

BETTER WORKERS FOR BETTER JOBS:

Improving Worker Advancement in the Labor Market

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I. The Low-Wage Labor Market: What is the Problem?

- Growing Numbers of “Working Poor”
- Declining Relative (Real?) Wages for Less-Educated Workers
- Limited Advancement Prospects
- Declining Employment and Labor Force Activity among Low-Income Men, especially African-Americans
- Needed: Better Skills, Better Access to “Good Jobs,” Better Supports and Incentives
- Workforce System: Underfunded and Fragmented

II. Some Promising Approaches at the State Level

- A. The Working Poor: Sectoral Approaches, Career Ladders, Incumbent Worker Training, Apprenticeship
- B. Youth: Career Academies, Tech Prep, Career Pathways
- C. The Hard-to-Employ: Transitional Jobs, Services and Supports

III. The Proposal: Worker Advancement Grants for Employment in States

- Competitive Grants to States
- Build Advancement “Systems” at State/Local Levels: Partnerships Involving Community Colleges, Industry Associations, Workforce Boards and Intermediaries
- Matching Funds for New Expenditures on Training, Supports (Child Care, Transportation, EICs)
- Federal Oversight and Technical Assistance
- Performance Measures and Bonuses
- Evaluation
- Renewable and Expandable Grants: Conditional on Performance and Incorporation of New Knowledge

IV. Program Costs and Benefits

- Cost: Up to \$5B per year of Federal Funds (lower initially) plus state/local matches
- Evaluation Evidence to Date: Mixed but Many Positive or Promising Parts
- Estimated Benefits Over 10 Years: \$160B in PDV

V. Some Other Issues

- Does Not Duplicate Workforce Investment Act or Other Current Efforts
- Enough Evidence to Date to Merit New Program (Costs of Doing Nothing Much Higher)
- Incentives for States to Incorporate New Evidence and Cost-Effective Approaches

VI. Some Complementary Policies

- More Funding for Pell Grants
- Encouraging More High-Wage Jobs:
 - 1) Higher Minimum Wages
 - 2) Easier Collective Bargaining
 - 3) Exploring Economic Development Policies that Encourage Higher-Wage Job Formation