

Beyond Consensus

Much Ado about Job Training

By Anthony P. Carnevale

Nearly everyone agrees that training is a valuable tool for reducing unemployment, underemployment, and income disparity as well as for increasing adaptability in the global economy. Publicly sponsored training appeals to us particularly because it mixes individual responsibility with collective compassion. Yet training consistently looms far larger in policy talk than in public budgets.

To some extent, training gets the budget share it deserves. Much rhetoric on training overpromises. The notion that “If we train, then the jobs will come” is shaky at best. Still, we have learned a great deal, both from our successes and from our failures in training policy, over the past three decades. On the whole, little of what we have learned disturbs the initial intuition that training policy, effectively designed, can be a useful economic and social policy tool. And, after 30 years at it, we know how to design effective training programs.

How We Got Here

Ever since the Kennedy round of global trade agreements in the 1960s, training

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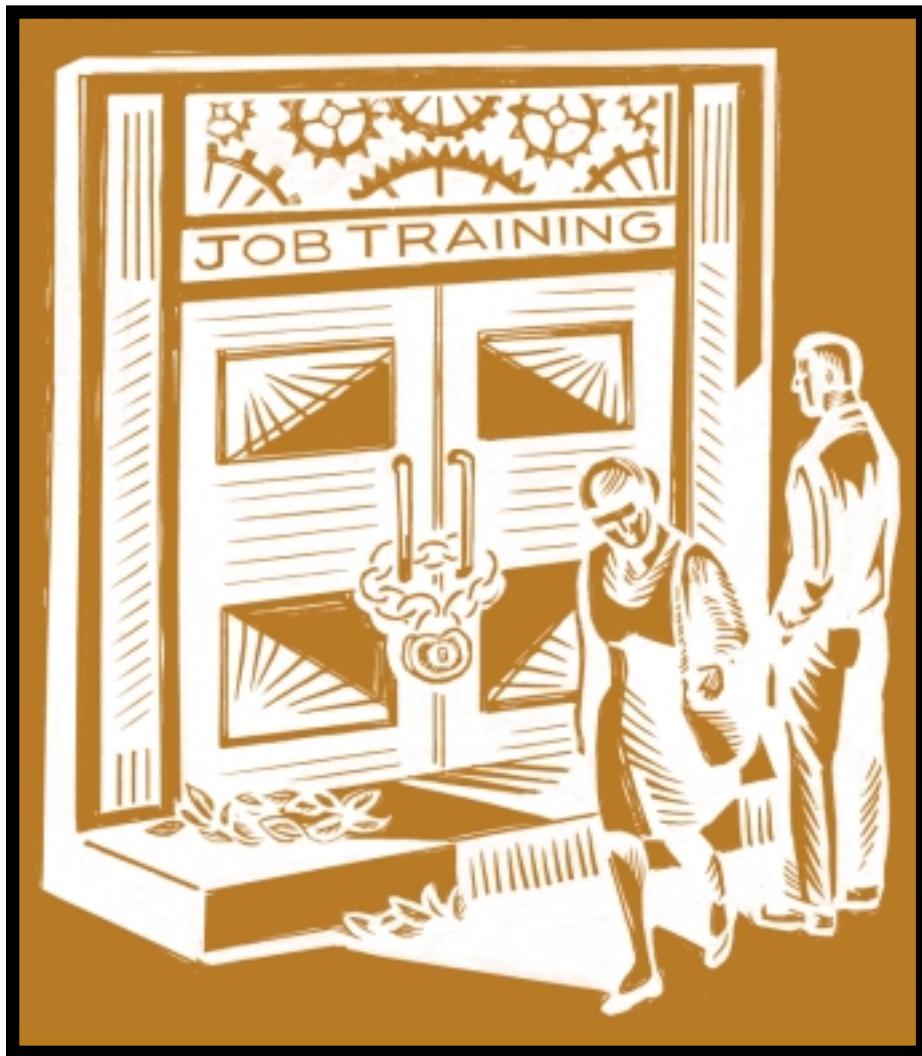
programs for workers dislocated by changes in federal trade, environmental, space, and defense policies have been a staple of federal legislation. Disadvantaged youth and adults became federal training clients when Michael Harrington discovered those “other Americans” not sharing in the general prosperity in the 1960s and again when stagflation and the baby boomers hit labor markets in the 1970s. When economic restructuring and downsizing became genuine concerns in the 1980s, middle-income working people joined the laundry list of eligible recipients for federal training—a list fast outstripping available funds.

By the mid-1980s, a “new economy” was emerging; work was becoming the primary integrative force in society for both men and women. It was generally

agreed that if everyone were at work in a fully mobilized society, everyone would be included not only in the economy but in the polity and culture as well. According to the new orthodoxy, labor market programs needed to focus less on income support when workers became unemployed and more on “reemployment” policies. Economists also began reporting the growing importance of skill in explaining increasing differences in earnings. Despite the rhetorical emphasis on training, however, money for federal training programs declined during the 1980s—from 0.12 percent to 0.09 percent of GDP. And the trend continued. Federal training dollars fell from \$24 billion in 1978 to \$7 billion in 1999.

Still, we kept talking about the importance of training. In the 1992 presidential election campaign, Bill Clinton proposed to supplant the crazy quilt of small programs targeted on the economically disadvantaged and dislocated workers with a new training system that would provide universal eligibility. The new system was to include three elements—a “school-to-work-apprenticeship” program, a beefed-up employer training agenda, and new skill standards for private-sector jobs—to be complemented by an investment program to “rebuild America” and by “high-performance work systems” to encourage employers to retrain workers and reorganize work systems to favor high-skilled workers.

The Clinton proposals did not fare



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well. The school-to-work programs survive today only as a policy concept that advocates mixing applied and academic pedagogy and as a program to keep kids in school so they can go on to college. Employers were reluctant to take responsibility for educating and training young people that they might never hire. Employers also feared that proposed national skills standards would add overhead costs and regulatory burdens in a competitive environment that, in their view, demands deregulation and institutional agility.

Clinton's ambitious federal training agenda has hardly reared its head since. During his second term, the emphasis shifted toward expanding grants, loans, and tax credits for postsecondary education. Training policy fell back into the familiar tug-of-war between expert opinion and the interests of agencies and providers over declining resources.

Not to Worry?

Meanwhile, although a booming economy seems to have banished our unemployment problems, helped ease income disparity, and made training seem superfluous, the need to develop a comprehensive, more-effective training strategy remains.

The connections between general economic prosperity and the lives of ordinary working people remain tenuous. Tight labor markets alone are unlikely to close the earnings gap, because on-the-job training ladders out of low-wage jobs are collapsing as entry-level manufacturing jobs decline. The ratio of the 90th to the 10th percentile among male wage earners, which increased from 3.59 percent in 1973 to 4.52 percent in 1993, declined only to 4.47 percent in 1997—closing only 6 percent of the opening gap. In 1996, 3.5 million American workers

worked full-time, full-year, and 4.3 million worked at least 27 weeks and nonetheless lived in poor families. And skill barriers make it increasingly difficult for people to work their way out of poverty. Thirty-nine percent of Americans in the labor force have skills below the minimum competency established by the Organization for Economic Cooperation and Development.

In addition—although no one wants to mention it—we may not have banished economic cycles. At the moment, everything is “just right” in the Goldilocks economy, but the bears may show up eventually. “Generation Y” may not be as easy as the smaller “Generation X” was to integrate into the labor force. In our fully mobilized work-first society, both long-term and short-term economic fortunes are more connected to labor markets, and labor market success is more connected to skill acquisition. At the same time, unemployment, whether individual or mass, is longer-term and more structural, and structural barriers are most often skill barriers. And if skill is the question, training will likely be part of the answer.

Another strong argument for continuing to press for effective public training programs is built on the fundamental belief that all individuals matter and each matters equally. As the world's most diverse postindustrial nation, the United States sets the highest standards for inclusion, both as an extension of its democratic principles and as a recognition that economic differences threaten bedrock institutions. And inclusion begins with universal—and equal—access to good jobs. Training is one way to encourage access, especially for minorities, women, and low-income families.

Restarting the Training Dialogue

Why has our apparent consensus on training not resulted in concerted public action? One obvious explanation is that while support for training and other active labor market policies in the United States has always been wide, it has not been deep. The failure to bring boutique training policies to universal

scale tracks to the political and financial barriers to expanding the welfare state beyond educational guarantees for the young and income and health-care security for a steadily increasing elderly population.

The fragmentation of U.S. labor markets also makes a broad-based training policy difficult. Training, like wages, pensions, health care, and other work-related aspects of the social order, is organized around particular occupations and industries and is, therefore, hard to conduct on a large scale. The fragmentation of education and social welfare benefit levels makes it difficult to switch to a more homogenous national benefit level. (The health-care debate is a case in point.) As a result, government provision of work-related training and other benefits tends to focus only on those who do not have access to private coverage. Thus, private citizens—who might pay for but not benefit from such programs—do not typically support them.

Minimalist government, in combination with fragmented labor markets, leads to fragmented public programs. With few universal programs, support for funding is built one program and one interest group at a time. And our inability to integrate education, training, and social welfare programs means each is less effective than it could be. Our fiscal and administrative federalism, too, further confounds attempts to address fragmentation. Europeans were more successful with their training systems in the 1980s not only because they spent more—anywhere from five to ten times as much as the United States—but because their training programs were embedded in more cohesive systems of individual support.

At their most profound level, the fragmentation in our policies results in a disconnect between training policies and employment policies. Notwithstanding the occasional debate over “industrial policy,” employment policy

has long since moved beyond explicit programs to the reified world of fiscal and monetary policies. Indeed, when our training and employment policies are related, the relationship is perverse. We provide the most training for workers when private jobs are unavailable. And when jobs do exist, when training would likely have significant positive effects, we retreat from training—in part because training programs didn’t provide work when there wasn’t any.

The policy divide between employment and training reflects a similar disconnect in the popular consciousness. Workforce preparation in the United States is largely driven by general education or through vocational certification in two-year colleges or technical schools, not by training. Total spending on postsecondary education is more than \$200 billion annually compared with \$7 billion for training.

Expert data support the popular view. In the United States, the earnings returns from education, job training, and access to technology tend to be sequential, complementary, and cumulative. Those who have more schooling have more access to jobs with the most formal or informal training as well as access to more technology, which means they earn more money. And, yes, employers do train. They spend about \$60 billion a year in formal training and another \$180 billion in informal training, but the training extends to the 20 percent of their personnel who already have the most education. That spending will grow in the future. As the college-educated workforce increases between now and 2006, employers will have to spend another \$15 billion just to maintain their current training commitments to their college-educated workers. But the least-educated workers are unlikely to get more employer-provided training.

Trends in the U.S. labor market reinforce the increasing reliance on postsecondary education as the threshold for workforce development. The shift to service jobs and service functions in all jobs has reduced the value of the kinds of skills learned through training and

The European Model?

In Europe, labor unions, private corporations, and governments collaborate in an apprenticeship system to provide real training for real jobs. But workforce development in the United States cannot be modeled on that system. In the first place, U.S. unions aren’t strong enough. Nor are American employers likely to take on big new training responsibilities when cutting costs and

increasing flexibility are primary competitive assets.

More fundamentally, the European apprenticeship systems are rooted in political agreements and a popular solidarity absent from the individualistic and diverse U.S. society. Because European welfare states guarantee extensive income and basic social benefits, they have powerful incentives to educate and train everybody so

that each worker will be sufficiently productive to justify the fixed costs of wage and benefit guarantees.

The United States has no such incentives for universal training investments. Here, the brutal efficiency of the American workforce development system discourages universal policies, and individuals pay the price of education and training failure. Moreover, the more flexible American labor market appears better suited to meet the challenges of global trade and economic restructuring than the highly regulated labor markets that undergird Europe’s training system.

tended to favor the general cognitive, problem-solving, and interpersonal skills associated with a college education. Even where job-specific training can substitute for education, the effects are often only temporary. The current shortage of technical workers is an example, but will the next computer wipe out the least-skilled computer-related jobs?

What Next?

As the decade closes, public policy promises "college first" for the most advantaged and "work first" at hard labor for everybody else. Work-first policies are consistent with our growing need for mobilization and our commitment to work, and to inclusion through work, but they overlook the decline in the demand for unskilled labor and the limited mobility out of unskilled jobs.

not enough, however. By 2015 up to 3 million new 18- to 24-year-old traditional students will enter U.S. colleges and universities each year. Under that pressure, postsecondary education will have few incentives to serve the special needs of nontraditional students. Social welfare and workforce development agencies must overcome the fragmentation in public services for special populations by customizing a broad range of services, including referrals to postsecondary institutions, to meet the complex needs of individual clients on a case-by-case basis.

Outcomes should drive our workforce development system. Employer wage records, already reported quarterly for all civilian workers, should be the cornerstone of the accountability system, as they already are in states like Florida and Washington. Tax credits would encour-

child care. Such training, along with new tax-incentive programs and regulation, could encourage more people to enter a private child-care market that would be governed by rigorous professional certification. We would thereby promote the common weal and create a whole new wave of high-paid, high-skilled jobs.

Now That All the Poor Are Deserving

The likelihood that we will move beyond the current superficial consensus on training policy to concerted public action will depend on economic, social, and moral considerations. As Keynesian economic policies wane, training may be part of a new solution to link national competitiveness in the yo-yo global economy to the needs of individual workers. Tight labor markets and

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Simply put, most jobs do not provide training of any kind, and individuals without postsecondary skills don't get the jobs that do.

Whither training? The first step seems obvious. We need to continue to struggle with how to integrate social welfare, workforce development, and education policy—a job that only presidents and governors can do. We should formally recognize the silent partnership between education, training, and social policy that has already made postsecondary Pell Grants the universal workforce development voucher for adults, who already receive as much as \$3 billion from those grants. The use of Pell Grants to achieve social welfare and employment policy goals has fallen off since the shift in emphasis to "work first." But 476,000 AFDC recipients and their dependents used Pell Grants as recently as 1997. And in 1992, the last year for which data were available, 75,000 dislocated workers used Pell Grants, many in combination with federal student loans.

Making the role of postsecondary education more explicit in social policy and workforce development policy is

age employers to train their first-level supervisors and nonsupervisory employees. Increasing credits for employers who use state-certified education and training institutions would strengthen relationships between certified training providers and employers.

Realistically speaking, the key policy issue for the United States is the long-standing disconnect between training policies and jobs. Although a national dialogue on job creation seems superfluous now, the next debate over jobs is only as far away as the next recession. When work disappears in a work-first policy world, we will have to decide whether to warehouse workers until jobs return or make another try at connecting employment and training policies.

A serious policy dialogue that links training with job creation will have to be about services because that is where the good jobs are growing. Almost all of America's impressive job creation in high-wage services has come in private business services. An employment and training strategy for the postindustrial era would invest in undercapitalized critical social services. We might, for example, provide serious training in

universal training policies would be a unique mix in American politics. But this time, full employment feels different. Even if job tenure stays put in the official data, the public expectation for job security is clearly not being met. Training is no substitute for a good job, but it might help get one and, barring more aggressive employment policies, it is all the government can offer. For the same reasons, training policies are a sure part of the consolation package for affected workers the next time we decide to save the odd endangered bird, beetle, or trade bill. And if the American job machine doesn't produce a sufficient quantity or quality of jobs, political pragmatists will reach first for training and then, eventually, for employment policy solutions.

The social and moral impetus for training policy depends on our tolerance for income inequality in our diverse society and the strength of our commitment to social mobility. Post-welfare reform work-first policies have exposed the issue of working poverty. Now all the poor are "deserving," and training programs are one way to make work pay. ■