the state level. But I think some states are trying to do that, some districts are trying to do that.

We need to watch them carefully, but I think that's a place where, where and, and you tell the parents, this does not preclude your kid from going to college.
>> Right.
>> It's, it's just another alternative pathway. They can make all kinds of choices later, move in and out of the job market, and I think if it works-.

>> Right.
>> that's, that's a good way to do this and of course the other thing is that informational loan only takes you so far if the system has a lot of capacity constraints. And building both of those at the same time. And a lot of states are trying to build their career pathways, their sectoral training models we don't know what scale they're achieving.

>> Mm-hm.
>> And I think a lot of things would have to change within the community college world that we talked about earlier. The incentives, the accountability, the resources-.
>> Right.
>> in order to be able to scale those models up. And, and of course, the other thing is getting employers more interested.

>> Yeah.
>> And convincing employers to, to, to play in that world. And it's often, it's a heavy lift, sometimes, convincing employers that they need to do that.
>> Right, I think we, you know, we've gone through cycles as far as how we think about these industry partnerships, with community college vocational education.

But maybe, you know, have not on a broad scale found the right way to make that work.
>> Well that's right, and, and, there's a lot of partnerships.
>> Right.
>> And, and you go to some states, and, and they brag, we have 50 partnerships, we have a 100 partnerships.

You have no idea what scale they're achieving.
>> Right.
>> What impact they're having. I think the employer interest in this stuff is growing because a lot of employers, when their baby boomers retire, they're really nervous about where, and it's often at this middle level.
>> Mm-hm.
>> Of course, as you know, and, the economics profession is saying that the whole middle is disappearing, and that's dramatically overstated.

>> That's correct.
>> The old fa, the old-fashioned middle is disappearing. There's some good jobs for high school graduates. But the technician-type sector-
>> Right.
>> the high-end server sector is actually growing. And then you hear the stories from firms that are trying to, try to build up their training.

You know, a lot of people on the left say, oh, the firms are cutting training. But the smaller firms that are trying to do this, the barriers they face I've heard stories from the head of human resources at UPS and UPS is regarded-.
>> Mm-hm.
>> as a really progressive high wage company.

>> Right.
>> Who says, you know, and they have to be a UPS truck driver, you've got to be able to do a fair amount of GPS, tracking, computer.
>> Right.
>> So, and he talks about the students that walk in the door, they can't pass the drug test, or can't.

Don't have strong enough basic skills to be able to handle the technical training. And this is, this is similar to the issue of the, the students who either can't pass remediation, or can't pass anatomy.
>> Right.
>> To get the health tech, you start seeing all the difficulties and barriers.

And the companies that haven't does this before, have very little infrastructure for doing this. And, and we can understand a little bit why. They're a little distrustful reaching out, sort of like the high schools, you know,
>> Right.
>> who knows where these kids are gonna end up.

You know, we, we know as economists that, that, firms are reluctant to invest if the training is really general or if they think that the basic skills of the students are, are not good or if they think, turnover rate is high. I think these are all real barriers and, and a lot of the training in the past was provided, for instnace, by unions who, it wasn't, the-.

>> Right.
>> burden, wasn't on the small firm to do all this hence the partnership like DNL.
>> Right.
>> But it's a new way of organizing this and, and, and you can have a partnership where the buy-in is very small and it takes years, and then of course you wonder, in a very fluid and dynamic labor market, will the high demand sectors today be the same as the high demand sectors tomorrow.

>> Right, yeah.
>> And so, so there's a lot of moving pieces to get, you know.
>> Sure.
>> We, we, we can wax eloquently about dozens or hundreds of partnerships without really knowing.
>> Right. It, it seems a lot of this is suggesting that, when we talk today about low-skilled workers or less-skilled jobs, it seems to me it's really very different than what we meant by low-skilled work, obviously 20, 30, 40 years ago.

>> That's right.
>> So, you know, I, I think maybe this is a way to, to start to change this perception of stigma, associated with the vocational track, because in fact many of these jobs, I suspect, are actually, do have a lot of training needs and skill and that probably suggests they're gonna have higher earnings potential than, than you might think in the long term.

>> That's right, that's right. I think given what high school is like today, and given the lack of, of serious career preparation, people with high school or less for the most part, if they can't get into one of these pathways and if their skills aren't good enough to handle the technical training are, are not gonna have much of a pathway.

And that's the big, you know, the, the low end sector has expanded and re-encompasses the high school or less workers. And it's really the people who can either get onto some alternative pathway and, and I define post-secondary very broadly to include apprenticeships and, and-.
>> Right.
>> and, and career academies, if you did them well, could be another first step on that pathway.

It did, but it did the post-secondary. But, but it's true, that absent, that the high school diploma alone just buys you very little and that's a big change from previous generations.
>> Right which suggests that figuring out these partnerships and information and reducing stigma is really critical.
>> Right.

And then also by getting the firm buy in, expanding-
>> Right.

>> capacity, all these things that need to happen for this thing to work.
>> Absolutely. Well, that's great. Much, much work to be done in this, in this area. And thank you for your thoughts and for your work on this.

>> Thank you, Ann.
>> I'm Ann Stevens, the Director of the Center for Poverty Research at UC Davis, and I want to thank you for listening. The Center is one of three federally designated poverty research centers in the United States. Our mission is to facilitate non-partisan academic research on domestic poverty, to disseminate this research, and to train the next generation of poverty scholars.

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