Raising Job Quality and Worker Skills in the US: Creating More Effective Education/Workforce Systems

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The Problem

Jobs: *Quantity* (Great Recession) v. *Quality* (Longer-Term)

Quality: Jobs v. Workers??? Both matter hugely!

- Jobs vary enormously in compensation, training and promotion possibilities – even within industry and area
- Firms Choose Job Quality and HR Policy – "High Road" v. "Low Road" - Must Be Competitive!
- Not Always Socially Optimal Choices
- Limited by their Perceptions of Worker Quality and Skills

Outcomes: Weak Employment and Earnings, esp. among Disadvantaged (Worst Trends for Less-educated Men)

Limitations on Worker Quality and Skills

- Achievement Gaps…Growing Larger?
- High School Dropout Rate: Still Too High!
- Lack of High-Quality CTE and Labor Market Preparation
- College: Enormous Non-Completion Rates – esp. at non-flagship schools and community colleges
- When they finish: High Variance in Outcomes – Reflect Poor Information and Incentives on the Labor Market
- Workforce System: Too Small and Disconnected

Rigorous Evidence on What Works

- In-School At-Risk Youth: Career Academies
- Out-of-School Youth: Year Up
- Disadvantaged Adults: Sectoral Programs (PPV)

All Share: High-quality education and certification linked to key sectors and employers with lots of support services, organized by labor market intermediaries

The Proposal

Competitive Grants to States to Build Effective Education/Workforce Systems Linked to Labor Market Demand

$2B annually for 5 years

Potentially Renewable but not Automatic

Should Build on Recent Efforts of States and CC Systems, Often Supported by USDOL and Foundations

What Would Be Funded?

- Stipends for Paid Work Experience
- At Community Colleges: Career Guidance and other Supports
- Incentives to CCs to be More Responsive to Labor Market and for Education/Workforce Development Integration
- For "High-Road" Employers: Tax Credits and Technical Assistance