

Some Reflections on Middle-Skill Jobs, The Great Recession and Workforce Development Policy

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October 2010

Outline of Talk

- Is the Middle of the Job Market Really Disappearing?
- The Great Recession and its Impacts
- Implications for Workforce Development Policy

Is the Middle of the Job Market Really Disappearing?

- Disappearing Clerical and Production Jobs – Paid Well for HS Grads with No Analytical Skills (Routine Work)
- Good-Paying Jobs in High Demand: Now Mostly Require Post-Secondary Education/Training or Work Experience
- Notion of “Hourglass” or “Dumbbell” Economy Oversold – Substantial Demand Remains in the Middle Skill Sectors/Jobs
- Key Sectors: Health Care, Construction, Manufacturing, Legal/Protective Services (“Green” Jobs/Infrastructure)

Examples of Mid-Skill Jobs: Strong Employment and Earnings Growth, 1986-2006

- Construction: Supervisors, Electricians, Plumbers
- Engineering: Technicians
- Healthcare: Dental Hygienists, Radiation Therapists, Sonographers, Radiologic Technicians, Respiratory Therapists, OT and PT Assistants
- Manufacturing: Supervisors, Machinists, Welders/Cutters
- Legal/Protective Services: Detectives, Paralegals/Legal Assistants, Police/Fire
- Installation/Maintenance/Repair Jobs

Job Openings by Skill Level, 2004-2014 (BLS)

- Low-Skill Occupations: 22%
- Middle-Skill Occupations: 45%
- High-Skill Occupations: 33%

Labor Supply: Education and Training Lag Behind

- ¼ of All Ninth Graders Drop Out of HS
- Another ¼: Graduate but No College Enrollment
- College Enrollees: High Rates of Noncompletion
- Even at Community College! (Remediation)
- Post-School Training for Youth and Adults: Very Limited – Both Formal and Informal On-the-Job Training
- Why??? Basic Skills, Costs, Motivation and Information, Family Responsibilities

Looking to the Future: Labor Supply and Demand

- Trends in Labor Supply: Baby Boomer Retirements will Decrease Supply of College Grads and Those with Some College (Middle and High-Skill Workers) – Aspen Institute Report
- Trends in Labor Demand: Offshoring??? Location Bias Strong in Middle-Skill Jobs

The Great Recession

- Since 2007: Employment has fallen by 2M in Construction (7.7M to 5.6M), 2.6M in Manufacturing(17.2M to 14.6M)
- But Health Tech, Protective Services Remain Strong
- Construction: Return to Pre-Bubble Trend of Over 7M
- Manufacturing: Some Recovery (CEA, June 2009)

Other Signs of Labor Market “Mismatch” at Middle and Top

- Rising Job Vacancy Rate (Shifting Beveridge Curve)
- Long-Term Unemployment
- Anecdotal Evidence of Employer Difficulties Finding Mid-Skill Employees During Recession (Machinists, Welders)

Implications for Workforce Policy

- Different Needs of Different Groups: One Size Does Not Fit All (Disadvantaged v. Displaced v. Other; Adults, Youth, etc.)
- College Alone: Not Enough! Success Requires:
 1. Postsecondary Credentials
 2. Links to Employers/Hi-Demand Sectors of Labor Market
 3. Supports and Services
 4. Intermediaries

Some Evidence from the Evaluation Literature

- High-Quality CTE: Career Academies, etc.
- Sectoral Training for Disadvantaged Adults (Youth)
- Opening Doors
- I-BEST
- Youth Opportunities

Ongoing Challenges for Policy

- Too Few Resources in WIA
- “Silos” – Colleges Disconnected from Workforce Agencies; Fragmentation
- Limited Information and Incentives
- CTE Stuck; Academic Reforms Too Narrow

Hope for Going Forward

- WIA Reauthorization: Innovation Funds
- A New Version of American Graduation Initiative???
- Good Things Happening in States