Improving Worker Skills and Job Quality Among the Poor

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Two Issues: Middle of the Job Market

• Labor Demand: Are good-paying jobs for those with “middle skills” disappearing?
• Labor Supply: If not, what kinds of skills are required and how can workers get them?
• Together: What package of policies would enable more workers to get the skills and obtain such jobs?

(See my Brookings briefs, April 2015)
Labor Demand: Middle-Skill Jobs

- Defined by Wages or Education Levels
- Contrast Between Economist and Business Views
  - Old: Production, Clerical, Construction
  - New: Technicians, Installation/Repair,…
- Evidence: Old Middle Declining, New Middle Growing...Decline Faster Than Growth
Business Choices on Skills and Jobs

• Business Difficulties: Even Without Wage Increases or Training On the Job?
• Evidence from Job Vacancies
• Current v. Future: Baby Boomer Retirements
• Employer Choices: High-Road v. Lo-Road...
• Long-Run Choices Likely Depend on Worker Skills and Readiness
Labor Supply: Middle-Skill Workers

• One-Third of US Youth get BA+, Fewer among Poor
• Sub-BA: AA programs and certificates; High Variance in Labor Market Returns
• Poor: Concentrated in CCs and For-Profit
• Outcomes: 1) Low Completion; 2) Concentration in Lo-Demand Fields
• Also: Debt Levels, etc.
Explaining the Poor Outcomes

Students:

- Weak academic preparation
- Weak information/social capital
- Financial costs and liquidity constraints
- Pressure to work for income
Explaining Poor Outcomes (Cont’d)

Institutions:
• Concentration in 2-year colleges and FP
• Weak resources in lower end of public sector
• Lousy Developmental Education
• Lack of structure: Tom Bailey et al.
• Role of Information and Incentives
• Tension between academic and workforce missions
• Sector-Based Training and Partnerships: Large Impacts; Replicate and Scale the best models???
One Additional Problem: High School

• College Premium is Hi Because High School is So Bad in US
• Lack of Hi-Quality Career and Tech Ed (CTE)
• Not based on “tracking”; Not limited to non-college students
• Proven Model: Career Academies
• Promising Models: High Schools that Work, High-Tech High, Linked Learning, P-Tech
• Pathways into College and/or Careers
Work-Based Learning

• Valuable to Both Employers and Students
• Best Model: Apprenticeships
• Increasingly Combined with Postsecondary Credential
• If so great, why not more of them? Market Failures
Policies

1) Improve Postsecondary Outcomes: Resources plus Accountability/Incentives
2) Expand CTE and Work-Based Learning
3) Assist and Incentivize Employers to Create Middle-skill, Higher-wage Jobs and Workplaces
Postsecondary Resources and Accountability: Race to the Top?

• Accountability: Subsidies Based on Education and Employment Outcomes....But Avoid Creaming – Also Differential Tuition
• Resources: Targeted to Public Institutions with many Poor Students – Spent only on Expanding Hi-Demand Capacity and Effective Supports
• Reforms in Developmental Ed and Greater Structure
• Limiting Costs...but Free Community College???
Expanding CTE and Work-Based Learning

- Apprenticeship: Expanding in SC, GA and WI
- Tax Credits and/or Technical Assistance
- States Economic Development – Engaging Employers (TN, NC)
- Reforms in Perkins Act
- Cautions: Basic Skills and Readiness; General v. Specific Training
Creating More High-Wage, Middle-Skill Jobs

• Public Good: High Road Job Creation! Deserves Public Commitment
• How can Government Assist/Incentivize?
  Technical Assistance: MEP for Service Sector
  Tax Credits or Grants
  Requirements for Public Funds (Hospitals,...)
  Preference in Government Procurement
  Moral Suasion
• What Works? Experiment and Evaluate!