
Increasing Training Opportunities for Displaced Workers

Hamilton Project Meeting on Distressed Communities
October 13, 2010

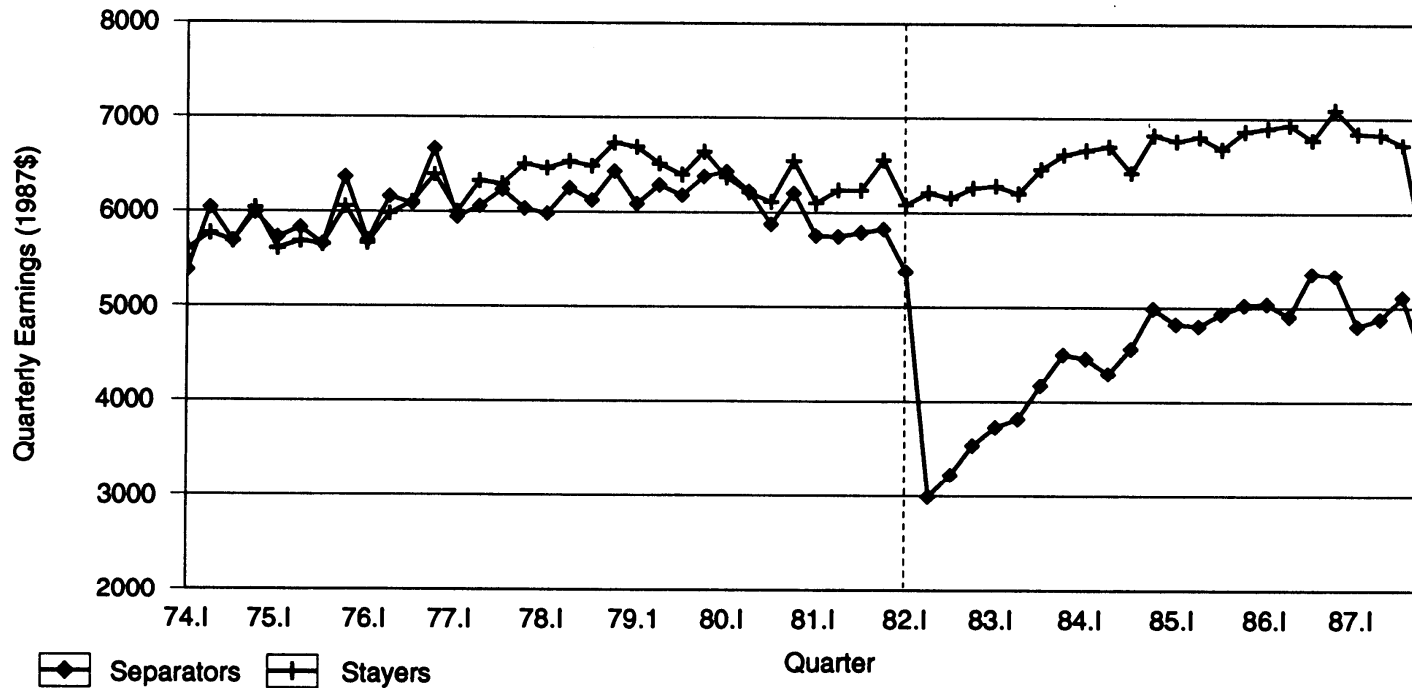
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Displaced Workers

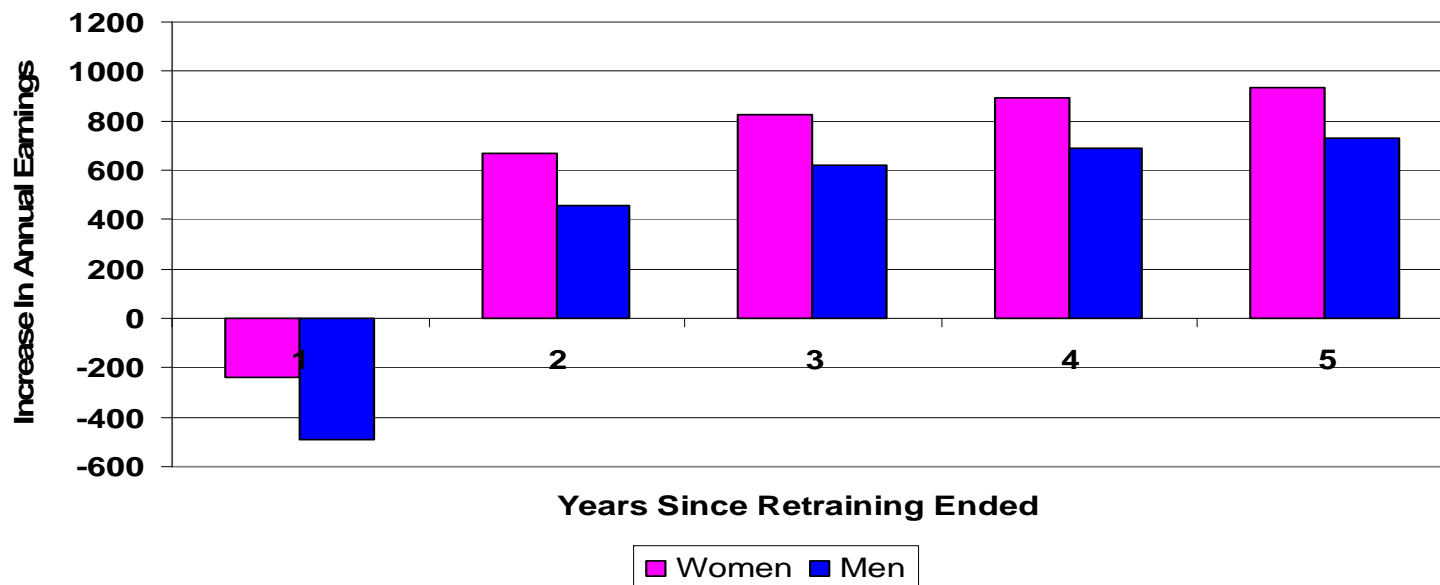
- **1 to 3 million high-seniority workers lose jobs each year**
 - Many in distressed communities
- **Earnings losses persist long after reemployment**
 - Traditional UI is little help



Community College Training

- **Old dogs can be taught new tricks: ROI ~12%!**
- **Some workers more likely to benefit from CC retraining**
 - Young, have previous post-secondary education, female
 - Take technical vocational courses

Figure 4: The Impact of Community College Retraining on Earnings, by Years Since Training Ended and Gender



Proposal 1: Pell Grant for Displaced Workers Program

- **Idea: encourage return to work and continued retraining**
- **Maximum entitlement of 1.5 times drop in earnings up to \$30,000**
 - Example1: Old job: \$60,000; new job: \$40,000; subsidy = \$30,000
 - Example2: Old job: \$20,000; new job: \$18,000; subsidy = \$0
- **While new job earnings < old job earnings, subsidy accumulates up to max Pell Grant (\$5,353 per semester)**
 - Covers tuition, fees, child care, and transportation
 - For up 5 years following job loss
- **Restrictions:**
 - No more than one remedial course.
 - Phase out for high incomes (> \$80,000)
 - Satisfactory progress

Proposal 2: Greater Support for Community Colleges

- **The demand for CC retraining greatly expands when communities are in distress**
 - More displaced workers
 - Lower opportunity cost of training
 - Pell Grant for Displaced Workers Program will worsen problem!
- **Funding for CCs tends to shrink given distress**
 - State and local government tax expenditures decline
- **Proposal 2: Provide federal CC funding to distressed communities**
 - Analogous to federally funded extended UI benefits for states with high unemployment
 - Valuable insurance for all regions
 - Special service pay for CC teachers in high demand

Proposal: Increased Efficiency and Evaluation

- **Proposal 3: States should recognize higher costs of high return courses**
 - High returns to courses such as nursing suggest under provision
 - State reimbursement formulas should account for higher expenses of staffing and laboratory work, etc.
 - Authorize higher charges/reimbursement for more expensive courses
 - Pell Grants allow continued affordability

- **Proposal 4: Target the “Training-Ready”**

- **Proposal 5: Performance Standards and Reporting Requirements**

- **Proposal 6: Evaluation and Dissemination**