TEXAS PUBLIC POLICY FOUNDATION
Testimony
August 31, 2020

Texas House International Relations and Economic Development Committee

Interim Charge 2

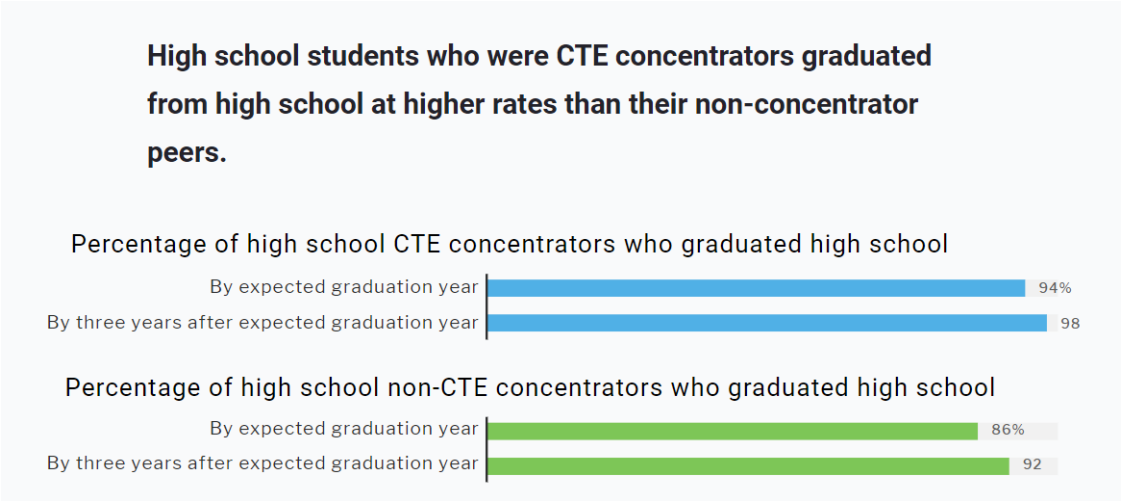
Chair Anchia and Members of the Committee:

My name is Erin Davis Valdez, and I am a policy analyst with the Texas Public Policy Foundation. I would like to thank you for the opportunity to provide information for interim charge 2, which reads:

Study Texas' current and future workforce pipeline structure, with a focus on input from the state's largest industries and middle skill employers. Examine what skill gaps exist within our state; identify methods of improving regional coordination and alignment between industry, the public workforce system, public schools, higher education institutions, and community-based organizations to create college and career pathways; and provide recommendations to overcome barriers in the workforce pipeline and to enhance career path options.

The Foundation has published two research papers during the interim addressing the important topic of aligning career and technical education with workforce demand. Essentially, the issue is that the system is not outcomes driven, it is input driven.

- The Foundation's research has pointed to a mismatch between the skills needed for jobs that do not require a college degree and pay above the median wage in various regions and the rates at which high school students take courses in those skill sets.
- The terms "CTE concentrator" or "CTE completer" are used to indicate how many sequential courses a student has taken within a particular "program of study." Under the most recent reauthorization of the Perkins Act, the term *concentrator* describes students who take at least two courses in a program of study, and the term *completer* refers to students who take three or more courses in a program of study.
- According to the U.S. Department of Education, CTE concentrators graduate on time compared with non-CTE concentrators:



continued

- According to the U.S. Department of Education, CTE concentrators were more likely to be employed and working full time 8 years after graduation than non-concentrators. They were more likely to be in the labor market and less likely to be unemployed (**Figures 1-2**).
- Research by Daniel Kreisman and Kevin Stange points to a wage premium for each additional course credit in CTE sequences (**Figure 3**).
- The current misalignment between secondary CTE programs and labor market demand does not enable students to access relevant training in marketable skills. According to the Foundation's research:

> *One example of a potential mismatch appears in the case of the Beaumont/Port Arthur Region ... where the unemployment and poverty rates are higher than the state average. Architecture and manufacturing have strong combined projected growth (19.55%) whereas the number of concentrators in architecture and manufacturing is below 2%. On the other hand, over 8% of students in the Beaumont/Port Arthur Region were concentrators in agriculture, but the projected growth rate above median wage in that industry was 0%.* (**Figures 4-6**)

Texas is a big state, and there are different skills gaps in different regions. One striking trend did emerge in our research on the 28 Workforce Board regions in Texas—across the board, the above median wage, growing jobs are in construction and manufacturing, and related fields. This reflects a larger demographic trend—the aging of the skilled trades workforce. It is clear that secondary CTE programs in Texas are not delivering the kinds of skill-based and hands-on training that will enable students to enter these gainful careers.

We recommend the following policies to "*to overcome barriers in the workforce pipeline and to enhance career path options:*"

- Allow schools to use their CTE allocation to partner with the community to create external work-based learning opportunities.
- Increase the amount of the CTE allocation that school districts must spend on CTE programs from 55% to 85%.

Figure 1. Percentage Distribution of High School CTE Concentrators by Employment Status 8 Years After Expected High School Graduation

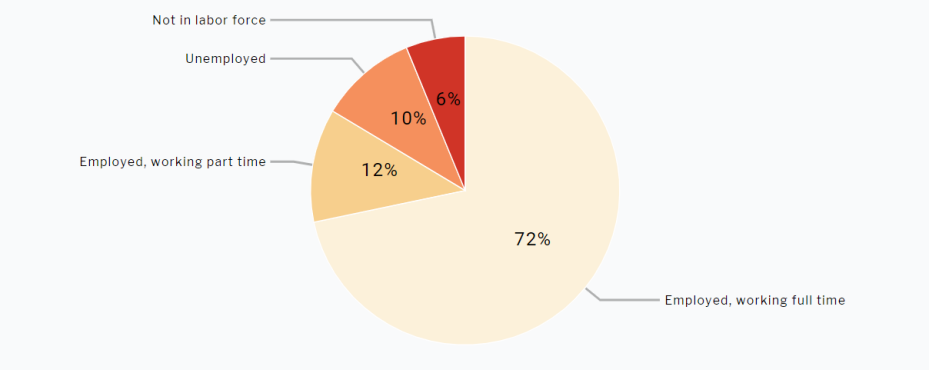


Figure 2. Percentage Distribution of High School non-CTE Concentrators by Employment Status 8 Years After Expected High School Graduation

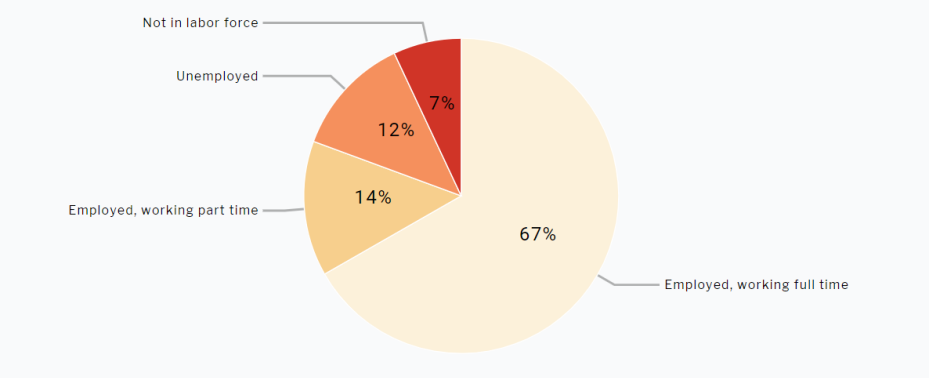
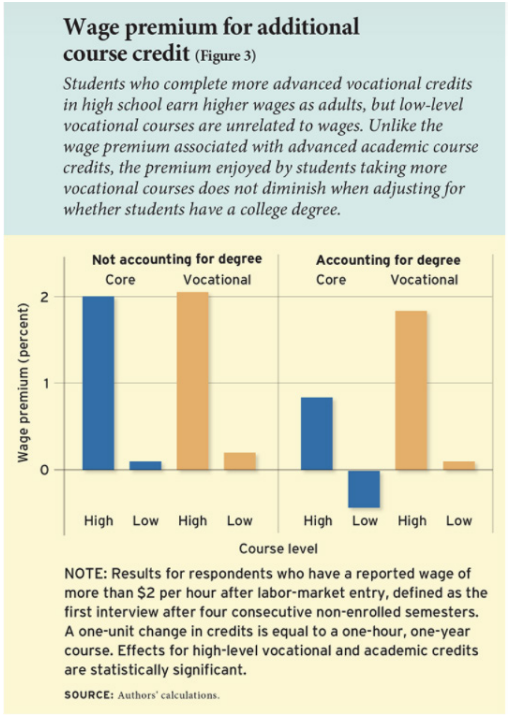


Figure 3. Wage Premium for Additional Course Credit



- Tie the career readiness bonus passed in House Bill 3 to post-graduation employment outcomes and remove the requirement for a "college-ready" TSIA or equivalent score.[1]

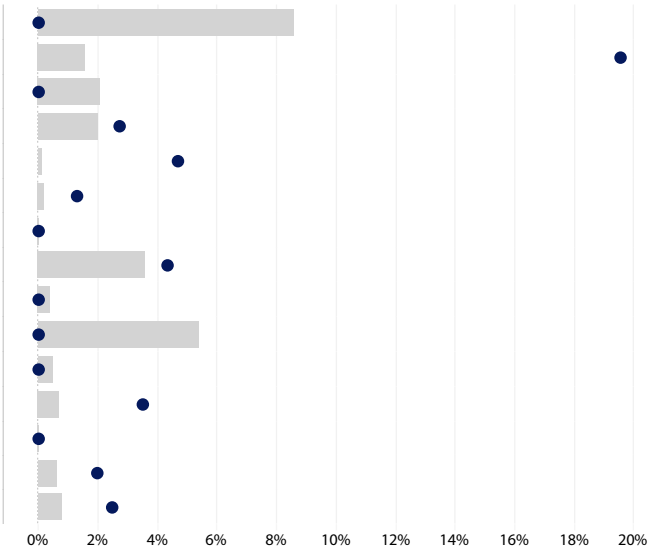
Thank you for the opportunity to provide this information, and I look forward to future discussions.

Figure 4. *Beaumont: Southeast Texas LM x CTE*

SETX/Beaumont

Projected Growth Rate ('16-'26)* by Workforce Area (●) Compared to Percent of CTE Concentrators by Education Service Center (gray bar)

Industry Cluster	% of CTE Concentrators	Projected Growth Rate*
Agriculture	8.6%	0.0%
Architecture/Construction**	1.6%	19.6%
Arts	2.1%	0.0%
Business	2.0%	2.7%
Education	0.1%	4.7%
Finance	0.2%	1.3%
Government	0.0%	0.0%
Health Sciences	3.6%	4.3%
Hospitality	0.4%	0.0%
Human Services	5.4%	0.0%
IT	0.5%	0.0%
Law	0.7%	3.5%
Marketing	0.0%	0.0%
STEM	0.6%	2.0%
Transportation	0.8%	2.5%



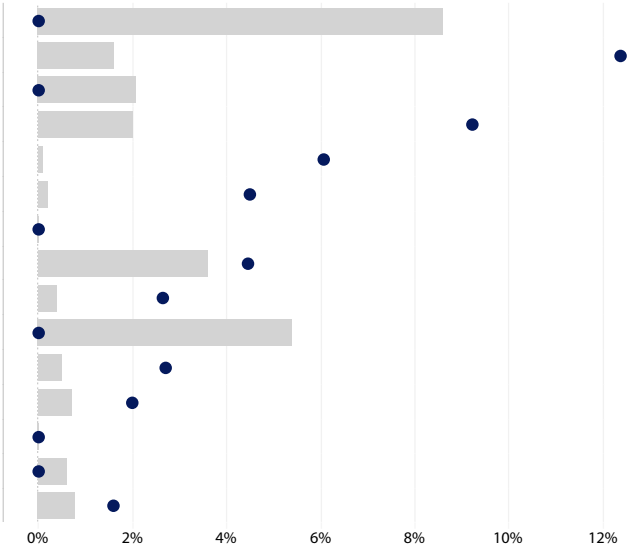
*Top 25 occupations making above Texas median wage of $37,099, ranked by highest projected number of jobs added due to growth for the period 2016 - 2026
**Manufacturing was combined with Architecture/Construction data because both sets of skills are generally transferable

Figure 5. *Beaumont: Gulf Coast LM x CTE*

Gulf Coast/Beaumont

Projected Growth Rate ('16-'26)* by Workforce Area (●) Compared to Percent of CTE Concentrators by Education Service Center (gray bar)

Industry Cluster	% of CTE Concentrators	Projected Growth Rate*
Agriculture	8.6%	0.0%
Architecture/Construction**	1.6%	12.4%
Arts	2.1%	0.0%
Business	2.0%	9.2%
Education	0.1%	6.1%
Finance	0.2%	4.5%
Government	0.0%	0.0%
Health Sciences	3.6%	4.5%
Hospitality	0.4%	2.6%
Human Services	5.4%	0.0%
IT	0.5%	2.7%
Law	0.7%	2.0%
Marketing	0.0%	0.0%
STEM	0.6%	0.0%
Transportation	0.8%	1.6%



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(Figure 6 on page 4)

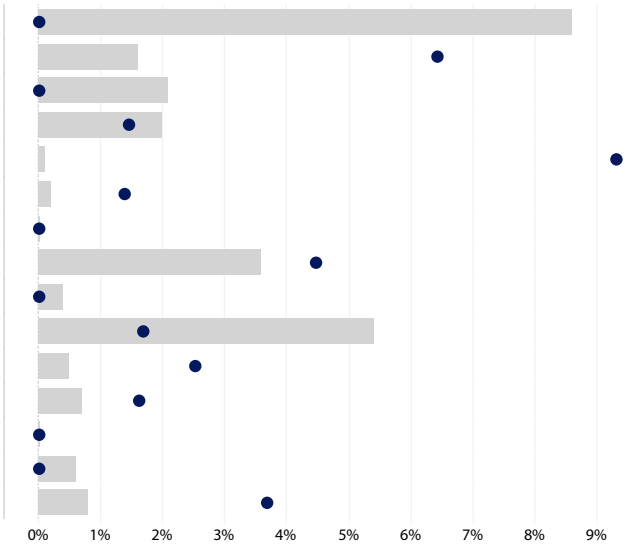
1 For additional information see *Mismatch? Aligning Secondary Career and Technical Education with Regional Workforce Demand* by Erin Davis Valdez and Sam Johnson, Texas Public Policy Foundation, May 2020 (https://files.texaspolicy.com/uploads/2020/05/05112536/Valdez-Johnson-Workforce-Demand.pdf) and *Improving Outcomes for Texas Career and Technical Education Students* by Erin Davis Valdez, Texas Public Policy Foundation, December 2019 (https://files.texaspolicy.com/uploads/2019/12/10142130/Valdez-Improving-Outcomes-for-CIE.pdf).

Figure 6. *Beaumont: Gulf Coast LM x CTE*

Deep East TX/Beaumont

Projected Growth Rate ('16-'26)* by Workforce Area (●) Compared to Percent of CTE Concentrators by Education Service Center (gray bar)

Industry Cluster	% of CTE Concentrators	Projected Growth Rate*
Agriculture	8.6%	0.0%
Architecture/Construction**	1.6%	6.4%
Arts	2.1%	0.0%
Business	2.0%	1.5%
Education	0.1%	9.3%
Finance	0.2%	1.4%
Government	0.0%	0.0%
Health Sciences	3.6%	4.5%
Hospitality	0.4%	0.0%
Human Services	5.4%	1.7%
IT	0.5%	2.5%
Law	0.7%	1.6%
Marketing	0.0%	0.0%
STEM	0.6%	0.0%
Transportation	0.8%	3.7%



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ABOUT THE AUTHOR

Erin Davis Valdez is a policy analyst at the Texas Public Policy Foundation. She has been passionate about the transformational power of education all her life, having been given the gift of being homeschooled. She taught for over a decade in Austin-area schools and served as an assistant principal at a charter school in Lewisville. These experiences have given her the opportunity to see first-hand how students can thrive when they have excellent options.

Since joining the Foundation, Valdez has conducted research on career and technical education at the secondary and post-secondary levels, civics education, and welfare to work programs in Texas.

Valdez earned an MA in classics from the University of California, Santa Barbara and a BA in classical studies from Hillsdale College.

About Texas Public Policy Foundation

The Texas Public Policy Foundation is a 501(c)3 non-profit, non-partisan research institute. The Foundation's promotes and defends liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policymakers and the Texas public policy debate with academically sound research and outreach.

Funded by thousands of individuals, foundations, and corporations, the Foundation does not accept government funds or contributions to influence the outcomes of its research.

The public is demanding a different direction for their government, and the Texas Public Policy Foundation is providing the ideas that enable policymakers to chart that new course.

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901 Congress Avenue | Austin, Texas 78701 | (512) 472-2700 | www.TexasPolicy.com