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

- Low: 22%
- Middle: 45%
- High: 33%
Labor Supply: Education and Training Lag Behind

- ¼ of All Ninth Graders Drop Out of HS
- Another ¼: 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

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

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”
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