

**Creating Effective Education and Workforce Policies for Metropolitan Labor Markets  
in the United States**

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## **Abstract**

How well do our education policies prepare America's youth for the labor market? What challenges limit our success, and what opportunities do we have for improvements? Can public policy play a greater role in encouraging more success? In this chapter, I provide a summary of what we know on these issues, incorporating but also complementing many of the perspectives provided by the other [forthcoming volume] authors. In addition, I consider these questions as they apply to the unique characteristics of metropolitan areas in the United States.

I consider demand for both middle- and high-skill jobs, where the former are defined as those requiring some postsecondary education or training (broadly defined) beyond a high school diploma but less than a bachelor's degree, and the latter are defined as those requiring a bachelor's or higher. I then review the challenges limiting so many young Americans as they prepare for the labor market, as well as what we know about programs and policies that might improve observed outcomes. Finally, I review the characteristics of U.S. metropolitan areas that exacerbate the challenges we face—especially the uneven distribution of people and jobs within and across those areas.

*Keywords:* education policy, workforce policy, labor market, urban

## **Creating Effective Education and Workforce Policies for Metropolitan Labor Markets in the United States**

### INTRODUCTION

How well do our education policies prepare America's youth for the labor market? What challenges limit our success, and what opportunities do we have for improvements? Can public policy play a greater role in encouraging more success? Many chapters in this volume have addressed these issues already. In this chapter, I provide my own summary of what we know on these issues, incorporating but also complementing many of the perspectives provided by the other authors.

In addition, I consider these questions as they apply to the unique characteristics of metropolitan areas in the United States. Most labor markets are metropolitan in nature, with workers commuting across central-city and suburban municipalities to jobs wherever they are located. In most metro areas, jobs (especially those paying higher wages) and different groups of residents are distributed unevenly; white and minority residents and those with higher and lower incomes are often quite highly segregated from each other residentially. These characteristics of metro areas should be taken into account as we consider what kinds of education and workforce policies and reforms to implement.

Accordingly, this chapter begins with a brief overview of the future U.S. labor market, including a review of trends in the demand for labor. In particular, I consider demand for both middle- and high-skill jobs, where the former are defined as those requiring some postsecondary education or training (broadly defined) beyond a high school diploma but less than a bachelor's degree, and the latter are defined as those requiring a bachelor's or higher. I then review the challenges limiting so many young Americans as they prepare for the labor market, as well as what we know about programs and policies that might improve observed outcomes.

Finally, I review the characteristics of U.S. metropolitan areas that exacerbate the challenges we face—especially the uneven distribution of people and jobs within and across those areas. I argue that residential segregation and the patterns of job location we observe in these areas worsen outcomes for disadvantaged populations, in terms of both education and employment. Given these patterns and

consequences, I consider how education and workforce policies can be adapted to the metropolitan context in the United States. The chapter closes with some recommendations for advancing a strong education and workforce agenda in metropolitan America.

## FOR WHAT JOBS SHOULD WE PREPARE WORKERS? THE FUTURE OF THE U.S. LABOR MARKET

Are good-paying jobs generally disappearing from America, as some critics (e.g., Dobbs and Meyers 2004) have alleged? Not really. In previous work (Holzer et al. 2011), I have shown that high-quality jobs continued to grow strongly in numbers and compensation during the 1990s and into the 2000s.<sup>1</sup>

But good-paying jobs now require a higher range of worker skills than in the past. Indeed, the kinds of jobs that are disappearing are those that pay well for workers with very few cognitive skills or educational credentials beyond high school; manufacturing jobs for unskilled workers in particular are disappearing. Instead good-paying jobs now appear in a range of sectors—including construction, health care, professional services, and even retail trade—that require stronger analytical or communication skills as well as postsecondary education or training of some kind. These good jobs are increasingly being filled by more highly skilled workers than in earlier years.<sup>2</sup>

Another issue that frequently appears in the literature involves the extent to which the U.S. labor market is becoming “polarized” between a growing high-skill, high-wage sector and a growing low-skill, low-wage sector with a rapidly shrinking middle. David Autor (2010) presents evidence on growing

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<sup>1</sup>This book uses micro longitudinal data on both workers and firms to separately measure trends in the qualities of workers and the jobs they hold. The data are from the Longitudinal Employer Household Dynamics (LEHD) project at the U.S. Census Bureau, which are based on the universe of state Unemployment Insurance earnings records linked to other Census data. Because the data are longitudinal for both firms and workers, it has been possible to calculate firm and worker “fixed effects,” which represent the components of each that contribute to the observed pay of workers in any given job, thus allowing us separately to measure the quality of each. This book uses data for 12 states over the period 1992–2003 to investigate trends in job quality and in the nature of the job-worker matching process, among other issues.

<sup>2</sup>For instance, there is a growing correlation between worker and firm fixed effects in jobs over time, which seems to indicate a closer match over time between good workers and good jobs. The most dramatic shifts observed were within manufacturing jobs, which not only shrank dramatically in number but were increasingly filled by highly skilled workers over time.

polarization, and his work has led commentators and journalists to describe the future U.S. labor market as an “hourglass” or a “dumbbell,” with lots of low-wage service sector jobs and lots of high-wage jobs for those with college and graduate degrees but few good-paying jobs in the middle for those without such degrees. Autor attributes such developments to the replacement of routine task performance in middle-paying jobs by computer technology, whereas both higher- and lower-skill jobs require either analytical or communication tasks that are not routine and thus not easily done by computers.

But, as I’ve also previously argued (Holzer 2010), the polarization argument has been vastly overblown. Autor is correct that some categories of middle-wage jobs, especially those for production and clerical workers, have shrunk since 1980. But this has not occurred more generally. Other broad occupational categories that are frequently considered middle-skill or middle-wage—such as those involving technicians, sales, construction, installation/repair of mechanical systems, and some service categories—have seen growing employment and/or relative wages over time, indicating positive shifts in employer demand towards these fields.<sup>3</sup> Educational or training requirements have grown in many of these categories, with most of the better-paying jobs now requiring at least some postsecondary education or training.

Indeed, projections suggest that most jobs over the next decade will require some education or training beyond high school (Holzer and Lerman 2007; Carnevale, this volume). Yet at least half of American youth continue to leave school with only a high school diploma. While labor markets ultimately equilibrate, with most jobs filled, the imbalance between the demand for and supply of postsecondary education and training over time tends to widen the earnings gaps between those who have education and training and those who do not (Goldin and Katz 2008), thus leading to growing inequality overall.<sup>4</sup> As

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<sup>3</sup>For instance, the broad occupational categories that are usually considered middle-skill or middle-wage have shrunk in terms of the percentages of the workforce that they account for, but only by about one-sixth (from 64 to 53 percent of all employment) since 1979, while the frequency of more complex task performance in them has grown. Returns to those who gain community college degrees or certificates have also grown over time, in contrast to what we might expect if the middle of the job market were really disappearing. More details are available from the author.

<sup>4</sup>Of course, inequality in the labor market has grown for other reasons as well, such as weakening labor market institutions that protect low-wage workers (Card and Dinardo 2007).

Baby Boomers begin to retire in greater numbers in the coming years and are replaced in the workforce by immigrants, “replacement demand” will further widen gaps between the demand for and supply of skills at both the middle and high ends of the labor market, contributing to a further widening of gaps in pay between those with and without the relevant skills.<sup>5</sup>

#### CHALLENGES THAT LIMIT OUR ABILITY TO PREPARE YOUNG ADULTS WITH THE NEEDED SKILLS

Why does the United States seem to have such difficulty generating enough workers with the skills needed to fill middle- and high-skill jobs without widening inequality?

Many factors contribute to our national “skills gaps.” As is now well-known, achievement gaps between lower-income Americans and those from middle- and upper-income families, and between whites and minorities, open up very early in life (Fryer and Levitt 2004; Magnuson and Waldfogel 2008). Children from disadvantaged groups enter kindergarten already well behind their peers, and then they fall even farther behind during their first several years of schooling. If anything, the gaps between income groups are likely widening as overall income inequality has grown more pronounced over time (Reardon 2010). Only modest progress has been made on closing the racial gap.

These gaps limit the ability of many youth to complete a high school diploma or to pursue any kind of postsecondary education or training, even of a more technical nature. These difficulties are further compounded by the fact that career and technical education (CTE) in the United States has not been developed to its fullest capacity. Plagued by legitimate concerns over tracking and a frequent disconnect between CTE and the labor market, interest in CTE has fallen dramatically—in spite of the fact that there is evidence of quite positive impacts of CTE on short-term and medium-term earnings here and abroad, and perhaps on high school graduation rates as well (Silverberg et al. 2004; Ryan 2001). As Nancy

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<sup>5</sup>Since immigrants are more heavily concentrated than natives at both the top and bottom of the educational distributions, their tendency to replace retiring Baby Boomers in the labor market might exacerbate gaps between demand and supply in the middle-skill jobs as well as those at the top. See the Aspen Institute (2002) as well as Holzer and Lerman op. cit. For a more skeptical view on replacement demand see Freeman (2007).

Hoffman (this volume) concludes, much more could clearly be done to improve both the academic quality and labor market linkages of CTE.

For those who choose to pursue postsecondary education, a number of major challenges exist beyond just poor academic training in the K–12 years (Haskins, Holzer, and Lerman 2009). Rapid increases in the financial costs of higher education (outside of community colleges and the weakest public four-year institutions), in addition to capital market failures that constrain the liquidity of households, limit the access of lower-to-middle income households to public flagship universities as well as to elite private colleges and universities. Resource constraints at the non-flagship public colleges and universities increasingly limit opportunities there for many students (Bound and Turner 2008). In addition, many young people—including those with strong basic skills—lack information about the academic requirements for college study and do not adequately prepare in high school, and many seem relatively uninformed about financial aid options and other opportunities as well. The pressures of generating income and caring for children, especially among single parents, make college attendance and completion difficult as well.

Finally, our education and workforce systems are largely disconnected from employers and from each other, making transitions between these institutional worlds unnecessarily difficult. For instance, the U.S. Department of Labor runs over three thousand One-Stop offices around the country, providing a range of employment services and some limited training to workers.<sup>6</sup> But this program, funded under the Workforce Investment Act (WIA), is much too small and under-resourced to have major impacts on the overall labor market.<sup>7</sup> Two- and four-year colleges often provide fairly little career counseling and job placement services, and students choose courses and concentrations with very little information on labor

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<sup>6</sup>As Wolf-Powers and Andreason (this volume) also point out, these services include “core” services that help prospective workers find vacant jobs; “intensive” services such as testing to identify worker aptitudes and career counseling; as well as training paid for by vouchers (known as Individual Training Accounts, or ITAs). Workers can also sign up for other Department of Labor programs for which they might qualify, including Unemployment Insurance and Trade Adjustment Assistance at such offices.

<sup>7</sup>Funding for employment services under Title I of the Workforce Investment Act has fallen by as much as 90 percent since peaking around 1980 (Holzer 2009). Such funding, at under \$3B per year in a \$15T economy (as of Fiscal Year 2012), now constitutes the smallest fraction of Gross Domestic Product spent on such services of any major industrial economy.

market conditions in their chosen fields (Jacobson and Mokher 2009). Even when college students know what fields (like health technology or nursing) provide strong demand and strong earnings, they often find limited course offerings and oversubscribed classes. At the same time, colleges and universities that receive the same per-capita subsidies from their states regardless of what students study face few incentives to shift resources into areas of high demand, especially if the costs of equipment and instruction in these areas are high. And employers are frequently disconnected from both educational and labor market institutions, and are often unwilling to invest their own resources in training (especially for non-professional and non-managerial employees) for a variety of reasons.<sup>8</sup>

As a result of all of these factors, secondary and postsecondary student as well as labor market outcomes in the United States are often discouraging. High school dropout rates, by the best estimates available (Heckman and Lafontaine 2007), remain close to 25 percent.<sup>9</sup> While attendance at postsecondary institutions has risen in recent years, completion rates of any kind of credential have not improved. Completion rates are also highly correlated with the status and costs of the institutions themselves, even controlling for the characteristics of the students who attend them. Thus, completion rates are quite high at the elite private and public postsecondary institutions but much lower at low-cost public schools and are quite low at most community colleges (Bailey, Leinbach, and Jenkins 2005). Since at least some of the return to education seems to be a “sheepskin effect” rather than a return to time spent or courses completed, those who drop out of college enjoy fairly little return for their often substantial investments.

Even among those who complete degrees or certificates, the variance in earnings is extremely high. On average, those with associate’s degrees earn more than those with certificates but considerably

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<sup>8</sup>It is well-known among economists that employers will hesitate to invest their own resources in general training (as opposed to firm-specific) because trainees might soon leave and eliminate their potential returns; thus, they are unlikely to make the investment unless they can deduct it somehow from worker wages. Other causes of limited investments by firms in their workers might include imperfect information about worker skills and training approaches as well as capital market imperfections.

<sup>9</sup>Heckman’s estimates are somewhere in between those of Mishel and Roy (2006), based on survey data, and those of Swanson (2004), based on school administrative records.

less than those with BA degrees (Bailey, this volume). But earnings in some technical areas for those receiving certificates are higher than for many kinds of associate's degrees and even some four-year degrees, while the marginal returns for lesser-prepared students might be lower than the average returns we observe. All of this suggests that some students would be better off if steered to certain kinds of certificate programs, but such counseling is rarely available.

Of course, for those who do not complete any postsecondary education or training program, employment rates for the first several years are quite modest, and their earnings overall will stagnate for the longer term. Many such youth "disconnect" from the labor market as well as from school (Edelman, Holzer, and Offner 2006). This is especially true for men. Indeed, labor force participation rates have been declining for many years among less-educated men, while their participation in higher education lags behind that of young women (Jacob 2002). Especially among African American men, declining rates of labor force activity have been accompanied by very high rates of incarceration and noncustodial fatherhood (Holzer, Offner, and Sorensen 2005).

#### CAN WE DO BETTER?

Despite these challenges in our educational institutions and the disappointing education and labor market outcomes they generate, opportunities exist for improving the educational preparation Americans receive and their ability to fill good-paying jobs.

First, we are producing a growing body of rigorous evidence on "what works" at improving these outcomes, especially for the disadvantaged. Starting with secondary schools and their students, research shows that "Small Schools of Choice" in New York City generated significant increases in student achievement and high school graduation rates (Bloom, Levy Thompson, and Unterman 2010), while the National Guard Challenge program has led to large increases in the attainment of high school diplomas or GEDs for those who had already dropped out (Millenky, Bloom, and Dillon 2010).

Research findings also demonstrate the potential of high-quality CTE to improve educational attainment as well as labor market earnings, especially among those not bound for college. In rigorous

evaluations, the Career Academies—technical schools within broader high schools that target specific economic sectors for which students receive training and part-time employment as well as other academic classes—generated large increases in earnings, especially for at-risk young men, which persisted for at least after high school (Kemple 2008). At least early on, high school dropout rates were reduced as well.<sup>10</sup> Analyses of other efforts, like Tech-Prep and apprenticeship training more broadly, reinforce the notion that high-quality CTE can have quite positive effects on educational and earnings outcomes (Lerman 2007).

At the postsecondary level, the Opening Doors demonstration has shown that a variety of approaches—including learning communities, mandatory counseling sessions, and merit-based financial aid—can increase course completion and credit attainment among low-income students in community college (Richburg-Hayes et al. this volume; Brock 2010). While the track record of developmental or remedial classes in community colleges is not very positive in general, programs that integrate remedial and occupational training, like I-BEST in the state of Washington, hold the promise of improving student performance and course completion rates.<sup>11</sup>

As for using education and training to improve labor market outcomes of the disadvantaged, the track record of training funded by the Workforce Investment Act is relatively strong, given the very small amounts invested (Heinrich and King 2010). But much bigger average impacts have been generated by “sectoral” training programs, in which an intermediary works with employers in a particular sector to generate training for jobs in that sector plus support services for the disadvantaged (Osterman 2007; Maguire et al. 2010; Roder and Elliott 2011). Interestingly, completion rates and labor market success after completion appear to be somewhat higher at private proprietary schools than at community colleges

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<sup>10</sup>High school dropout rates were reduced early on for those in the treatment group relative to the control group. Eventually, high school graduation rates roughly equalized across the two groups, but at quite high levels, indicating perhaps that the control groups were managing to get some additional services and supports as well to raise their own graduation rates.

<sup>11</sup>Jenkins, Zeidenberg, and Kienzl (2009) have used propensity score matching estimates to show that I-BEST participants have better educational outcomes, in terms of courses passed and credits received, than similar students who do not participate.

(Rosenbaum, Deil-Amen, and Person 2006), at least partly because they provide much stricter student guidance on course-taking and much stronger linkages to the labor market through job placement activities and counseling.<sup>12</sup>

For displaced as opposed to disadvantaged workers, the best evidence on education and training comes from Jacobson, LaLonde, and Sullivan (2003), who find quite sizable returns in more technical fields and/or those facing strong labor market demand. For incumbent workers, somewhat less rigorous evidence strongly suggests that state-level tax credits raise the amount of such training and provide cost-effective returns to less-educated frontline employees who get such training (Holzer et al. 1993; Hollenbeck 2008). Finally, for low-income youth, we have some recent evidence from the Youth Opportunities program at the U.S. Department of Labor, which provided grants to 36 low-income neighborhoods to generate comprehensive education and employment programs for youth. Evaluations of the program showed that resources targeted at neighborhoods could be used to generate systemic efforts that lead to improvements in both school enrollments and employment and earnings (DIR 2008).

Of course, much remains to be learned about effective education and training for future American workers, and the need for continued experimentation and evaluation is great. Nevertheless, some patterns of what is effective at improving skills and earnings can be inferred from these results. In general, some combination of the following seems to work:

- Having students obtain some kind of occupational training or certification at either the secondary or postsecondary level;
- Actively steering them towards and linking them with employers providing good-paying jobs in high-demand sectors, especially guided by labor market data; and
- Providing them with a range of effective supports and services (such as child care and transportation, mandatory counseling, performance-linked financial aid or stipends) for the students while they are training and even after employment has begun.

Frequently, an effective intermediary is needed to bring together the students (or workers), training providers, and employers as well as the supports needed for success.

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<sup>12</sup>The chapters by Tierney and by Bailey and Belfield (this volume) also make these points.

Some caveats should also be mentioned here, in terms of what kinds of education and training should be provided and to whom. For instance, it is important that the training provided be at least somewhat portable when individuals ultimately change jobs and industries, and especially when future labor market demands shift (towards new goods and services or new modes of producing them). The training provided should therefore not be too narrowly tailored, and should provide a range of more general skills as well as those that are more narrowly occupational or sectoral. Employers must also be encouraged and assisted in retraining incumbent or newly hired workers whose general skills are largely appropriate but where some newer or more specific skills are now additionally required to meet production needs.<sup>13</sup>

In addition, there have been legitimate concerns historically over whether low-income and minority children get “tracked” away from routes to college when they are placed into vocational education. To maximize educational opportunities for all young people, any efforts to strengthen CTE approaches must incorporate strong academics and keep open (or even encourage) postsecondary options for those students, as the Career Academies have clearly done.<sup>14</sup> Finally, we must also recognize that high-quality CTE, sectoral training, and the like do not target those students or workers with the worst basic-skill deficits, but instead focus on those who are capable of reading at least at the ninth-grade level and can handle some community college-level work. For those not capable of mastering this level of classroom instruction, other options might be more appropriate. These could include transitional jobs to encourage more successful participation in the labor market, plus a range of additional incentives and supports to reward and help them to do so (Bloom and Butler 2007).

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<sup>13</sup>See, for instance, Uchitelle (2009) for evidence on employer complaints about a welder shortage at the trough of the Great Depression. While tens of thousands of welders were unemployed nationally, many employers were looking for welders with very particular skills, and saw no way to generate such skilled welders on their own.

<sup>14</sup>Career Academy students routinely take many academic courses outside of those aimed at training for specific occupations in the relevant sectors. The tendency of Academy enrollees to attend postsecondary institutions was just as high as among the control group, indicating that the Academy students were not being tracked away from college.

To improve our knowledge base of what works in preparing students for the workplace and to encourage and support more innovative activities, the U.S. Department of Labor and major foundations have both awarded a range of competitive grants to community colleges, community-based organizations, localities, and states in the past few years (Holzer and Nightingale 2009).<sup>15</sup> These grants seek not only to develop innovative approaches to curricula and support services that would raise completion rates at community colleges. They also seek to improve the linkages between educational institutions and the labor market, often trying to generate state-level systems that merge education, workforce development, and economic development while relying on the use of administrative data on labor market trends to guide these developments. Hopefully we will learn more about what works in this area over the next several years from all of this innovative activity and from rigorous evaluation of these efforts.

#### THE GEOGRAPHIC CONTEXT: U.S. METROPOLITAN AREAS

The vast majority of Americans now live in metropolitan areas, including both central cities and suburbs. Furthermore, most labor markets are metropolitan in nature, with workers commuting between central-city and suburban municipalities as they travel to work and back home each day.

Most workers and their families make choices about where to live and where to work, and also about how much time they are willing to spend commuting between those two locations; but these choices are often constrained by the differing relative costs of living in different areas and, for minorities, by housing discrimination. Employers also choose where to locate their businesses, based on a variety of factors such as costs and the kinds of customers and employees to whom they want to be most accessible.

The result is that different demographic groups and jobs are distributed quite unevenly within and across metropolitan areas. Residential populations are segregated by race/ethnicity as well as income, and jobs are distributed unevenly as well. While declining somewhat in recent decades, such segregation

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<sup>15</sup>The competitive grants by DOL include the Trade Adjustment Assistance Community College and Career Training (TAACCCT) and Pathways Out of Poverty grants, as well as some earlier ones from the Bush Administration. Foundation-supported programs include the National Fund for Workforce Solutions, Achieving the Dream, Breaking Through and Shifting Gears; all are described in Holzer and Nightingale op. cit.

remains very high among blacks and fairly high among Latinos, especially new immigrants (Raphael and Stoll 2005, 2010; Frey 2010).<sup>16</sup>

Residential populations for all major groups and jobs have also been decentralizing in recent years, with greater growth in suburban areas than in central cities. But even within the suburbs, residential segregation and uneven job distributions persist. Holzer and Stoll (2007) have documented that minority populations are growing most rapidly in suburbs with lower average incomes while jobs are growing more rapidly in those with higher incomes. Furthermore, Andersson, Holzer, and Lane (2005) have shown that not only the quantity of jobs but also their *quality* is uneven, with the best (highest-wage) jobs locating either downtown or in the higher-income suburban areas where they are most accessible to workers with the highest levels of skill (as well as whites).

This pattern of unevenness in the locations of populations and jobs within metropolitan areas appears to have important effects on the outcomes observed for different groups. In particular, minority and lower-income groups experience two kinds of adverse consequences as a result of metropolitan segregation and decentralization: (1) Worse employment outcomes, due to “spatial mismatch” between their places of residence and work;<sup>17</sup> and (2) Worse educational and personal outcomes, caused by “neighborhood” effects and other forms of uneven access to good schools and other kinds of resources.<sup>18</sup>

To be most effective, then, any policies designed to improve the preparation of American students for the workforce should take the unevenness of opportunity in metropolitan America into account and

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<sup>16</sup>Trends in residential segregation over time are measured by the “dissimilarity index” for pairs of race/ethnic groups, computed across census tracts within metropolitan areas. Until 2000 these were computed only with micro data from the Decennial Census of Population, though some more recent estimates are possible in off-census years with data from the American Community Surveys.

<sup>17</sup>The best-known reviews of the literature on “spatial mismatch” include Holzer (1991), Kain (1992), and Ihlanfeldt and Sjoquist (1998). The most rigorous evidence can be found in Weinberg (2000), while the most recent trends in the locations of workers’ residences and their jobs are discussed in Raphael and Stoll (2005).

<sup>18</sup>The strongest and most rigorous evidence of negative impacts of racial segregation on education and other outcomes can be found in Cutler and Glaeser (1997), while evidence of how school segregation negatively affects their outcomes appears in Hanushek and Rivkin (2008). The quality of the evidence on neighborhood effects, popularized by William J. Wilson (1987), has been more controversial. Recent evidence suggesting the continuing deleterious effects of concentrated residential poverty on personal outcomes appears in Sampson and Sharkey (2008) and in Shonkoff and Phillips (2000).

strive to counter its negative effects on both education and employment. But how might these policies be adapted to fit our metropolitan areas and to maximize opportunities for minority and/or low-income residents there?

Policies designed to address metropolitan issues and effects are frequently categorized into those that:

- Improve the mobility of inner-city and/or minority residents to suburban areas of mixed races and incomes;
- Develop housing, schools, and/or businesses in inner-city or predominantly low-income areas; or
- Improve the access of inner-city/low-income residents to schools or jobs throughout the metro area (Boustan and Margo 2008; Pastor and Turner 2010).

Efforts to move residents of inner-city or low-income areas to more suburban or mixed-income communities usually include provision of relocation services and supports to those with Section 8 housing vouchers, as in the Moving to Opportunity (MTO) demonstration project.<sup>19</sup> Those seeking to improve the supply of low-income housing in those areas (as opposed to the demand by residents for that housing) include tax credits for low-income housing or “inclusionary zoning” arrangements. Efforts to develop low-income neighborhoods economically include enterprise or empowerment zones and “New Market” tax credits; most studies have generally found these to be somewhat ineffective in generating new jobs per dollar spent, especially for zone residents, though there are a few exceptions.<sup>20</sup> Attempts to improve the quality of low-income housing in these neighborhoods include the Clinton Administration’s Hope VI project to disperse low-income housing and to create mixed-income housing developments (Popkin and Cunningham 2009), as well as the Choice Neighborhoods grants of the Obama Administration. And efforts to improve the quality of local schools can take a variety of forms, including the higher

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<sup>19</sup>See Briggs, Popkin, and Goering (2010) for a summary of what was learned from MTO research. Researchers found that those receiving MTO treatments had better health and emotional outcomes but no higher employment or earnings than did those receiving only Section 8 vouchers; and, among their children, girls experienced some schooling and behavioral improvements but boys generally did not. Services were provided only for one year, and many families eventually moved back to their earlier neighborhoods. See Quigley and Raphael (2008) for some interpretation and criticism of the MTO design.

<sup>20</sup>The most recent study to find little effect is Kolko and Neumark (2009), while Ham, Imrohorglu, and Swenson (2009) do find stronger effects on employment outcomes.

accountability and standards approaches emphasized in Washington, D.C. (under Chancellor Michelle Rhee), New York City (under Superintendent Joel Klein), and elsewhere, as well as the best known charter school models, like the Harlem Children's Zone in New York or the KIPP schools.<sup>21</sup>

Finally, the mixed strategies designed to improve the access of inner-city or minority residents to opportunities throughout the metropolitan area might include vouchers and other models of "school choice," like the Washington, D.C., Opportunity Scholarship program (Wolf et al. 2010), as well as efforts designed to improve transportation to suburban jobs, like Bridges to Work (BtW).<sup>22</sup> In a somewhat related vein, metropolitan development strategies aimed at improving opportunities for inner-city residents in suburban economic development projects or to limit sprawl have been developed as well (Pastor and Turner op. cit.).<sup>23</sup>

Within this range of possible approaches, what might be done to improve the educational preparation of inner-city residents, and those of low-income areas more generally, for metropolitan jobs? Perhaps the most straightforward idea is simply to bring the most promising and proven workforce preparation strategies described above to the schools that serve disadvantaged or minority students within metro areas, and especially improving their links to employers and the labor market while also providing supports and services to improve completion rates there. Among the best ways to do this might be the expansion of Career Academies, apprenticeships and other high-quality CTE efforts at the relevant secondary schools (along with appropriate postsecondary options), and expanding academic support services, career counseling, and other labor market placement efforts at community colleges attended by large numbers of minority and low-income workers. Of course, these schools might actually be the ones located in low-income or minority neighborhoods as well as those that are quite accessible to these

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<sup>21</sup>See Fryer and Dobbie (2009) as well as Whitehurst and Croft (2010) on the effects of the Harlem Children's Zone; as well as Angrist et al. (2010) on KIPP schools and Hoxby, Murarka, and Kang (2009) on charter schools in New York more broadly.

<sup>22</sup>See Ravitch (2010) for a critique of vouchers and other forms of student choice. BtW also proved largely ineffective at increasing employment and earnings among inner-city residents.

<sup>23</sup>These include the "sustainable communities" initiative of the Obama Administration and "smart growth" projects to limit suburban sprawl.

populations because of a school choice program. Efforts to build youth-serving systems that encompass both education and employment options, as recently done in the Youth Opportunity cites, and in Philadelphia and other cities, are other ways of accomplishing these goals.<sup>24</sup>

More broadly, there might be ways of building on these latter efforts to create more effective metropolitan-wide education and workforce systems that give residents of low-income neighborhoods better access to both education opportunities and jobs throughout the entire area. For instance, special technical assistance might be made available to One-Stop offices in urban areas or career counselors at community colleges there to improve their contacts with suburban employers. Federal or state workforce boards might encourage local WIBs that have different jurisdictions within the metropolitan area (such as those organized on county lines) to partner more closely in their workforce development activities.

Of course, how to do any of the above effectively is not clearly known at the moment. Yet we have some idea of what the critical ingredients might be in developing these services and building more effective metropolitan-wide systems. For instance, having good *data* available to all about metropolitan job market opportunities, regardless of where in the metro area they are located, would be an essential first step. Good data are now increasingly available through outlets such as the Local Employment Dynamics (LED), which provides data on quarterly employment growth, and the online Job Central listing of current job vacancies operated by the National Association of State Workforce Agencies (NASWA) and DirectEmployers.<sup>25</sup>

As we noted earlier, listing vacant jobs or employment growth alone will be insufficient to improve job market preparation and access without effective labor market *intermediaries* to read these data and communicate their findings to students and workers. These intermediaries, such as those who have operated the successful “sectoral” workforce programs described above, can provide a range of

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<sup>24</sup>See Decision Information Resources (2008); Harris (2006); Martin and Halperin (2006); and a description of the Philadelphia Youth Network at <http://www.pyninc.org/>.

<sup>25</sup>The LED data are drawn from the LEHD program, and appear on the Census Bureau website for detailed industries and demographic groups on a quarterly basis at the county level. The job vacancies data represent a recent update of America’s Job Bank, begun by the U.S. Department of Labor in the late 1990s but more recently discontinued.

services to residents of low-income areas to improve their access to training and jobs wherever the latter are located in the metro area. For instance, the intermediaries can locate employers with job openings and develop effective training strategies to match low-income residents with those employers and with education or training providers. They can help overcome spatial gaps by providing child care and transportation options, and even by effectively communicating to employers the potential of job candidates who might not otherwise appeal to them.<sup>26</sup>

For existing One Stop offices or community colleges, *technical assistance* and *incentives* might encourage them to cast wider nets, in terms of placing more workers with employers throughout the metro areas. In particular, state assistance to local colleges might be at least partly based on the extent to which they serve low-income individuals or residents of low-income areas, or how successfully they place them in jobs. Such incentives would not (and should not) specifically need to target suburban jobs, but instead should be designed to encourage placement of graduates in good jobs wherever they are located. Of course, the development of such incentives (and performance measures more broadly) must be done with great care, so as not to generate undue “creaming” of the populations served or to undercut existing academic standards for performance before credentials are awarded and trainees are placed into jobs.

Furthermore, federal and state governments might also encourage the formation of explicit *metropolitan-wide education and labor market institutions*, such as educational agencies or workforce boards that bring together those that now exist separately at the county level. On the other hand, divorcing such institutions from the municipal boundaries that define most such jurisdictions might limit their effectiveness, as sometimes has been the case with various municipal planning organizations (MPOs).<sup>27</sup>

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<sup>26</sup>Since “statistical discrimination” by employers often limits the willingness of suburban employers to hire inner-city and/or minority residents, efforts by intermediaries to limit such discrimination by providing more candidate-specific information to employers might be quite effective. See Holzer (2003). Temporary help agencies can also play this role, and there is at least some evidence that these agencies can play a positive role in linking workers to good-paying jobs that the workers might not find on their own (Andersson et al. 2005).

<sup>27</sup>For more information on these MPOs and the challenges they face see Pastor and Turner op. cit.

## MOVING AHEAD

Whatever specific strategies are chosen to better link disadvantaged urban residents with education and job opportunities, there are a number of general ways forward to encourage such movement. For instance, the upcoming reauthorizations of the Elementary and Secondary Education Act (ESEA), the Workforce Investment Act (WIA), and perhaps the Perkins Act could be used as opportunities to improve educational certifications and links to the labor market, especially along these metropolitan-wide grounds. Special provisions could be included in these new bills to strengthen labor market linkages and support services at education and workforce institutions, and to create more effective metropolitan-wide practices and systems along the lines suggested above.

These legislative vehicles or, more broadly, the relevant federal agencies, could continue to use competitive grants to spur innovation and success. As noted earlier, the federal Departments of Education and Labor (plus several major foundations) have recently used a range of these grants to encourage such activity in community colleges and workforce boards, and more could be done along these lines. Specifically, such grants could be explicitly used to encourage system-building by state or metropolitan authorities and to encourage that educational and employment opportunities throughout the metropolitan areas are available and accessible to minorities and low-income residents, wherever in those areas they happen to reside.

However we proceed, the goals of improving the educational preparation of all workers residing in metropolitan areas for the jobs that appear there, along the lines we have described above, should be among our top domestic policy priorities in the years ahead.

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