

Improving Worker Skills and Job Quality Among the Poor

Harry J. Holzer

Georgetown University

July 2015

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
- Why? “Old” v. “New” Middle –
 - 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!