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## BBA MONTHLY PROMONTORY

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### *THE CASE FOR TRADE SCHOOLS*



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Socio-economically, neglecting blue-collar workers is a significant factor in the nation's yawning wage gap.

The college admission scandal that snared a covey of the vulgar, excessive rich allowed us a catharsis of moral outrage. More important, however, it exposed our unnatural rapture of higher education at the expense of the blue-collar arts.

This is a deficiency that threatens anemia. In September 1977 according to Census Bureau figures, 18 million Americans, or more than 18% of the labor force, worked in manufacturing. Four decades later, that number has slipped to 12 million, or less than 8%, even as the general population has surged to 326 million.

Today manufacturing output continues to rise, though as a smaller proportion of GDP, and factory jobs unfilled despite pleas from factory managers for workers with skills that robots lack, according to a recent multi-agency study by the World Wealth and Income Database, OECD and Eurostat. Contrary to conventional wisdom, we believe much of the factory automation over the last few decades was motivated as much by a migration of young people bound for college and service-sector jobs as it was about cost savings.

Regenerating those skills and dispelling the myth of higher education as a golden ticket to success is the first step toward a badly needed, blue-collar renaissance.

The enrollment scam exposed – as if sky-high tuition and onerous student debt did not – how our obsession with “elite” institutions obscures more economical ways to prepare for well-paying, fulfilling jobs: namely trade schools. Despite our currently healthy employment rates, there seems to remain a sub-stratum of joblessness among under-educated youth.

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The Bureau of Labor Statistics reports that more than 30% of high school students do not attend college while almost 40% of students who begin four-year college programs don't complete them. Among those who do finish college, one-third or more will end up in jobs they could have had without a four-year degree. The BLS found that 37% of currently employed college graduates are doing work for which only a high school degree is required.

Of course it does not help the statistics when colleges offer degrees in interesting, and perhaps socially important, but otherwise useless fields of study with absolutely no commercial application, and therefore, no job prospects.

As *Forbes* recently pointed out, the average millennial is on the hook for \$30,000 in college loans – slightly less than it costs to earn certification from a vocational school. Not only that, because those who choose trade schools can enter the workforce sooner – most programs last two years, but many can be completed in even less time – they can join the salaried classes sooner.

According to the National Center for Educational Statistics, trade-school jobs yield an average salary of nearly \$36,000 – admittedly well below the \$47,000 annual wage college graduates can expect in the white-collar world. That differential reverses itself, however, when the accredited trade-school grad begins his second year in the workplace – and most likely debt-free to boot. As *The Simple Dollar* website puts it, "Factor in another \$70,000 in costs for the many students who take an extra year to graduate from college, and trade school grads can be over \$140,000 ahead at the get-go, making up for over 12 years of difference in income."

Socio-economically, neglecting blue-collar work is a significant factor in the nation's yawning wage gap. The World Wealth and Income Database, OECD and Eurostat multi-agency study concluded: "As the manufacturing sector becomes more important in a country's income, relatively unskilled laborers benefit from access to vocational education, thereby narrowing the income gap with skilled labor."

The 2017 study also included a comparison between the relative declines of manufacturing employment in the U.S. and Germany, and the results were stark. German industry, still proud of its guild and apprentice economy, relies on factory jobs for 22% of total employment, nearly three times higher than the U.S. ratio.

Interestingly, the share of workers in Germany with university degrees exceeds that of their American counterparts by about 15% while the share of U.S. workers with post-high school education – mainly a GED, or High School Equivalency Certificate – exceeds that of Germany by about 17%.

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The point is that Germany's education system better fits the needs of modern manufacturing, which requires more upper-secondary and vocationally trained labor.

Needless to say, I have nothing against a college education. However, we have failed our youth with outsized expectations about the returns on a university degree, a legacy of which is more than \$1.2 trillion in student loans. Instead, manufacturers, trade groups, and state and federal governments should collaborate on a new generation of vocation and technical schools as a viable alternative to four-year education. This, along with initiatives to repair our failing infrastructure, should be a national obligation.

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