



Innovating to End Urban Poverty

LEARNING AND EARNING: HOW TO RAISE LABOR MARKET SKILLS OF LOW-INCOME ADULTS

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It is widely acknowledged in the United States that the best way to raise incomes is to raise labor-market skills, but there is little consensus about how to do that. Job training programs for the poor over the last 50 years have produced mixed results, causing some to recommend that resources be directed instead to early childhood education programs. Others argue there is questionable value in any training less than a college diploma.

In the face of this growing criticism, there has been a sharp decline in public spending on workforce programs for the poor since 1980. Recent years have witnessed a shift to programs that send low-income youth and adults to college. Pell grant expenditures, for example, have risen dramatically in the last five years.

One could argue that community colleges have become the nation's new job training system for the disadvantaged and that Pell grants are the primary funding mechanism. But the results are still mixed. Completion rates among low-income youth and adults appear to be very low, and those who do succeed are sometimes trained in fields with low earning potential.

We can improve the ability of the poor to earn valuable postsecondary degrees—primarily by integrating and coordinating workforce

development programs, higher education, and labor markets. Absent new public funding, it is important to reform existing programs, leverage private sector funds, and rigorously evaluate which programs and approaches prove most effective.

BELOW ARE FOUR RECOMMENDED POLICY OPTIONS:

- **Expand high-quality career and technical education (CTE) for young adults.** Beginning in the 1960s, vocational education programs became stigmatized and were attacked as a way of keeping low-income and/or minority students away from college, thereby permanently lowering their opportunities relative to the white middle

The Innovating to End Urban Poverty policy brief series details policy recommendations from top researchers and practitioners on how to improve the quality of life for low-income urban residents. Topics include education, housing, health care, executive function, immigration and the role of place.

class. But the CTE programs in Europe, especially in Germany and Scandinavian countries, shows that those who graduate from secondary schools with strong technical skills can land good jobs. And in the U.S., a variety of CTE models prepare high school students for both college and careers, rather than one or the other.

These programs, which typically involve learning while earning, are especially important to young adults with children who need income as well as training. Apprenticeship schools are also being developed in some industries, offering training at low or no government cost and a clear path to employment. The challenge is to make low-income, young adults aware of these opportunities and to provide pre-apprenticeship skill building to prepare them for the programs.

- **Expand sectoral and career pathway programs.** Within CTE, the most promising content models for effectively training disadvantaged adults for well-paying jobs appear to be sectoral training and career pathways.

Sectoral training targets economic sectors that have well-paying jobs for middle-skill workers. Examples include health care, information technology, advanced manufacturing, and construction. This model involves intermediaries who develop expertise in one or more industries and then provide training that meets employer needs. Employers participate by providing jobs directly to trainees. One challenge is ensuring that middle-class trainees/workers do not dominate these programs.

Career pathway models focus on specific occupational ladders rather than entire industries. They emphasize contextual learning and attainment of “stackable” and “portable” credentials, such as in nursing, which can lead to

employment in the short term with supplemental credential attainment over time.

- **Reforming financial aid and remediation.** Given the large number of low-income youth and young adults attending college at great public and private expense, it is important to improve what have been low rates of completion.

This can be achieved through financial aid and remediation reforms. A recent College Board report outlines changes to the Pell grant program that would make grant applications much simpler, require more support services for recipients, and offer stronger incentives for improved performance for both the student and the institution.

Remediation efforts at colleges and universities also need reform. In general, more rapid forms of remediation seem more successful, as well as remediation more directly linked to labor market information or training. The Integrated Basic Education and Skill Training (I-BEST) program in Washington state integrates remediation into occupational training classes. The GED Bridge program at LaGuardia Community College in New York supplies students with the information they need to see the links between remediation/skills learning and how those skills can be used in the labor market.

- **Integrating higher education and workforce development programs.** Some of the reforms above suggest a stronger connection between higher education and the labor market, and to workforce development services such as career counseling and earnings potential linked to various fields of study.

This stronger link should be an explicit policy goal. A number of competitive grant programs,

both jointly and independently administered by the U.S. departments of Education and Labor, are now in place to strengthen the connections and coordination between educational institutions and workforce development organizations. More should be done, including a federal grants program that would assist and incentivize states in their efforts to integrate higher education with workforce systems and the labor market. States that target disadvantaged populations for participation would be eligible for the most generous assistance.

The reforms recommended above come with some caveats. First, they rely to some extent on a healthy job market. Training is no substitute for job availability. But even in a depressed job market, demand for workers with post-secondary training has remained strong. The reforms above also rely on individuals possessing a base level of education. These

programs are unlikely to help anyone with poor basic skills. Also, there remains a lack of experience at replicating and scaling the most successful programs, as well as little evidence about the extent of their success.

CONCLUSION

Despite the many challenges related to improving skills and opportunity for low-income people, reason for optimism exists. Many states have begun to consider reforms in how they fund higher education and how they incentivize better completion rates and labor market success, especially for the disadvantaged. Political support is also building, with a push from employers who are finding it more difficult to find and retain skilled workers. There is much to be learned, but the process has started.

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