Policies to Reduce High-Tenured Dislocated Workers’ Earnings Losses through Retraining

Hamilton Project Presentation
November 30, 2011

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The Problem

- 1 to 3 million high-tenure workers lose jobs each year.
- Large losses persist long after reemployment.
The key to reducing losses by at least half

- Complete two years of high-return training.

Losses for a 40 year old with a $10,000 loss without training

No Retraining: $120,000
2 yrs low-return: $93,000
2 yrs high-return: $53,000
1) Establish a Dislocated Worker Training (DWT) Grant

- Provide up to $5.5K every 6 months depending on size of the earnings loss as long as the worker:
  - Had 3 or more years of tenure at job loss.
  - Is employed.
  - Is in training.
  - Receives career counseling from an honest-broker.

- Cover out-of-pocket expenses including childcare up to a maximum of $36K over 4 years.
The 4 keys to completing 2 years of high-return training

2) Use honest-brokers at One-Stop Career Centers to:

- Identify high-return fields.
- Insure academic and skill qualifications are met.
- Select the best training providers.
- Overcome academic and personal problems that routinely develop while in training.
3) Evaluate retraining programs and disseminate best practices.

- Build on existing data systems to **estimate the return-on-investment** by characteristic of the trainee, program, service provider & labor market.

- Use these estimates to:
  - Make sound choices.
  - Rate service-providers.
  - Reward high-performing One-Stops.
The 4 keys to completing 2 years of high-return training

4) Increase capacity to provide high-quality training

- Provide competitive grants to promote innovation.

- Match funding to returns.
  - Many high-return programs are expensive.

- Provide funds to maintain quality during recessions.
Conclusion: The whole is more than the sum of its parts

- Effective training can offset losses.

- Each of the “4 Keys” is essential—without ANY ONE this plan could fail.

1. Making long-term training affordable.
2. Using honest-brokers.
3. Creating the information needed to inform choices, maintain high standards, and identify best practices.
4. Shoring up training-provider capacity.