

WORKFORCE DEVELOPMENT: WHAT WORKS? WHO BENEFITS?

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Outline

- ✘ Labor Market: Demand v. Supply of Skills; Middle- v. High-Skill Jobs
- ✘ Effective Policies: The Ideal v. the Reality; Proven and Promising Approaches
- ✘ How to Go Forward: Federal and State Policy – Short-Term v. Longer-Term

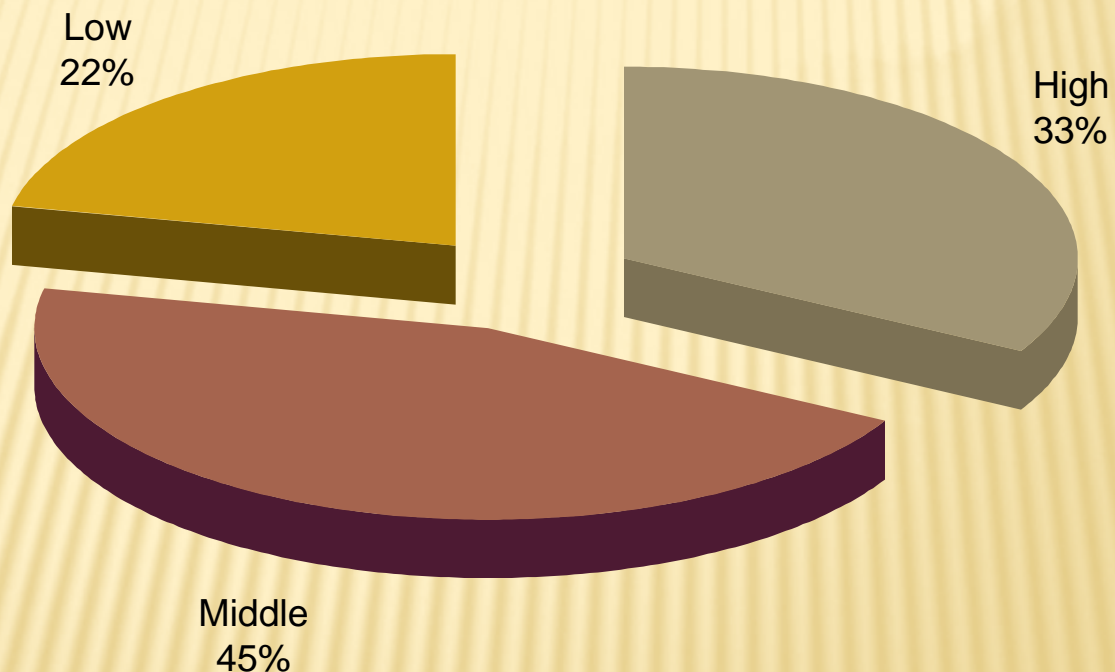
Demand: Middle-Skill Jobs Remain Plentiful

- ✘ Good-Paying Jobs in High Demand: Now Mostly Require Post-Secondary Education/Training or Work Experience
- ✘ Notion of “Hourglass” or “Dumbbell” Economy Oversold – Substantial Demand Remains in the Middle Skill Sectors/Jobs
- ✘ Key Sectors: Health Care, Construction, Manufacturing, Legal/Protective Services (“Green” Jobs/Infrastructure)

Examples of Mid-Skill Jobs

- ✘ Construction: Supervisors, Electricians, Plumbers
- ✘ Engineering: Technicians
- ✘ Healthcare: Dental Hygienists, Radiation Therapists, Sonographers, Radiologic Technicians, Respiratory Therapists, OT and PT Assistants
- ✘ Manufacturing: Supervisors, Machinists, Welders/Cutters
- ✘ Legal/Protective Services: Detectives, Paralegals/Legal Assistants, Police/Fire
- ✘ Installation/Maintenance/Repair Jobs

Figure 2. Job Openings by Skill Level, 2004-2014



Labor Supply: Education and Training Lag Behind

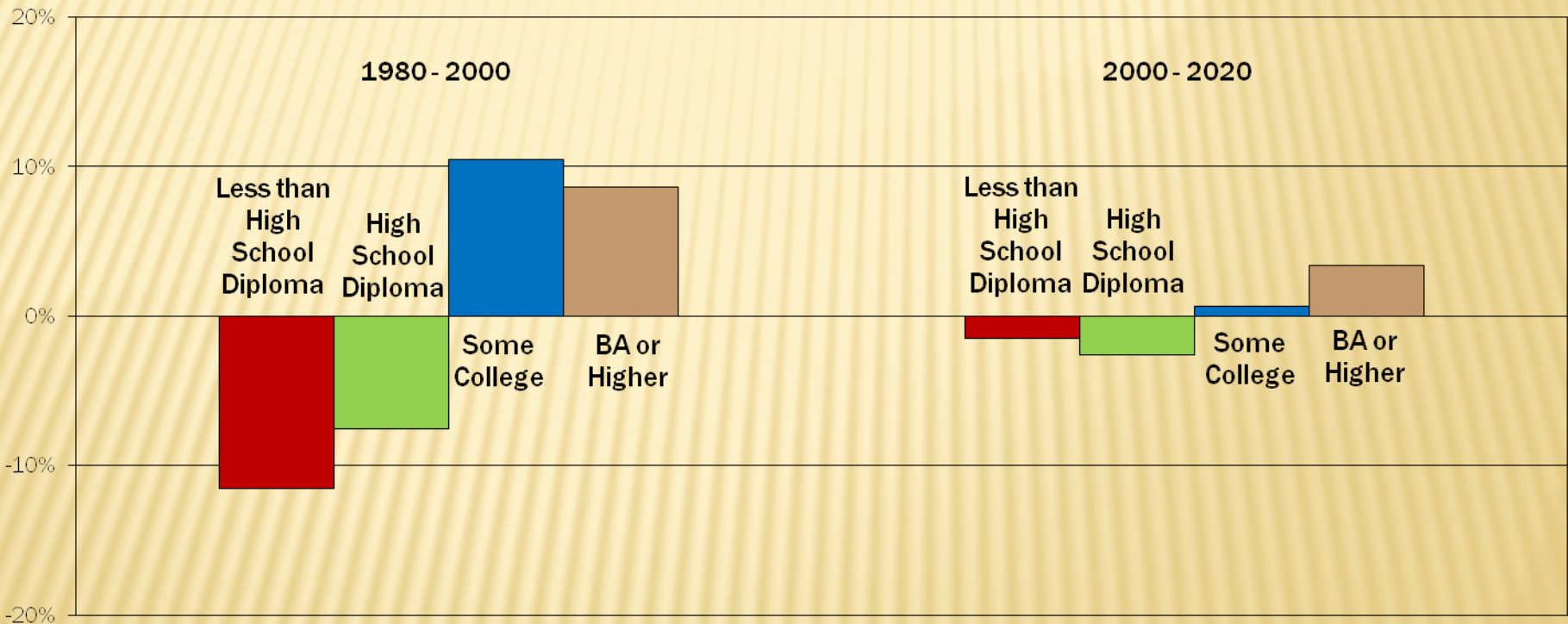
- ✘ $\frac{1}{4}$ of All Ninth Graders Drop Out of HS
- ✘ Another $\frac{1}{4}$: Graduate but No Postsecondary
- ✘ College Enrollees: High Rates of Noncompletion - Even at Community College! (Remediation)
- ✘ Post-School Training for Youth and Adults: Very Limited
 - Both Formal and Informal On-the-Job Training
- ✘ Why??? Basic Skills, Costs, Motivation and Information, Family Responsibilities

Demand-Supply Imbalances Will Likely Grow Over Time

- ✘ Baby Boomer Retirements (?)
- ✘ Replacement by Immigrants: Concentrated Mostly at Lowest (and Highest) Levels of Education
- ✘ Outsourcing of Jobs: Maybe Weaken Labor Markets Overall But Not in These Sectors

(H. Holzer and R. Lerman, *America's Forgotten Middle-Skill Jobs*, The Workforce Alliance, 2007)

Figure 3: Actual and Projected Changes in Shares of Worker Supply by Level of Education



Sources: U.S. Bureau of Labor Statistics, *Occupational Projections and Training Data*, February 2006; and Aspen Institute, *Growing Together or Growing Apart*, 2003.

Effects on Labor Market Outcomes

- ✘ Poverty and Low Earnings Among the Disadvantaged; Inequality!
- ✘ Inefficiency in Key Sectors, as Employers Report Difficulty Filling Jobs With Moderate Skill Needs
 - Even in the Downturn! (e.g., Welders)

What Would an Effective Education and Workforce System Look Like?

- ✘ Improved Secondary and Post-Secondary Education and Training Options for Disadvantaged Youth/Adults
- ✘ Better Alignment between Education/Training and Demand Side of Labor Market: Meeting Unmet Demand for Good Jobs in Growing Sectors
- ✘ Supports and Services

Post-Secondary Education

- ✘ Preparation at Secondary School Level:
Academic/College Prep plus High-Quality Career and Technical Education Options (Career Academies, etc.)
– Range of Upward Pathways
- ✘ Postsecondary Options: Community and Technical Colleges, Proprietary Colleges, 4-Year Colleges and Universities, Other Training Providers
- ✘ Certificates and 2-Year Degrees: Some, but not all, are Well Rewarded in the Labor Market (Lou Jacobson)

Alignment with Demand-Side of Market

- ✘ Both General and Specific Skills; Academic and Occupational – Flexibility if Demand Shifts
- ✘ Models: 1) Sectoral Training; 2) Career Pathways; 3) Incumbent Worker Training
- ✘ Trainees Need Information on Labor Market Rewards and Providers Need Incentives to Meet Demand (Community Colleges)

Supports and Services

- ✘ Intermediaries to Connect Workers with Training and Jobs – Based on Labor Market Data
- ✘ Child Care, Transportation
- ✘ Stipends During Training/Transitional Jobs
- ✘ Income/Benefit Supplements for Low-Skill Workers and Their Families

Current System: Falls Short

- ✘ Funding Too Low: Dramatic Declines over Time in Federal Funding for Labor Dept. (Education v. Labor)
- ✘ Fragmented System: Across Agencies, Geographic Units, and Key Participants (Few Institutional Linkages, Little Information, Poor Incentives)
- ✘ Too Little Rigorous Evidence on What Works – “Promising” v. “Proven” Approaches

Federal Funding

- ✘ Workforce Investment Act, Title I: \$5B in \$14T Economy
- ✘ Decline by Over 70% since 1979, 90% in Relative Terms
- ✘ Lowest Share of Any Industrial Nation
- ✘ Pell Grants Have Risen – But Limited Effectiveness to Date

Fragmentation

- ✘ By Agencies: Labor, Education, Health and Human Services (“Silos”) – Education and Supports Disconnected from Workforce System
- ✘ By Geography: Urban/County Workforce Investment Boards within Metro Areas
- ✘ By Participants: Employers, Workers and Providers Disconnected from Each Other – Few Institutional Pipelines or Linkages

Information and Incentives

- ✘ Students Poorly Informed About Labor Market Rewards to Courses/Curricula and Certificates (High School and College)
- ✘ Institutions (Community Colleges): Few Incentives to Align with Labor Market – Reimbursements are Same across Students and Courses, While Some High-Demand Areas (Health Care, Technical) are More Expensive

Cost-Effectiveness: Promising v. Proven Approaches

- ✘ Heckman Critique: Accurate??? Mixed Picture on Cost-Effectiveness
- ✘ Different Groups: One Size Doesn't Fit All!
Adults – Working Poor v. Hard-to-Employ
Youth – In-School v. Out-of-School
- ✘ Replicating Successful Efforts and Bringing to Scale
- ✘ Preventing Fade-Out

Adults

- ✘ Working Poor: Sectoral Models (studies by Center for Employment Training and Public/Private Ventures) and Career Pathways; Integrating Remedial and Occupational Training (I-Best); Intermediaries (Temps, etc.)
- ✘ Hard-to-Employ: Supported Work/Transitional Jobs (Center for Employment Opportunity); Supplements to Low-Earning Jobs (Earned Income Tax Credit; Jobs Plus)

Youth: In School

- ✘ Preparation for College/Mentoring;
- ✘ Dual Enrollment in High School
- ✘ Community College Programs: Performance-Based Scholarships, Learning Communities, Mandatory Services (Opening Doors)
- ✘ High-Quality Career and Technical Education: Career Academies, Tech-Prep, Apprenticeships

Youth: Out of School

- ✘ Residential Programs: Job Corps, ChalleNGe – Fade Out?
- ✘ Service Employment: YouthBuild, Service and Conservation Corps
- ✘ Reconnecting to Community College: Gateways
- ✘ Youth Systems: Youth Opportunities Program, Philadelphia Youth Network

Going Forward: What to Do (Federal Level)

Workforce Investment Act Reauthorization

- ✘ More Funding!
- ✘ Better Performance Measures: Longer-Term Education and Earnings, Population-Wide Measures, Consistency across Systems, Incentives to Scale (Leveraging Other Systems/Programs)
- ✘ Competitive Grants for “Advancement Systems”

Going Forward: What to Do (Federal Level)

(Cont'd)

- ✘ American Graduation Initiative (Community Colleges) – Competitive Grants to Colleges and States for Curricula/Supports/System Changes plus Research/Evaluation
- ✘ Pell Grant Reforms (Dynarski)
- ✘ Efforts for Youth: Workforce Investment Act, Perkins, Elementary and Secondary Education Act/Higher Education Act

What States Can Do (With Federal Support)

- ✘ Identify Growing Sectors (Demand) and Different Skill Groups (Supply) – Build Pathways
- ✘ Curricula and Supports at Community Colleges
- ✘ Develop Linkages (Partnerships) between Industry, Training Providers (Community Colleges and Others), Relevant Agencies and Intermediaries – Education and Workforce Systems
- ✘ Improve Information (Data) and Incentives
- ✘ Experiment and Evaluate! (Ongoing Efforts)

What About the Downturn???

- ✘ Severe and Persistent
- ✘ Less-Skilled Populations: Hard Hit! Little Access to Safety Net
- ✘ Good Time to Educate/Train....
- ✘ Importance of Paid Work Experience! Stipends for Work/Public Service Employment
- ✘ Opportunities in Recovery Package – Infrastructure/”Green” Jobs, etc.- Sectoral Approaches